

# A Consultant's View

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## Sharing and Success

In building your company, one of the key objectives is to get the whole team working together towards the common goal. That involves defining that goal and making sure that everyone is on board with it. Here is the deep problem with all of the “Sharing Economy” companies such as Uber and AirBNB: the company and those providing the service have different goals. This difference is not solvable.

A person famously said, “A house divided against itself will not stand.” We have seen that play out in the corporate world over and over again when employees have worked against corporate goals, resisted new initiatives, or made sure that the latest management fad wouldn’t work. We see it when the front line retail employees present an attitude to the customers that drive them away. When those who do the work do not share the same goals as the top management, the company is not going to succeed.

Back during the 1800’s, America dominated the whaling industry. One of the reasons was that the ship captains shared not just the risks with the crew, but also the rewards. There was a clear alignment of the crew’s interests with those of the captain.

This gets back to the issue with the “Sharing Economy” companies. They have the goal of maximizing their profit. However, the only way to do that is to work against the goals of those who are doing the sharing. Thus, Uber repeatedly lowers the rates that they are

paying their drivers and attempts to flood the area with drivers to make sure that anyone who wants a ride can get one. The effect is to minimize the earnings of the individual driver – who, by the way, is providing the actual operating capital of the company. The same is happening with all the other such companies. This is not sustainable.

It is not possible to do a successful company in the long term when those doing the work are not sharing in the rewards.

The result is that such drivers are already working to game the system. They are coordinating efforts to cause surge pricing and then sharing in that extra income.

While we can find public companies who put their employees first, the dominance of “shareholder interests” in the current marketplace indicates that such companies will be few. When the front line workers are not even employees, but contractors, there is even less incentive for the companies to put them first.

This offers a real opportunity for those who put the front line workers first. For example, Southwest Airlines thrived often because it was putting the employees first. Similarly, the retail chains that put their employees above the customers are doing quite well.

There is an opportunity for another company to enter this space and do better by rewarding the workers more.

The lesson is that a focus on the workers instead of the shareholders will reward the shareholders far better in the long term.

### Sharing Leads To Better Profits

#### Deep Thinking

Every CEO knows how challenging it is to get time to think. Most days are spent dealing with interruptions and crises. Brain studies have shown that it can take up to fifteen minutes to get back “into the groove” after an interruption. Yet, thinking and planning are the highest value actions a manager can do. It takes planning, practice, and compensation to think deeply. In order to have the time to think, it takes trusting that the team can handle the issues that might arise while you are not available to them. We have to turn off email, the phone, texting and all the other interruptions so that our brains can function in thinking and planning. These are times we need to plan into our schedule.

It takes both planning and practice to have the time to think. The team needs to know what to do with the issues that might come up. (And they need to know what issue justifies breaking into the thinking time. There are those rare emergencies.)

We also need time to practice thinking. When we haven’t done an activity in a while, we get rusty. Reading challenging books, articles, and blogs and trying to follow their logic can help get us into practice.

It all sounds nice until we hit the reality of most businesses. Most businesses do not reward deep thinking. Creative thinking by workers is most often discouraged. Middle managers are rewarded for implementing top management’s directives. One person put it this way: “There is a name for managers who think deeply – entrepreneurs. Big companies are no place for big thinkers.”

The rewards generally are a better life as we are more in tune with our own values. We make better decisions and gain the rewards.

We get to decide if we really do want to get the rewards of deep thinking.

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#### Risky World

The recent court filings between the government and Apple Computer hinge on two different views of the major dangers to this country. The FBI sees physical terrorism as the major threat. Apple sees the ongoing cyber war as a bigger threat. The cyber war may be costing us as much as or more than the terrorism but it isn’t as obvious to the regular person on the street.

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