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Bringing Work to Life

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In This Issue

- Bringing Development and Performance Home
- Workforce Trends
- Quote
- Upcoming EOR Events and Recent Mentions
- About EOR

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Welcome

Welcome to the latest issue of Bringing Work to Life.

We explored the following topics in the past twelve issues (all newsletters are available at www.elsdon.com/newsletters.htm):

- Progressing in your organization (January/February 2006)
- Bringing our best to work (December 2005)
- The promise of affiliation (November 2005)
- Nothing business, it's just personal (October 2005)
- Who are you? (September 2005)
- Leadership roles (August 2005)
- Leadership courage (July 2005)
- The real scoop (June 2005)
- Listening to the organization (May 2005)
- A kinder, gentler place (April 2005)
- Accelerating into your new position (March 2005)
- Workforce leadership (February 2005)

In this issue we continue our exploration of individual development. In last issue's "Progressing in Your Organization" we looked at development within an organization, from the perspective of each of us as individuals. In this issue we examine the organizational perspective in "Bringing Development and Performance Home."



Ron Elsdon, Ph.D., is founder of *Elsdon Organizational Renewal*, which focuses on supporting organizations enhance effectiveness through revitalized workforce relationships and leadership practices. Prior to establishing his practice, Ron held senior leadership positions at diverse organizations. Ron is also co-founder of New Beginnings Career and College Guidance, which provides caring and personalized help to individuals and families in career guidance, coaching and college planning.

Ron is author of *Affiliation in the Workplace: Value Creation in the New Organization* (2003), a book describing leadership approaches to integrate the needs of the individual with the needs of the organization for the benefit of both. Ron holds a Ph.D. from Cambridge University in Chemical Engineering, an M.A. from John F. Kennedy University in Career Development and a first class honors degree from Leeds University in Chemical Engineering. With his co-author he was

Bringing Development and Performance Home

“After about five years with an organization, I am usually ready to move on, I need the challenge. I don’t want to get stuck, to lose control of my direction and become vulnerable.” These words combine reactions from two clients recently in different situations and geographies. They are a rational response to an organizational world that often views employees as a cost to be minimized rather than a resource to be developed. The clients are responding, in economist’s terms, to the opportunity cost of remaining with an organization. The opportunity cost in this case is what you give up to stay with the organization, for example a more desirable position elsewhere. This cost can be tangible (lost compensation from a higher paying position elsewhere) or intangible (a more desirable working environment elsewhere). In a world where organizations retract commitments to pension plans or scale back healthcare benefits it is not surprising that people react as these clients did.

From an organizational viewpoint why should we care? Why not just let people leave and get on with our business? There are two fundamental drivers that speak to why we should care, one is internal to the organization, the other external. The internal aspect is the observation (Reichheld, *The Loyalty Effect*) from many studies that productivity increases with tenure in an organization regardless of the nature of the work. This is not surprising given the growing complexity of our work. The second, external aspect, is that of changing demographics that speak to a significantly declining population growth rate in the U.S. over the coming years (April 2005 issue of *Bringing Work to Life*). We see this also in other developed countries, for example Japan, which, for the first time since records were kept in the late 1800s, has just experienced a drop in the absolute size of its population not simply a decline in population growth rate. It will be increasingly difficult in the future to find people with the skills needed. Securing strong affiliation with those in the organization will be a key source of competitive strength and, in many cases, fundamental to survival.

This brings us to an organizational question, how do we secure such affiliation and redress the earlier balance so the opportunity cost of staying is less than the opportunity cost of leaving? What will motivate people to stay with an organization? One clue comes from our latest benchmark results based on many exit interview studies. They show the number one reason that people leave organizations is lack of development opportunities in their existing role. Again a rational response as people recognize that survival in today’s workplace means keeping skills current and staying marketable. This points to an ethical responsibility for those in organizations namely the need to support individual development, placing it on at least an equal footing with short-term performance. Here, particularly, HR can become a strategic leader and partner by being an effective advocate of workforce development.

