



September/October 2007

Bringing Work to Life

Volume 4, Number 5



In This Issue

- Finding the Peaks
- The Cost of War
- Quote
- EOR Recent Mentions
- About EOR

Contact Us

Elsdon Organizational
Renewal (EOR)

www.elsdon.com

renewal@elsdon.com

Tel. 925 838 2362

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):

- Career plateaus – what to do about them (July/August 2007)
- Workforce planning (May/June 2007)
- Assessing your organization (March/April 2007)
- Individual change (January/February 2007)
- Guiding organizational change (November/December 2006)
- One to one (September/October 2006)
- New horizons (July/August 2006)
- Our greatest asset (May/June 2006)
- Bringing development and performance home (March/April 2006)
- Progressing in your organization (January/February 2006)
- Bringing our best to work (December 2005)
- The promise of affiliation (November 2005)

In this issue we address “Finding the Peaks.”

Finding the Peaks

Howard Schultz, the chairman of Starbucks recently raised a dilemma for his organization: “... in a passionate internal memorandum to Starbucks executives, the



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

company chairman said that a drive for efficiency has led to a ‘watering down of the Starbucks experience.’” (New York Times February 24, 2007). Starbucks is facing questions about focus and resources, how does the organization address cost saving opportunities but stay true to its core experience? How does Starbucks strengthen its foundation in creating relationship and community while continuing to grow rapidly and efficiently? Somewhere in this dilemma there is a preferred choice, a peak choice. This is made particularly poignant by Mr. Schultz’ strong commitment to valuing people in the organization that has led to Starbucks remarkable success.

Another example of a peak choice is the question of what attrition rate is optimal for an organization. For it surely isn’t zero as there are employee situations that are not a good fit, and it surely isn’t 100% turnover each year, as the upheaval is costly, inefficient and disruptive. There is a peak, a preferred choice for an organization (this situation and its resolution are explored in depth in *Affiliation in the Workplace: Value Creation in the New Organization*, by Ron Elsdon, Praeger, 2003).

How about peak choices on a personal level? An important personal choice is where to live. While many factors are part of this decision sometimes a central trade-off is between proximity to work and housing availability/cost. Moving close to a city such as San Francisco may simplify commuting but escalate housing costs. Similarly on a community level there are peaks choices. What community resources and social infrastructure, such as accessible healthcare, should we seek to provide? How will this be financed and by whom?

We see similarities in these organization, personal and community situations. They each involve complex, multi-faceted decisions for which the preferred choice is not obvious. The consequences of these choices are significant in terms of personal fulfillment, organizational survival or community prosperity, or a combination of all three.

Complicating the situation is the reality of choices being made by some for personal gain (their own peak) while leaving others in a deep trough. Today we see CEOs, enriching themselves at the expense of others – employees and owners (shareholders); and some of our current political figures pursuing destructive foreign policies that ravage others physically and bankrupt our ethical principles. In such cases the issue is not one of peak choices but effective governance, on an organizational or a national level. We will leave this topic of effective governance for possible exploration in a later newsletter, and here focus on those situations we can directly influence, where we have the opportunity to make a peak choice.

Are there tools available to help us thread through complex decisions to find the best use of resources, tools that can help us find the peaks? We will look at one example that illustrates the application of such tools in the organizational realm. This example is how to best allocate resources for learning and development among people with different levels of performance in an organization. In this example our peak is based on organizational value and how this increases as we invest in learning and development.

