



Year End 2004

Bringing Work to Life

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## Welcome

Welcome to the latest issue of Bringing Work to Life. In the last five issues we explored:

- Linking workforce development to value creation in “Measuring Our Progress: ([http://www.elsdon.com/november\\_2004.htm](http://www.elsdon.com/november_2004.htm))
- How to decide if an organization will be a good fit for you in “Worklife Survival: Finding a Fit” ([http://www.elsdon.com/oct\\_\\_nov\\_\\_2004.htm](http://www.elsdon.com/oct__nov__2004.htm))
- Confronting one of our fears as leaders in “Facing Our Greatest Fears: Public Speaking” ([http://www.elsdon.com/sept\\_\\_oct\\_\\_2004.htm](http://www.elsdon.com/sept__oct__2004.htm))
- Bringing meaning to our work lives, the benefits to each of us and to our organizations, in “May You Live All the Days of Your Life” ([http://www.elsdon.com/august\\_2004.htm](http://www.elsdon.com/august_2004.htm))
- Seven key aspects of the organizational and business drivers for workforce development in “Opening the Door for Workforce Development” ([http://www.elsdon.com/july\\_2004.htm](http://www.elsdon.com/july_2004.htm))

This month we begin an exploration of personal leadership looking first at ethical issues in “That Still Small Voice.”

## That Still Small Voice

“We don’t care about your other customers; just get us the fibers we need.” These were the words of the CEO of our second largest customer a number of years ago. I was in a business unit, then part of Amoco Fabrics and Fibers, that made and sold fibers for upholstery fabric. We faced a dilemma; our fibers were so successful that demand far exceeded our ability to supply. We had placed all of our customers on fiber allocation providing each with an amount based on their previous use. We knew that if we stopped supplying some of the smaller customers it could put them out of business. And yet here was one of our major customers asking us to do just

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 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 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.

that. There was no policy in place for this situation. We knew that it was an ethical decision based on balancing the needs of all parties.

It did not take long to make this decision, we went back to the CEO of our large customer and let him know that we had to respect all of our customers and that we could only supply him with the amount allocated. We assured him that we would do everything possible to increase supply. We held our breath, willing to accept the potential loss of this major account, which would have dramatically cut our revenue. Yet our customer decided to stay with us, not ecstatic, but accepting. In making this decision we protected those who were vulnerable and we sustained our business. This decision sent a clear message to everyone in the organization about the principles we stood for, and helped cement an outstanding team. The fibers unit went on to become one of the most successful in the organization and the industry.

After September 11, 2001 and those terrible moments of destruction, most of the major airlines decided to cut their workforces substantially. One didn't, that airline was Southwest, which recognized a commitment to a workforce considered by Southwest's leaders as central to the success of the organization. After I gave a talk in Columbus, Ohio, referencing Southwest, one of the participants came up to me and said: "I have a cousin who works for Southwest, and on September 11, 2001, Herb Kelleher, the CEO of Southwest Airlines, personally called the family of every Southwest pilot to assure them their family member was safe." Herb Kelleher and his leadership team behaved in a way that respected the employees of the organization, respecting ethical principles. Today, not surprisingly, Southwest's financial performance dwarfs that of the other airlines.

Our studies have shown that there is a direct relationship between the ability of leaders to create a sense of inspiring purpose and how strongly people affiliate with an organization (*Affiliation in the Workplace*, Ron Elsdon, Praeger, 2003). Stronger affiliation, in turn, leads to people operating closer to their full potential ([http://www.elsdon.com/learning\\_resources1.htm](http://www.elsdon.com/learning_resources1.htm)), which translates directly to increased productivity. So it is not surprising that the Amoco Fibers Business Unit and Southwest Airlines were able to far surpass their competition. They are operating in a manner where ethical practices prevail both in words and in deeds.

And yet unfortunately, there are many examples of behaviors in organizations that range from questionable to criminal. Managers at Enron, Arthur Andersen, the former head of Tyco: Kozlowski, the former head of the New York Stock Exchange, Grasso, in each case apparently operating on a principle of greed, sought great personal gain, ultimately at the expense of others. Indeed there are some who may subscribe to this code, but not many. I do recall one audience member in a presentation I gave in Orange County asking what is wrong with greed, but thank goodness it was only one from several thousand over the years. Why are ethics checked at the door by some in organizations leading to behavior that would be unacceptable in our personal lives? Why is it that leaders in the Amoco team and at Southwest Airlines honor their ethical obligations and others do not? What principles should we observe when faced with complex ethical decisions in the workplace? Let me suggest the following:

- In key decisions incorporate the needs of all affected parties including employees, the community, customers, clients, shareholders and suppliers.