Let’s look at how HR, and all in organizations charged with leadership responsibility, can re-balance opportunity costs so people choose to stay connected. A key first step is establishing policies that balance both equitably giving and getting with employees, and the distribution of the organization’s resources at all levels. Such policies enable people to align with the purpose of the organization, a

awarded the Walker Prize by the Human Resource Planning Society for the paper that best advances state-of-the-art thinking or practices in human resources.

critical step in building affiliation (*Affiliation in the Workplace, Praeger, 2003*). There are examples of organizations taking such approaches. Starbucks, whose stock performance has far exceeded the major stock indices, makes this public statement: “We had always hoped that making values-based decisions could still be economically feasible. Turns out, taking care of people is the best business decision we ever made.” Starbucks offers health insurance even to part-time employees. Similarly Costco, far outperforms its rival Wal-Mart’s Sam’s Club by providing vastly better compensation and benefits for its employees (May 2005 issue of *Bringing Work to Life*). Whole Foods limits compensation of top officers to a multiple of no more than fourteen times the average of all full time employees, quite different from the average multiple of over 400 in the U.S. today (November 2005 issue of *Bringing Work to Life*).

Once we have addressed the ethical questions of corporate governance with respect to employees, we can focus on how to create a strong relationship of affiliation, a two-way partnership. Let’s focus on a central aspect of this partnership, namely that of supporting individual development. Traditionally the emphasis in organizations has been on short term performance, setting and monitoring progress against objectives. Examples include “Management by objectives”, “Results management”, “Balanced scorecard.” Such approaches have merit in helping align efforts throughout an organization. They are, however, based on an assumption that productivity grows by monitoring and controlling behavior. In a past-era work world, centered on efficiency of manufacturing and use of fixed assets such systems may have been sufficient, although skepticism abounds about their effectiveness. As our work world shifts to value creation being driven by human ingenuity and capability, such systems are incomplete. In this emerging work world, support for individual development becomes critical, complementing and greatly extending the focus beyond short term organizational performance. It is this investment in individual development that secures long term survival and prosperity.

What are some steps needed for this, at an organizational systems level, and an individual manager level? First let’s recognize that these steps take place in the context of the following principles:

- The employee has primary responsibility for his or her development
- The organization provides a framework of information and development resources
- Managers listen to employees and provide support for development and performance

This means at an organizational systems level:

- Creating and communicating mission, direction and policies
- Building the infrastructure needed to facilitate individual development
 - Blending in-person and on-line delivery capabilities
 - Providing needed human and financial resources
- Reinforcing and supporting managers for their role in developing employees
 - Building this into key capability requirements for managers
- Providing information about organizational opportunities and capability needs

For managers this means:

- Creating an environment conducive to individual development
 - Providing feedback about employees' strengths, areas for development, and career options within the organization
 - Developing effective coaching and listening skills
 - Communicating organizational realities and trends
 - Understanding organizational resources and linking employees with resources and people
 - Identifying and/or brainstorming growth opportunities consistent with individual and organizational goals
 - Coaching employees about individual development plans and strategies

This also means creating and using development planning processes that acknowledge and support individuals in taking ownership of their own direction including:

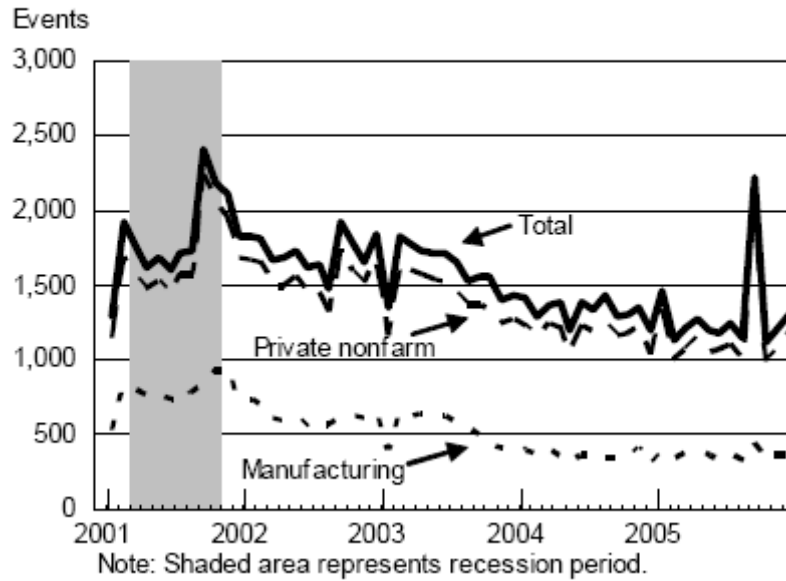
- Creating development plans with:
 - Realistic goals, dates, success indicators and actions
 - SMART (specific, measurable, actionable, realistic, time bound)
 - Identified behaviors to develop, based on needed capabilities and potential roles
 - A variety of learning activities
 - Experience, people, training
 - Involvement and support from others