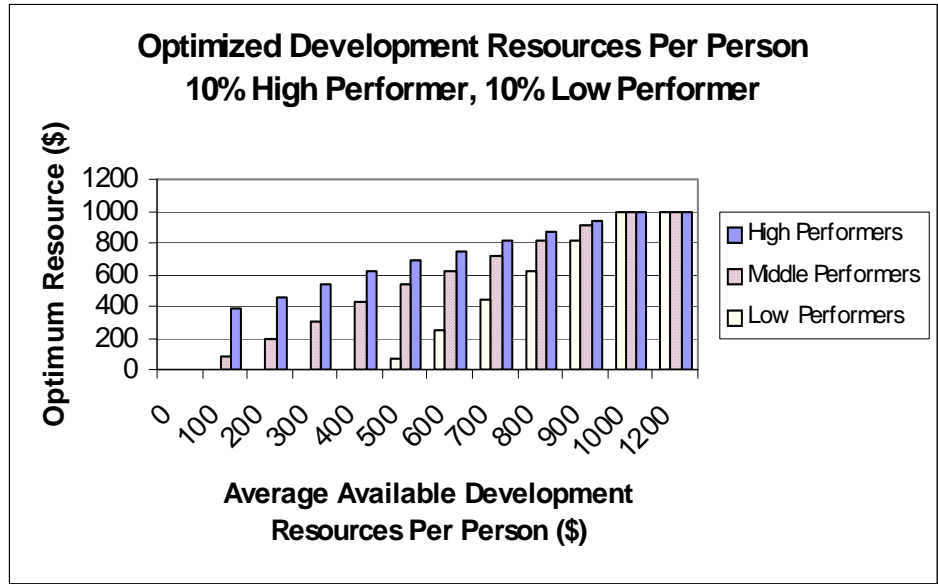
We know there is a peak since at one extreme, namely no investment in learning and development, we lose the benefit of new knowledge. At the other extreme, if we excessively invest in learning and development, it becomes so time consuming that

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.

productivity plummets. Indeed, if there were no peak our decision would be easy, simply invest all resources in the single, top-performing individual. We know this won't work, on the other hand investing in everyone equally may not be the best answer. So how should we distribute learning and development resources by performance level? It is in addressing this question that the tools of modeling and simulation can provide insights.

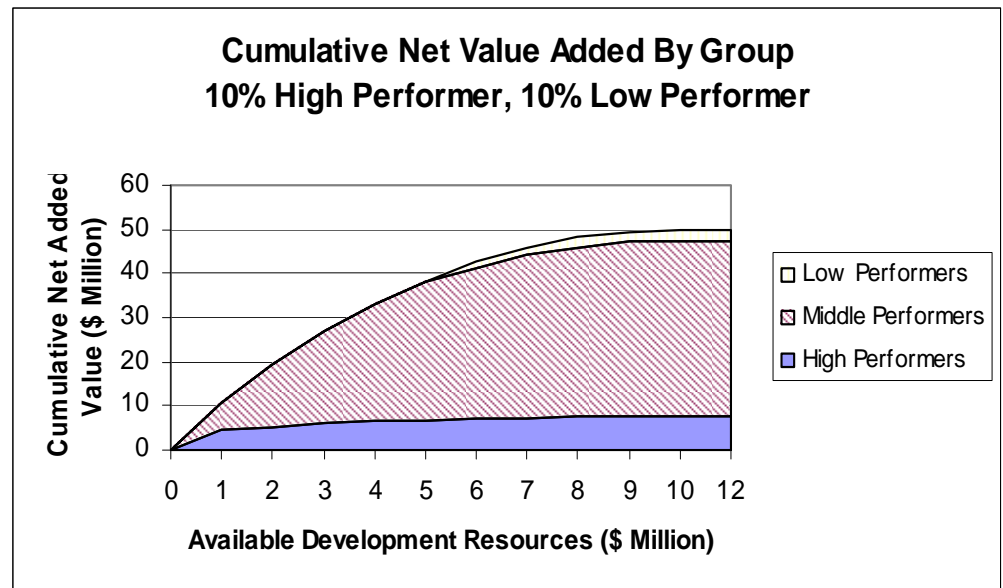
By modeling we mean quantitatively describing a situation and making predictions from it. When we have such a model we can run it many times in a simulation, to find where most value is created - the highest peak. This can help guide us to the best way to distribute learning and development resources. Using a simulation, rather than subjecting the organization to repeated changes, means we can do this without disruption. We touch here on selected results to illustrate how the tools of modeling and simulation can help; the example is described in detail at: http://www.elsdon.com/learning_resources1.htm.

