

5 Business Challenges

And how to fix them.

Progress is impossible without change;
and those who cannot change their minds, cannot change anything.
~George Bernard Shaw

2021 Business Trends Playbook

The buck stops with you.

If you want different results you must first act and lead differently. Change won't happen unless you lead the changes. It starts at the top.

Think About It.

Leaders are allowing themselves and their employees to act in ways that create problems, rather than preventing them. The good news is that most are not doing it intentionally. There are some simple things that can be done to overcome the challenges your company's facing.



Business Challenge #1

MEDIOCRACY SYNDROME.

It's a well-known fact that companies need leaders. But what many companies do is promote subject matter experts. Then we put them into leadership roles. We reward micromanagement as long as they hit targets. We reward mediocre activity, and accept leaders who fail to bring out the best in their teams.

The reality is: That's not enough.

We need people to lead, not simply fill a role as a leader. According to a recent *McKinsey Survey, only 11% of CEOs surveyed agree that their leadership development initiatives achieve the desired results for people to lead. CEOs say their leaders aren't leading.

THEY NEED PEOPLE WHO SEE, SEIZE, AND TRANSFORM.

ONLY **11%** of CEOs say their leadership development initiatives achieve desired results.

What about the other 89%?

WHAT TO DO:

1. **CHANGE YOUR MIND.** If you treat people like fourth graders who can't be trusted, you'll get people who don't take action or make tough decisions. You'll get people who wait to be told what to do, don't take initiative, and depend on you for direction, answers, and permission. Believe in the abilities of the people you hire, and if you don't believe they can meet those expectations, change the people.
2. **TAKE OFF THE HANDCUFFS.** For far too long, we've been rewarding the wrong behaviors...probably unknowingly. Hire and reward people who take the initiative to scan the news and research, who look at opportunities in other industries, and who find efficiencies to remain competitive. Hire the right people, set expectations high, and let them lead.
3. **REWARD CONTRARIAN.** When we have people, specifically those in leadership roles, who go along with what others are saying or simply want to be told what to do, we're not getting to what's right for our business. We simply have more of the same. Reward people who ask questions like, "What if the opposite were true?" or "What would it look like if we approached this in a way that others don't?"

*McKinsey Survey - August 2017

<https://www.mckinsey.com/global-themes/leadership/whats-missing-in-leadership-development>



Business Challenge #2

FINDING & KEEPING GREAT TALENT.

We've all read the research that employees don't leave companies, they leave their manager. In addition to that, you can interpret that they also leave the organization because they are allowing behaviors to go unchanged.

A *Gallup Study of over 7,000 adults showed that one in every two employees have left a job to get away from a bad manager at some point in their career.

That's a problem.



WHAT TO DO:

1. **CREATE AN EXPERIENCE.** Successful companies create experiences for customers to delight them and increase loyalty. Employees are expecting the same. We're not talking about massage therapists and bowling alleys, necessarily. But employees want to feel good working for your company. Define your employee brand and deliver on your promise. Be sure that if your recruiters are promising a fun-filled work environment, the new employees won't find drama and protective behaviors in abundance.
2. **DRAW A PICTURE OF THE FUTURE.** Employees have new information available to them all the time. The fact is that they expect training and development. If you want a culture of improvement, put your time and money where your mouth is. Provide formal development plans and encourage the informal ones too. It must be timely and practical. Provide tools, training, and growth.
3. **PAY ATTENTION** to what your employees pay attention to. You may have heard, "That which gets rewarded gets repeated," and "What you give attention, gets attention." This is a human law, not a fad. Employees are watching. If you promote someone who's been an employee with your company for a long time but demonstrates behaviors like complaining, missing deadlines, doesn't collaborate, or must always be told what to do... **you're going to lose your good employees.**

*Gallup Study - State of the American Manager

<http://www.gallup.com/services/182138/state-american-manager.aspx>



Business Challenge #3

INEFFICIENCIES CAUSED BY SILOS AND LACK OF COLLABORATION.

As we look to the future, the need for efficiency is more critical than ever. The status quo has become an enemy within our own organizations. Companies have legacy processes that are inefficient. Throughout our organizations, we have people with routine thoughts like, “Why are we doing it that way?” But no one is taking the initiative to make the necessary changes.

In a *Forbes article, Robert Johnson, an author and collaboration expert, pointed out that sometimes our success can actually be what’s keeping us from collaborating. When we aren’t experiencing crises we forget the importance of collaboration and innovation. We are lulled into believing we can operate the way we always have.

“Typically, it’s when we’ve done well enough that the need to collaborate doesn’t arise.”

