

# A Consultant's View

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## Safety vs. Risk and Trust

When the Allies invaded Normandy in WWII, the German command structure was so rigid that many decisions had to go to Adolf Hitler for approval. That was one reason why the tanks that could have launched a counter strike while our troops were on the beach never moved. Similarly, during the Vietnam War, President Nixon had so much fear about how the war was going that he personally was participating in the details of air strikes and ground actions. We see similar fear in many a corporate management and similar attempts to micro-manage. Places are installing surveillance cameras, computer key stroke loggers, and other technologies to see what people are doing.

On the other side, we see companies tossing out org. charts, allowing people to work from home, and looking for outcome based management.

One side is attempting to clamp down in order to prevent problems. The other side is loosening up to trust people.

After competition heats up or we suffer a major market upheaval, it is natural to fall into fear. High flying companies often find their culture changing when sales slow down and the money is no longer as available. At these points, we often find the company changing their policy on a number of things. For example, both Yahoo and Best Buy dropped their support for flexible working environments while undergoing difficult financial times. Back in the early days of automobile manufacturing when the profits

dropped at Ford, Mr. Ford dropped much of what made it a fantastic place to work.

When we are so focused on preventing one future, we lose out on a multitude of other futures that because of our imperfections, are far better than what we could achieve ourselves.

It is well known that people that take on and properly manage risks make a lot more money than those who take only safe investments. People who feel like

### Take Risks To Make More Money

they are part of a community are much better able to take on risks. Children who are loved handle adversity far better than those who are untrusted.

In companies, in order to take on risks, we need to build a community.

Humans handle risks,

fears, and pressures best in a community. That is why the company culture matters.

Tony Hsieh, the CEO of Zappos, talks (in Fortune) about how the corporate culture is one of most important aspects of his company. He claims that the profit comes from the culture. His goal is to work against the norm where as a company gets bigger, the productivity per person drops. He points to the fact that as a city doubles in size, the productivity per person goes up 15%.

Trust is a vital part of community and an essential part of being in business. We trust that the bank will process our checks and not run off with the money. We trust that our customers will pay the invoices we send them. We trust that, in general, people will live up to their agreements. Without that trust, business dissolves down to barter or piracy with armed guards protecting our assets.

**Pushing harder vs. Redesigning**  
Even though Americans are the hardest working people in the "first world", many bosses pressure workers to work harder. The trouble is that pressure does not yield much more work.

The best productivity gains come when we redesign the work instead of pushing to work harder. That requires taking time to step back and ask what are we really trying to accomplish. Productivity improvement rates over the last seven years have not been that great. Part of that is because there has not been much investment in improving people's jobs. The Economist published a chart showing that if productivity had continued to grow at the rate it did between 1947 and 1969, our economy would be 35% larger today. That offers hope for a lot of entrepreneurs.

When people lose hope for returns when investing in manufacturing, businesses such as health care and banking absorb all the available investment capital. The result is lower overall productivity. And new people start to see hope in making things again. Many jobs can be redesigned. Nearly every time we redesign a job, we put more power into the hands of the human being by adding automation and additional technology.

The Financial Times points to improving productivity as both a long term process and one that must focus on all areas of a business. The simple ways to get productivity growth have been done for most companies. Now, they need to improve productivity in areas such as sales and marketing, customer service, market research, and other such "front office" work.

While individual companies can improve, our overall economy depends also on government spending which has not been investing in infrastructure. The Boston Fed published a paper showing that much of the decline in national productivity is due to that lack.

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### Risky World

We want our police to be properly equipped. Unfortunately, a lot of police body cameras have been infected with a computer virus.

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