For our example, the organization's workforce is divided into three groups, top performers, middle performers and low performers. We construct a mathematical model to describe the link between value creation and investing in learning and development and then put it into a simulation. The example model assumes that the potential benefit of investing in learning and development builds as we move from low to high performers. The following figure shows the results of a particular simulation based on a case where 10% of people in the workforce are identified as high performers, 10% as low performers and 80% are in the middle category. The simulation estimates the best way to distribute learning and development resources among the three performance groups on a per person basis (the vertical axis labeled optimum resource), for different levels of available resources (the horizontal axis labeled average available development resources per person). For example, when in the mid range with an average of \$500 per person per year to invest in learning and development, the optimum distribution is to provide \$688 per person for each of the high performers, \$531 per person for the middle performers and \$63 per person for the low performers.



When we have fewer resources (moving to the left in the figure), they are best used preferentially for the high performing group to take advantage of the greater potential benefit. As resources become more readily available (moving to the right in the figure) they can be applied more evenly.

What does this mean in terms of additional value created by the organization? That is shown in the following figure. Here we see the additional value contributed (cumulative net added value in \$million on the vertical axis) from investing in available learning and development resources (shown in \$million on the horizontal axis).



The substantial gain from investing in learning and development is driven largely by the middle performing group, as its large scale dwarfs the influence of the high performing group. Organizations that ignore development of the bulk of their workforce, in this group, do so at their peril.

The benefit from choosing the peak investment profile rather than just investing equally in everyone is substantial. For example, the difference between the peak profile and providing the same resources to everyone, when the available resources are limited to \$400 per person per year, is over \$1 million per year of additional value created. Tools such as modeling and simulation can contribute significantly to capturing this value.

We have looked at one example. These same tools can be applied to other situations where we are also looking for peaks. It is partly through the application of quantitative tools such as those described here, applied within a compassionate domain of leadership that we can contribute to building individual fulfillment, enhancing organizational value and strengthening local and global communities.

