

Spirit At Work -- Secrets To Making Amazing Profits: Part Two

Corporations need to rebuild their cultures around personal integrity.

By Lance Secretan

In my last column I wrote about the first of two well-known, but little used, secrets for putting your organization on profit steroids: treating colleagues so well that employee retention rises dramatically even while the costs of attrition, recruitment, and wisdom loss evaporate. This column deals with Profit Opportunity Two: Telling the Truth.

Truth-telling is absent from much of corporate America. We blow smoke at regulators, competitors, and industry associations, in marketing, sales, and public relations, and to employees. We say today, "Employees are our most important asset," and fire 500 of them tomorrow while claiming to practice truth-telling. To protect ourselves from each other when we don't tell the truth, we maintain an awesome array of controls and checks to ensure that rip-offs are kept to a minimum, and we require sign-offs and approvals for even the most minor procedures, purchases, and expenses.

But let's envision an organization that has rebuilt its culture around personal integrity; where corporate-wide truth-telling has been gradually restored. Though this may be a pipe-dream for many of us, let's dream anyway of the day when the truth is spoken by all in any organization. Or, if you are prone to realism, then hope at least for a dramatic improvement.

I estimate that between 10% and 20% of a typical organization's headcount and payroll is wastefully channeled into checking on each other, our suppliers, and our customers. Let's assume it is the lower

of these two figures. In an average company with 10,000 employees, 1,000 of them will be auditing others. But if we could redirect the energies of even half of these employees into more productive activities, then a remarkable opportunity could be created for generating new business opportunities, developing new markets, providing better service to customers, and making work more fun for employees. And this would result in a quantum leap in effectiveness. Let's do the math.

Some two-thirds of the time that these 500 employees scrutinize and check on other employees they are adding no value to the organization and may even be creating unnecessary costs caused by lack of trust, low team effectiveness, and wasted effort. Let's generously assume, though, that the remaining third of their time produces savings of \$5,000 each, resulting in total savings from overseeing the activities of others of \$2.5 million.

Let us assume on the other hand that we redirect the energies of these same 500 people into revenue-generating activities such as business building, sales and marketing, creative idea generation, product innovation, public relations, new-business development, acquisitions and mergers, and kaizen. Let's further assume that they each generate a minimal \$20,000 in profits. The result would put an additional \$10 million on the bottom line. Which would you rather have -- \$10 million or \$2.5 million?

I can hear you now, saying, "This guy is silly. He can't be from this planet." I readily admit the numbers are arbitrary, but they suggest a path. Sadly, most leaders have become too jaded and cynical to even think about a revolutionary idea like this, let alone try it. They will scoff and dismiss it as pie-in-the-sky thinking. This is why we continue to suffer the mediocrity endured by most organizations today. But brave,

courageous, and visionary leaders transcend this averageness through their abiding faith in people. In these times of growing pressure on profits, does it not make more sense to try to support the bottom line by telling the truth rather than by firing people?

I have seen organizations of this size reverse their fortunes in under a year by an order of magnitude that most leaders can

only dream about. That is the difference between the ordinary and the exceptional, between the terrified and the inspirational leader.

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