~Robert Johnson

WHAT TO DO:

1. **DISRUPT THE ORGANIZATION CHART.** Think about how you would organize the way things are done if you were to start the department from scratch. Consider eliminating tasks or automating them, combining responsibilities differently. This also helps address deteriorating profits.
2. **FORCE COLLISIONS.** Diversify thinking. Encourage bringing together people who share the culture and company values, but think differently. Blend new workers with seasoned workers. People from different departments who aren’t normally involved in the process. Or even people from outside of the organization. Encourage people to contribute questions and perspectives that challenge “the way we’ve always done it.”
3. **DEFINE WHAT GOOD LOOKS LIKE.** When you think of the word “collaboration,” what does it mean? Collaboration doesn’t mean we all have to think the same or work the same way. It does mean that we are aligned and focused on a common goal. And we agree to find solutions that create win-wins. Find a balance of what’s good for your people, your customers, and your company.

**Forbes Article - Why Most Collaborations Still Fail*

<https://www.forbes.com/sites/cherylsnappconner/2014/02/17/why-most-collaborations-still-fail-and-5-ideas-for-turning-the-equation-around/#49f2b3a761af>



Revela[®]
Your leaders. Our passion.

Business Challenge #4

PROFITS ARE DETERIORATING.

Everything costs more these days. From insurance and benefits to building costs and raw materials. Employees also expect wage increases to go along with their increasing personal expenses.

Research cited by the *WorldatWork Total Rewards Association tells us that employers in the United States are expected to increase their salary budgets by 3.0% in 2021.

And just because we're expected to raise salaries to stay ahead of inflation, doesn't necessarily mean we can raise our prices by 3% each year along with it.

All costs cannot be passed on to our customers.



WHAT TO DO:

1. **AUTOMATE.** It has been said that the status quo is a company's greatest competition. We get into habits of doing things the way we've always done them. It's time to look at new software, apps, robotics, or methods of artificial intelligence that are being developed and released almost daily. Create efficiency through technology and automation.
2. **STOP DOING THINGS.** In every business, there are activities we do that don't add value or are totally unnecessary. In fact, your employees probably know what they are. Ask them the question, "What should we stop doing because it is a waste of time or isn't important?" You'll be surprised at how much time you'll find.
3. **CAN WE MAKE IT BETTER?** Create a culture that continually asks, "What can we do to make it better?" or "Is there a better way?" Help employees and leaders recognize that asking these questions is for the good of the company and its customers, not a personal reflection on themselves. Set up systems that routinely challenge the productivity and efficiency in and between departments.

*WorldatWork Survey - Salary Budget Survey 2020-2021

https://www.worldatwork.org/docs/research-and-surveys/sbs/SBS2020-21_TopLevelData.pdf



Business Challenge #5

RAPIDLY CHANGING INDUSTRIES AND CUSTOMER EXPECTATIONS.

Changes with our customers and industry are coming at us faster than ever and for many, we feel like we're always trying to keep up. Industries are changing. New technologies are emerging.

According to *Mark Perry, a scholar and professor, of all the companies on the original Fortune 500 list published in 1955, "only 12% remain, thanks to the creative destruction that fuels economic prosperity."

It's time to be change agents, and stop simply reacting.

Fewer than 1 in 8 companies remain on the original Fortune 500 list from 1955 due to a failure to adapt.



WHAT TO DO:

1. **TAKE A ROAD TRIP.** Encourage members of various teams to visit and interview people in other companies to learn best practices. Challenge them to seek out companies in different industries. Departments should interview other departments. For example, accounting could interview a marketing department, or quality could interview engineering. Promote individual contributors to participate as well as department or company leaders.
2. **HIRE EXECUTIVES FROM OUTSIDE YOUR INDUSTRY.** Hire people from a different industry to be a part of your executive team. Strategic thinking leaders see, seize, and transform. Find and encourage leaders who look beyond their department, your business, and your industry to bring new ways of thinking to the team.
3. **REWARD MAKING MISTAKES.** In creating a culture of "rapid change is normal," people are going to have to try a lot of things, ask some contrarian questions, and will not always be right. Employees must know it's okay to make some mistakes. Reward initiative, curiosity, innovation, collaboration, and results. Many companies simply reward on results or measurables. Don't get us wrong, they are important. But companies need cultures of forward thinkers and those who look at ways to make things better.

*Publication - Fortune 500 Companies: 1955 v. 2016

<http://www.aei.org/publication/fortune-500-firms-1955-v-2016-only-12-remain-thanks-to-the-creative-destruction-that-fuels-economic-prosperity/>



It's time to make a change.

As the CEO or executive, your goal is to continually look for ways to grow your business and meet the needs of your current and future customers. And at the same time, improve the health of the organization as it grows. Don't wait until employees leave. There are a lot of culture-shifting suggestions offered here, and culture takes a bit of time to adjust. What will you do to get started?

About Revela

Since 1989, we have helped executives just like you navigate the economic ups and downs and get more from their business. Talk to a coach, so you can stop wasting time questioning your decisions, and instead focus on getting extraordinary results.

For more information about Revela and our service offerings, visit RevelaGroup.com or call 712-322-1112.



RevelaGroup.com