In fostering such an environment we create fulfilling work experiences for individuals; and we create organizations with flexible, energized and productive workforces, having the deep resources needed to weather future storms and seize future opportunities.

Workforce Trends

The employment situation continues to strengthen as we move closer to that perfect storm in the U.S. when short term tightening of the labor market converges with the long term slowing, workforce growth rate (Bringing Work to Life, April, 2005). Several indicators point in the direction of a tightening labor market. While showing a slight upturn in December 2005 and a brief increase due to the tragedy of hurricane Katrina, mass layoffs have generally declined steadily since early 2003:

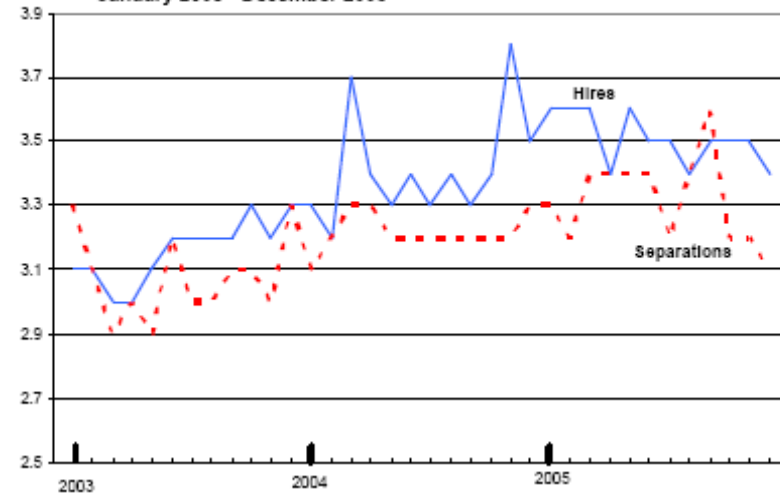
Chart 1. Mass-layoff events, seasonally adjusted, January 2001-December 2005



Source: Bureau of Labor Statistics Release January 25, 2006

Hires have exceeded separations in most months since early 2003:

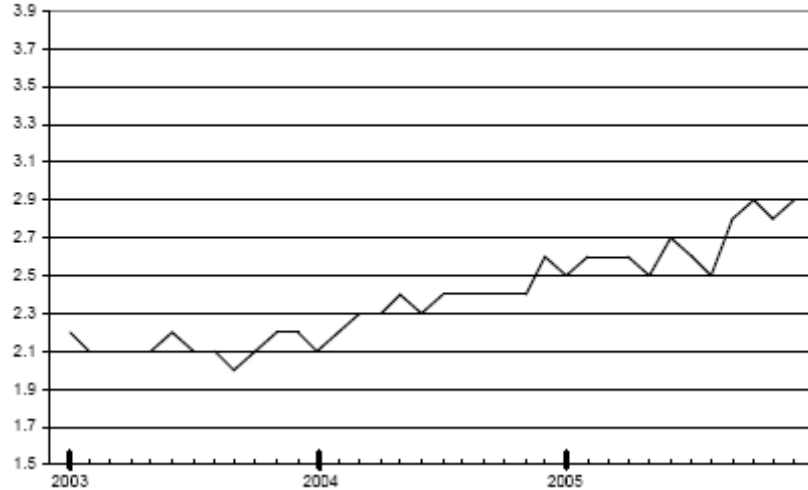
Chart 2. Hires and separations rates, seasonally adjusted, January 2003 - December 2005