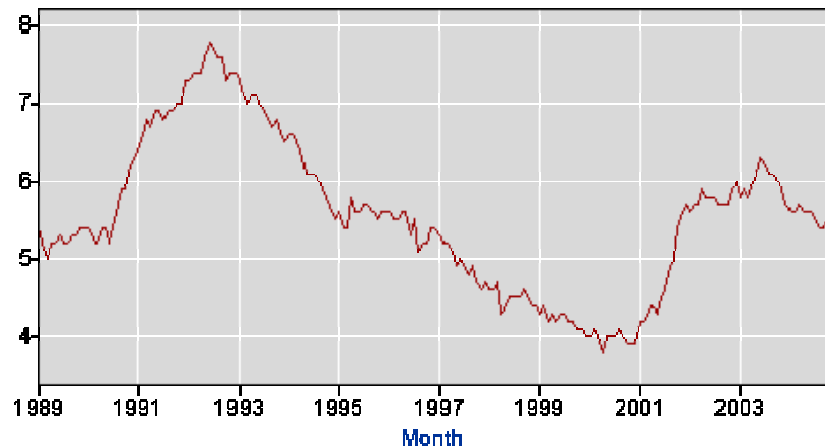
- For long term sustainability of the organization balance the needs of all stakeholders as opposed to favoring only the most powerful.
- Include representation from affected stakeholder groups in making critical business decisions that affect those groups. Enlightened societies dispensed with monarchies when they no longer served a purpose. So should organizations.
  - One step forward is the recent Sarbanes-Oxley legislation that was enacted in the U.S. to mitigate the excesses of those at the top of organizations who were entrusted with power and then chose to abuse it for personal gain.
- As appropriate, include informed external advisors in key business decisions (not paid supporters of the CEO).
  - In a world of growing competitive intensity, it is essential to draw in the greatest insight possible to key decisions, not simply the most aggressive or politically expedient.

We have a choice as individuals to affiliate with those organizations that uphold the principles we believe in. Exercise that choice. In so doing we will create a more fulfilling and productive work world that honors all of us.

## The Employment Scene

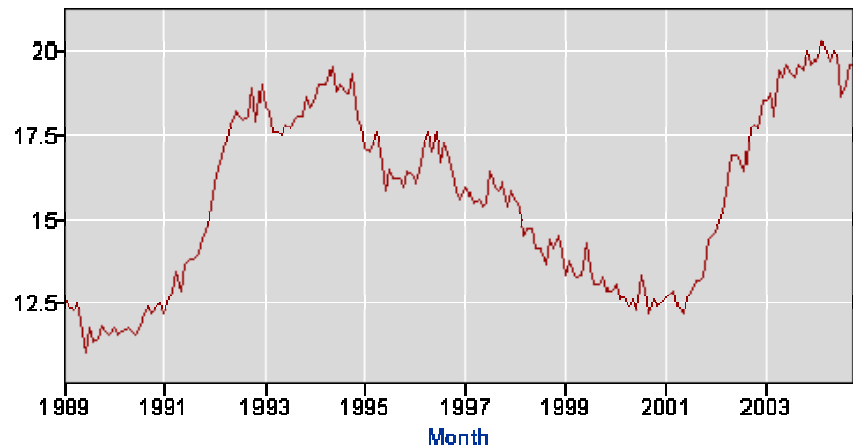
As shown in the following figure, U.S. unemployment has remained in the 5.4-5.7% range throughout 2004, reaching a low of 5.4% in August and September increasing slightly to 5.5% in October. There is still much progress to be made to return to the full employment of 2000, which is generally considered to exist when we have an unemployment rate of about 4%.