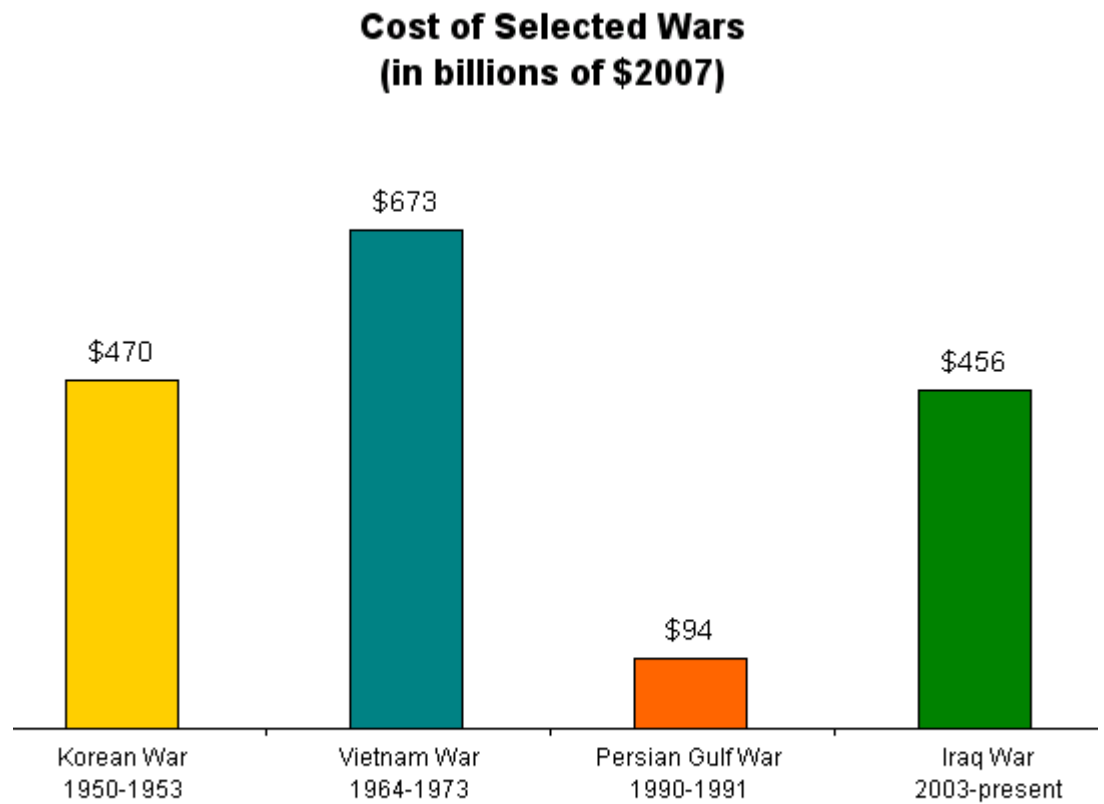
The Cost of War

Chris Hedges in his book *War is a Force that Gives us Meaning* observes “the Christian ethicist Reinhold Niebuhr warned us that moral choice is not between the moral and the immoral, but between the immoral and the less immoral.” Let’s look at the cost to our own society of the choice to engage in war in Iraq, the consequences of choosing the more immoral path. In doing this we are mindful that the suffering of those in other societies bearing the brunt of this war is one with, and eclipses, our own suffering.

The cost of the Iraq war to American taxpayers is over \$450 billion so far. If that money were spent locally, the following could have been provided (source National Priorities Project):

- 5.7 million people could have been provided with health care coverage each year since the war began; AND
- 1 million affordable housing units could have been build; AND
- 430,000 school teachers could have been hired since the war began; AND
- 4.7 million students could have received tuition and fees for four years at a state university

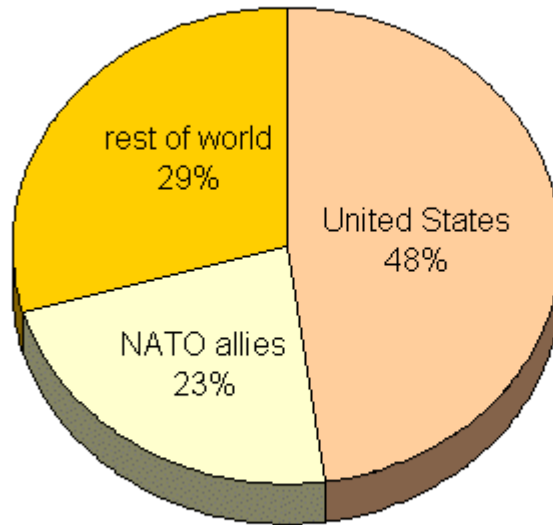
The cost of this war is approaching that of Vietnam as shown in the following figure



© 2007 National Priorities Project, Inc.

Not surprisingly our military spending is almost half that of the entire world's military spending as shown in the following figure:

World Military Spending, 2005

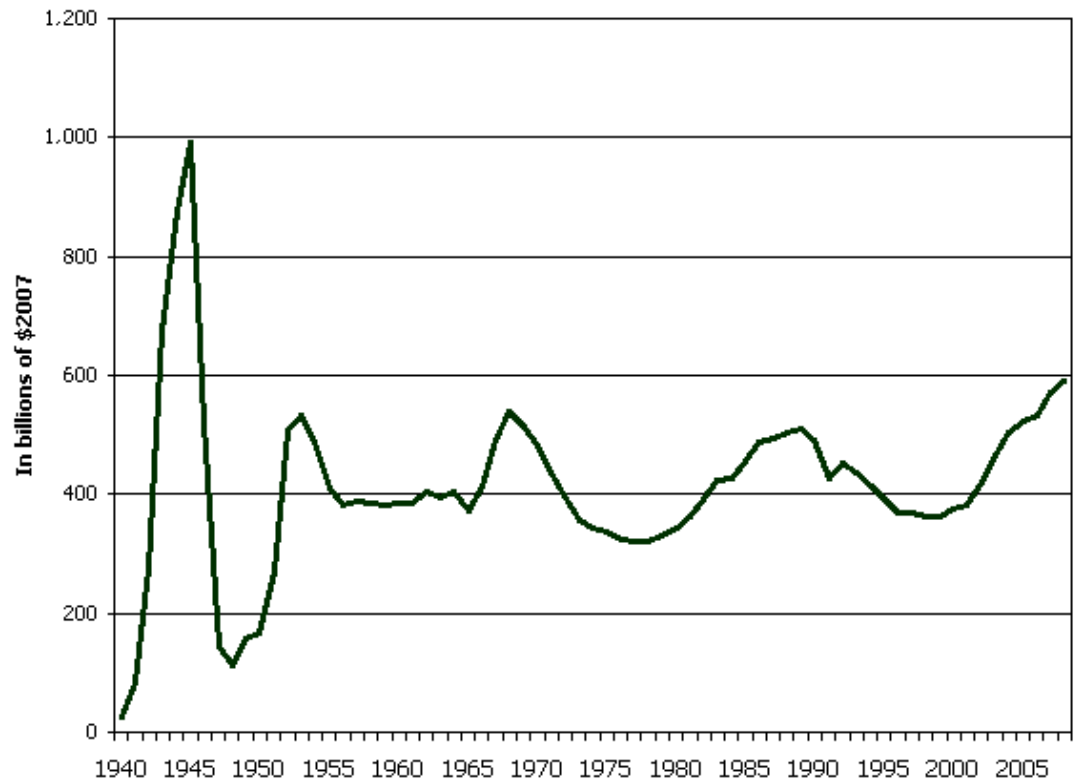


Source: Stockholm International Peace Research Institute.

© 2006 National Priorities Project, Inc.

National defense (or more correctly national offense) outlays are now moving towards levels not seen since the Second World War as shown in the following figure:

National Defense Outlays, 1940 - 2008*
(In billions of \$2007)



*Estimate

© 2007 National Priorities Project, Inc.

Having been blessed with abundant resources and deep capabilities we are called to give of those resources in the service of building local, national and global communities, not in destroying them. And occasionally there is a remarkable glimpse of compassionate leadership in our society. After the ghastly killings of young girls in a schoolhouse in a Pennsylvania Amish community in October 2006 by a lone gunman who was not from the Amish community, it might seem that rage and revenge would be the response. That would likely be my reaction. Yet we see a different reaction from the Amish community. “They offered forgiveness to Marie Roberts, the wife of the murderer. They invited the widow to attend their own children’s funerals. More than 30 Amish attended the killer’s funeral. And finally they requested that all donations be shared with the widow and her children.” (Beth Newman 11/22/2006, www.abpnews.com). And we can only stand in awe at their compassion knowing that it is in this outreach and caring that people come together for a common good.

We are called to recognize as Hedges puts it “when facts become as interchangeable as opinions. Those facts that are inconvenient are discarded or denied.” We are called to speak truth to power when this happens. To recognize that “war never creates the security or the harmony we desire.”

Quote

“One of the most difficult realizations of war is how deeply we betray ourselves, how far we are from the image of gallantry and courage we desire.” “...for war is exposed for what it is – organized murder.”

Chris Hedges, War Is a Force That Gives Us Meaning.

Elsdon Organizational Renewal (EOR) Recent Mentions

- Reviews of “Affiliation in the Workplace: Value Creation in the New Organization.” Ron Elsdon. Praeger, 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](#)
- Chapter titled “How Can You Grow Your Practice with Purpose?” in National Career Development Association Monograph, “Starting and Growing a Business in the New Economy” Edited by Sally Gelardin, 2007
- Recorded Webinar for Project Management Institute
 - “Becoming Career Fit in Turbulent Times”
 - <http://pmi-issig.org/Default.aspx?tabid=319>
- “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-0471410691,descCd-tableOfContents.html>
- “The Growing Divide Calls for Advocacy.”
 - Article in March, 2007, NCDA Career Convergence magazine
 - <http://209.235.208.145/cgi-bin/WebSuite/tcsAssnWebSuite.pl?Action=DisplayNewsDetails&RecordID=947&Sections=&IncludeDropped=1&AssnID=NCDA&DBCCode=130285>
- “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&DBCode=130285>
- 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>
- Interview in the education field “Affiliation as a Unifying Principle in Education”
 - Career Pro News
 - [Affiliation and Education](#)
- MBTI Step II workshop
 - CCDA News, April 2005
 - [Local Chapter News](#)
- Review of ICDC Global Issues Forum
 - CCDA, January 2005
 - [ICDC Global Issues Forum](#)

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