Source: Bureau of Labor Statistics Release February 7, 2006. (Hires and separations rates calculated by dividing the number of hires or separations respectively by employment, and multiplying by 100)

Resulting in a steady increase in job openings over the same time period:

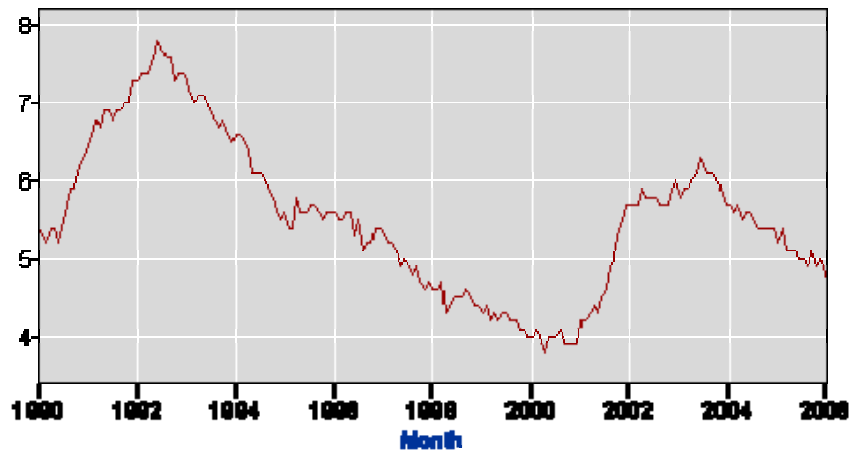
Chart 1. Job openings rate, seasonally adjusted, Percent January 2003 - December 2005



Source: Bureau of Labor Statistics Release February 7, 2006. (Job openings rate calculated by dividing the number of job openings by the sum of employment and job openings, and multiplying by 100)

Not surprisingly this translates to a steady decline in unemployment rates, with a particularly significant drop in January 2006 as the unemployment rate fell to 4.7% in the U.S.:

Unemployment Rate (%)



Source: Bureau of Labor Statistics data

We are again approaching a situation of full employment. Those organizations that choose to value their employees by listening to employee issues, supporting employee development, providing employment continuity and seeking equitable distribution of resources internally will be the organizations that survive and prosper in this environment.

Quotes

“Myth: a story about the way things never were, but always are.”

Thomas Mann

“The Bible is true, and some of it happened.”
Catholic priest

“Now I don’t know if it happened this way or not, but I know this story is true.”
Native American storyteller

Quotes from The Heart of Christianity by Marcus J. Borg.

Upcoming Elsdon Organizational Renewal (EOR) Events and Recent Mentions

Upcoming Events

- Web delivered seminars for U.C. Berkeley, Haas School of Business
 - March 20, 21, 2006, “Negotiating Entry”
 - April 24, 25, 2006, “Progressing in Your Organization”
- Workshop for U.C. Berkeley, Haas School of Business Alumni, Berkeley
 - March 28, 2006, “Finding Your Right Path Forward”
- Presentation for Mount Diablo ASTD Chapter, San Ramon
 - April 18, 2006, “Listening to the Organization”

Recent Mentions

- Reviews of “Affiliation in the Workplace: Value Creation in the New Organization.” Ron Elsdon. Praeger Publishers, Westport, CT (2003)
 - Harvard Business School
 - [HBS Working Knowledge: Organizations](#)
 - Global Diversity Institute
 - [Global Diversity Institute - The Journal of Diversity Praxis](#)
 - Journal of Asian Economics
 - [ScienceDirect - Journal of Asian Economics : Ron Elsdon, Affiliation in the Workplace: Value Creation in the New Organization, Praeger Publishers, Westport, CT \(2003\) 280 pp. \(hardcover\), ISBN 1-56720-436-8, \\$49.95.](#)
 - Greenwood Publishing Group
 - [Affiliation in the Workplace — www.greenwood.com](#)
- “Building a Strong Workforce Through Affiliation.” Chapter 26 in “On Staffing: Advice and Perspectives from HR Leaders.” Eds. Nicholas Burkholder et al, John Wiley & Sons, Inc., Hoboken NJ (2004)
 - <http://www.wiley.com/WileyCDA/WileyTitle/productCd->