*U.S. unemployment rate (%), Source Bureau of Labor Statistics.*



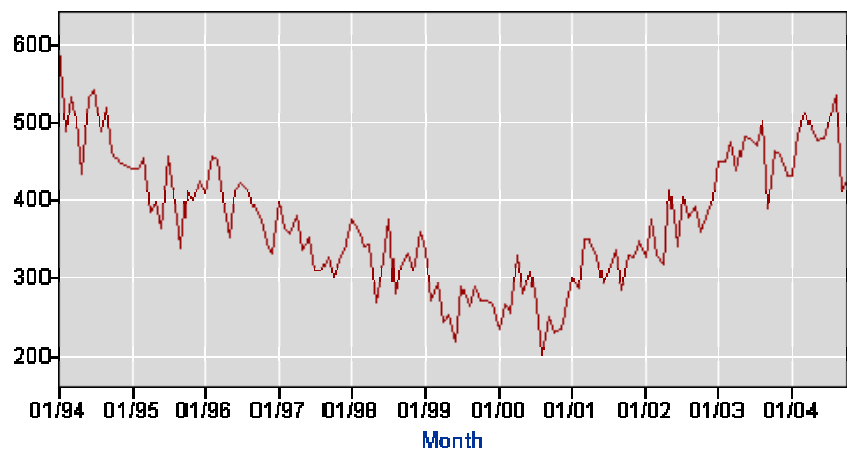
This concern is amplified when we look at the average time people are unemployed as shown in the following figure. This increased dramatically during the current slowdown, surpassing the time out of work during the early 1990s.

*Average weeks unemployed. Source Bureau of Labor Statistics.*



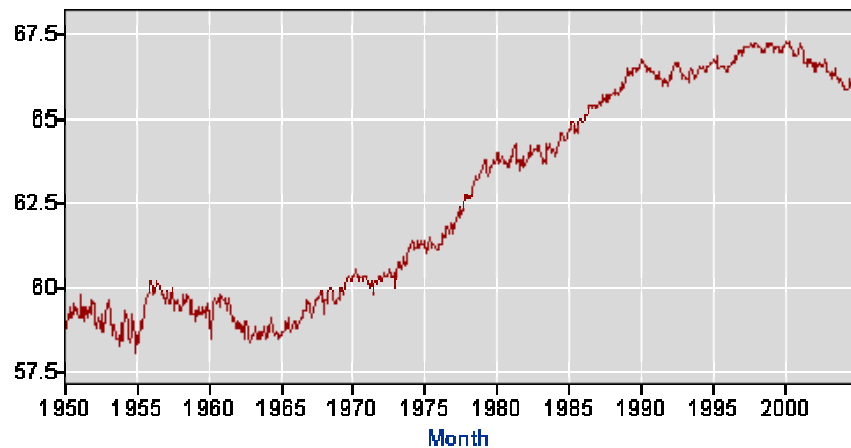
Not surprisingly the number of people who believe there is no job available for them has increased substantially since the beginning of 2001, as shown in the following figure, reflecting both perceptions of unemployment and underemployment

*Persons who believe no job is available in the U.S. (in thousands). Source Bureau of Labor Statistics.*



However we are beginning to see signs of changing demographics (an aging U.S. population) that will continue to slow the growth rate of the workforce. The following figure shows U.S. civilian labor force participation rate, which is the number of people, 16 years of age and older, who are working divided by the population of that age range, converted to percent. The labor force participation rate peaked in 2000 and has been heading down ever since. As this trend continues from an organizational perspective we will see a growing scarcity of available people, and as individuals we will find more employment choices that are readily accessible.

*U.S. civilian labor force participation rate (%). Source Bureau of Labor Statistics.*



## Quote

When I was young and free and my imagination had no limits, I dreamed of changing the world. As I grew older and wiser, I discovered the world would not change, so I shortened my sights and decided to change only my country. But, it too seemed immovable. As I grew into my twilight years, in one last desperate attempt, I settled for changing only family, only those closest to me, but alas, they would have none of it. And now as I lie on my deathbed, I suddenly realize, if I had only changed myself first, then by example I would have changed my family. From their inspiration and encouragement I would then have been able to better my country and, who knows, I may have even changed the world.

The words of an Anglican bishop found inscribed on his tomb in Westminster Abbey quoted by Richard J. Leider in *Coaching for Leadership* by Goldsmith, Lyons and Feas. 2000.

## Upcoming Elsdon Organizational Renewal (EOR) Events

- Coming in 2005
  - Presentation for UCLA Anderson School of Management Alumni
  - Presentation for ASTD Mount Diablo Chapter
  - Presentation for HR Connection
  - Presentation for UC Berkeley Haas School of Business Alumni
  - NCHRA workshop, San Francisco

## 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.

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## Our Mission

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

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## 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.

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## Our Services

We work with individuals and groups in your organization to drive performance and development for both the short and long term. As 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, 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