

In This Issue

Expedient compromise

Employee gifts

Are perceptions reality?

Getting staff

Non-manager behaviours

About Steve Simpson

Loyalty recovery



Employee Gifts

Desperate to keep their valued employees in a skills shortage context, employers are reported to be bestowing gifts.

A recent survey of 1723 workers by recruitment company Talent2 found the most common rewards were laptops, bottles of wine and mobile phones.

The property and finance sectors were the most likely to give rewards, while the least likely were legal sectors and government. Apparently, the whole 'employee value' proposition is now top of mind.

Expedient Compromise

The real test of character for most of us is when the pressure is on. That's when nerves typically fray and relationships among people can be sorely tested. In the article below, Steve Simpson talks about the concept of 'expedient compromise' - what happens when there is pressure on people to respond to external forces. Often it's the team or organisational culture that suffers...

It happens every time I go for a run. At around 20 minutes into my 30 minute regime, my mind takes on two different personalities. One part of my mind is telling me that despite it being hard, I should continue to push hard at the same pace, or even faster. The other part of my brain is telling me that it's OK to ease up - and I can find rational reasons to justify not going the full 30 minutes. For the remaining time, I continue to have an argument with myself!

In the book 'The Logic of Life' (Random House), author Tim Harford explains that this split personality is not unique to me. Apparently, we all have a 'dopamine system' of the brain which is focused on instant pleasure. When we see something we desire, this part of our brain kicks in and says 'take it!' In a situation when pain is being experienced, the dopamine is saying 'let up'.

Another part of our brain is focused on long term benefits - and it's called the 'cognitive system'. This is the part of the brain that tells us it's probably not a good idea, for health reasons, to get stuck into a large amount of chocolate.

I recently met with a senior manager, and over the course of our discussion we talked about the extent to which senior people in the organisation were committed to creating a better culture.

This senior manager explained that there were a number of pressures on leaders. Many of these had short time frames, and in the context of this 'busyness', culture was put to one side in many cases.

So while these pressures created behaviours that managers knew they probably shouldn't sanction, the context created a rationale for them to justify their actions intellectually (and perhaps emotionally). In other words, the dopamine system kicks in.

It occurred to me that this happens every day in the vast majority of
(Continues on page 2)

Compromise...

(Continues from page 1)

organisations. In the interests of 'expedience', people compromise. And the justification for this can be externalised to outside pressures.

Sometimes the thinking that goes behind these compromises goes like this 'This is a one-off occasion - I'll make sure this doesn't happen again'.

If we dig a little deeper in these instances, what we must conclude is that the creation of a positive, productive culture is **less of a priority** than the outcomes associated with meeting external pressures. Put another way, the team or organisational culture is less important than short-term objectives. It's 'expedient compromise', if you like.

This is especially the case when people do not have a grounded, practical understanding of culture and/or how to manage it.

If people see culture as an esoteric, soft, side-issue, then it's unlikely to gain high priority points.

Of course, that's where I believe the concept of unwritten ground rules (UGRs[®]) has huge potential. In gaining an understanding of UGRs, people (leaders and non-leaders alike) gain a practical understanding of how their actions impact on team and organisational culture.

Maybe it's time to question expedient compromises!

Are Perceptions Reality?

From time to time, we bring you articles written by people we respect and admire. Phil Verghis, based in the US is a good friend of Steve Simpson. More importantly, he is highly regarded for his expertise in areas including how to structure global support and how to motivate a globally distributed support team. The article below is from Phil's latest newsletter. Phil's web site is here...

While researching a new talk, I came across a study on the role the brain plays in adjusting reality to better fit our perceptions. Think about that for a second. In organisations we have long believed that perceptions become a customer's reality. But this research shows that even realities like touch and taste can be altered by our perceptions.

Expectations have long been studied by psychologists. What we expect plays a big role in determining how effective certain medications are, for example. Now there is additional research showing the brain does even more active 'adjusting' of our senses than previously thought. Consider the following experiment done on volunteers by scientists from Caltech and Stanford.

Volunteers were asked to take a sip of wine, swish it in their mouths for six seconds, swallow it and then rate it. Before they tasted each wine, they were told what the wine cost (between \$5 and \$90 a bottle). The catch? The wine prices were random and arbitrary. But you can probably guess the results. When rating how much they liked the wine, they gave the more "expensive" wines higher scores.

By the way, the study did not rely solely on subjective ratings. The medial orbitofrontal cortex of each volunteer's brain was also scanned. Their synapses confirmed objectively what the volunteers said in terms of which wines tasted better.

This experiment was repeated (without the brain scans) on the Stanford wine club with similar results. Even among these oenophiles, the wines the subjects believed were more expensive received higher ratings.

CalTech associate professor of economics Antonio Rangel, one of the authors, said the most interesting part of the study is that how pleasant an experience will be depends not only on the experience itself, but in our belief of what the experience will be like.

Think about this in the context of your organization. What are your customers' expectations of your service? Do they approach you with dread because of all the rules and restrictions you cite every time they ask for something? Or do your customers look forward to interacting with you, because they know (expect) you to be competent and to have their best interests at heart?

Getting Staff

If you haven't picked up on the fact that the employment market has changed dramatically across the globe, then you'd better tune in! Steve Simpson reports on further evidence of a shift in power...

It wasn't that long ago that employers could pick and choose which employees they would hire.

Now things have changed.

We've been reporting for some time the fact that we're now only beginning to experience a global skills shortage. And the implications are enormous.