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- “Reaching for Our Deep Gladness”
 - Article in May, 2005 NCDA Career Convergence Magazine
 - <http://209.235.208.145/cgi-bin/WebSuite/tcsAssnWebSuite.pl?Action=DisplayNewsDetails&RecordID=625&Sections=6&IncludeDropped=&AssnID=NCDA&DBCCode=130285>
- Review of MBTI Step II workshop
 - CCDA News, April 2005
 - [California Career Development Association - Articles](#)
- Recent mention in article on cost of turnover
 - East Bay Business Times, April 2005
 - [Turnover costs exceed employers' estimates - 2005-04-25](#)
- “Worklife Survival: Finding a Fit”
 - Article for HR West, February 2005 (Northern California Human Resource Association)
 - <http://www.nchra.org/StaticContent/Download/EXT0205007.pdf>
- Recent interview in the education field “Affiliation as a Unifying Principle in Education”
 - Career Pro News
 - [Affiliation and Education](#)
- Review of ICDC Global Issues Forum
 - CCDA, January 2005
 - [California Career Development Association - Articles](#)

About EOR: Our Value Contribution

We enhance your workforce, leadership and organization by:

- Using proprietary approaches to understand workforce and leadership challenges
- Creating tailored action plans and solutions to strengthen workforce and leadership practices
- Building individual capabilities and contributions

We enable you to focus on external results and building value, confident that your organization and leadership are operating at peak effectiveness.

Our Mission

To support your organization by enhancing performance, productivity and effectiveness through revitalized workforce relationships and leadership practices.

Our Approach and Values

We tailor our engagements to the needs of each organization with a process designed to surface critical issues, identify root causes, build effective solutions, monitor progress and implement.

With a scope that ranges from system and organizational interventions to work with individuals, our focus is on the heart of the relationship among the individual, the organization and the community. We believe that organizational and community prosperity are built on enabling each person to fulfill his or her potential.

Our Services

We work with individuals and groups in your organization to drive performance and development for both the short and long term. As a result people will choose to work in your organization and will prosper there.

We bring solutions when you need to:

- Reverse declining revenues and performance
- Revitalize your workforce
- Stem the loss of key talent
- Redirect your organization to new areas
- Stop losing customers or market share
- Penetrate new markets
- Combat aggressive competitors
- Handle major change
- Break down communication barriers
- Energize your leadership team
- Successfully build on an acquisition or merger

Our proprietary services include:

- State-of-the-art tools to take the pulse of your organization and then move to action
 - Web enabled systems
 - Experts to gather and analyze information, moving your organization to action
- Individual leadership coaching to give you world class leadership capabilities
 - Leaders who know themselves and their aspirations, build their

capabilities and become catalysts developing others

- Workshops to build interpersonal skills in your organization so that:
 - Communication is timely, concise, accurate and personal
 - People listen to each other
 - Negotiations are quick and effective
 - Differences create rather than destroy value
 - Teams move forward, get results and quickly commercialize new products and services
 - People understand and link their motivations to your organizational needs
 - Your teams understand what it takes to create a committed, energized workforce
 - People use their time well
- Systems that make it easy to drive performance and build capabilities by:
 - Linking objectives throughout the organization
 - Strengthening key competencies
 - Making sure you have the bench strength where and when you need it
 - Giving people tools to take charge of their own careers and development and have a major long term influence on your organization
- Proprietary simulation and modeling techniques that let you explore how to maximize the value of your workforce
 - Move from guessing what might happen to looking in depth at the financial impact of different approaches