Companies are now realising that the second most important source of company information for prospective employees is the company web site. So smart companies are now revamping their career sites to appeal to the technology savvy job seekers.

Sites are increasing their use of videos, podcasts and blogs.

Deutsche Bank has interactive and professionally produced videos of their employees discussing their experiences working at the company. The video incorporates typical questions a newly hired person might ask, answered by the employee - including the question 'Any regrets?'. In addition, job titles within each department are provided along with detailed job descriptions. The site is worth a look!

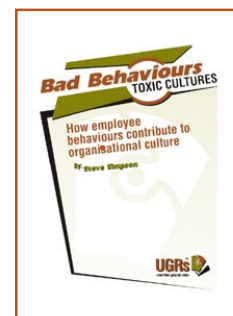
Non-Manager Behaviours

Our latest research focuses on the behaviours exhibited by non-managers that contribute in positive and negative ways towards organisational culture.

The positive behaviours were modelling positive behaviour, having a mind-set that is positive and solutions-oriented, being proactive and challenging negative behaviour displayed by others.

The negative behaviours were participating in gossip and/or spreading rumours, focussing on fulfilling only the minimal requirements of the job, resisting management requests, displaying negativity or taking a cynical view, isolating people who do not comply with 'the way we do things around here', and complaining about or ridiculing management.

We can now assess the extent to which each of these behaviours is being exhibited in your team/organisation and compare this to global averages. Email Steve Simpson to learn more.



About Steve Simpson, CSP

Steve Simpson, CSP, is a consultant, author and international speaker who helps organisations to profit from an improved culture. Steve has featured at two **World Conferences on Customer Service Management** in the US – the world's largest customer service event, where he rated in the top ten speakers.

Described by UK based e-Customer Service World as **'Australia's leading corporate culture authority'** Steve has been accredited as a Certified Speaking Professional (CSP), the highest international speaker recognition recognised by the International Federation of Professional Speakers

Steve has recently spoken at the International Leadership Symposium in Johannesburg and at the HDI Conference in Las Vegas.

He has shared the stage with Tom Peters (on four occasions), the Hon Paul Keating, former Prime Minister of Australia, Professor Gary Hamel (twice) and Jack Welch. Steve has spoken at conferences in Australia, New Zealand, Dubai, England, Scotland, South Africa, India, Thailand, Singapore, Malaysia and the US. He is the author of two books including, 'UGRs® - Cracking the Corporate Culture Code'. He is also a contributing author to the recently released 'The Power of Culture' More details about Steve are at www.keystone-management.com - hit 'About Keystone'.



Loyalty Recovery

While there's lots of talk about the importance of service, enthusiasm must be tempered by the reality of business costs. Steve Simpson reports below on a business that got this horribly wrong...

Recently I was nominated for an award (stay tuned - maybe you'll here more on this in the near future, depending on the outcome!).

The award process required the submission of a written response to a number of criteria and the option of sending in a DVD. I decided to submit.

I approached our local printer – one we've used over recent years. I explained to the franchisee owner (this is a national franchise) that I wanted a really professional book made up that would contain my responses to the criteria and I also wanted a presentation folder into which the book and DVD would sit. I stressed that I wanted this to be really professional. I didn't raise price as an issue. I needed six copies (one for each judge on the panel), but decided to order ten copies from the printer.

I started to get nervous about the job as time went by. We were on a fairly short time frame and it seemed to me that I was managing the project, rather than the other way around.

My fears were partly realised in that the printer delivered at the latest possible time. I physically drove to their premises to pick up the finished job, and dually paid \$950 for the 10 copies (yes – you

read correctly, that's \$950!).

As I drove home, I pulled out the books and folders to take a closer look. I couldn't believe what I was seeing. Put bluntly, this was the **worst quality design and print job I had ever seen**. And these had to be in the hands of the judging panel in another state the next day.

On the way home, I rang the franchise owner from my car in a frantic state. I told him I couldn't believe that he would let anything like this out of his store. He sympathised with me and went on to say he wasn't happy with the job either!

I couldn't use the folders- they were an embarrassment. So we had to improvise to make the books and DVDs look as professional as possible. They were posted the next day.

The franchise owner offered me a further 200 folders. I told him I didn't want another 200 folders and offered the view that I should be reimbursed. He offered \$400.

A number of emails were then exchanged between us, where I tried to explain the logic of complaint recovery and associated issues to do with customer loyalty. Finally, I received an email with a cost breakdown of the job, which demonstrated the folders cost \$440. This was his final offer.

I contacted the Franchise head office and spoke with senior managers who in turn spoke with the franchisee. In exasperation, I was told that the franchisee didn't 'get it' – and that they thought I should accept the offer of \$440 reimbursement.

I've reflected a lot on this experience and, as is often the case in extreme situations, it has taught me something. The experience has highlighted the issue of **cost recovery versus loyalty recovery**.

The franchise owner could not see beyond cost recovery. He simply could not understand that this was an issue that went way beyond his cost recovery. For some unknown reasons, he could not come to terms with customer loyalty or loyalty recovery.

Despite the unbelievable shoddiness of this job, I believe that dealt with appropriately, this owner could have kept me as a customer. Had he not been so fixed on making sure he didn't make a loss on this one job – maybe, just maybe, he could have profited from our future business with him. Most of us are prepared to forgive a company for their mistakes if they deal well with the transgressions.

So, the question for all of us is 'Are we focused on cost – or loyalty– recovery?'