In Practice

The World According to Lou Holtz

Ask Notre Dame football coach Lou Holtz why he is one of the most sought-after motivational speakers in America and he shrugs. "I would have no idea," Holtz says. "I have a lisp and I don't have a large vocabulary. I can't understand why anyone would want to hear me speak."

But ask him how he gets top performance from the Fighting Irish, ranked number one in national college football polls and playing for the NCAA championship on New Year's Weekend in the Fiesta Bowl, and the reason for Holtz's popularity with business audiences becomes clear. "You have to have goals," he says earnestly. "You have to create team unity. You have to have feeling.

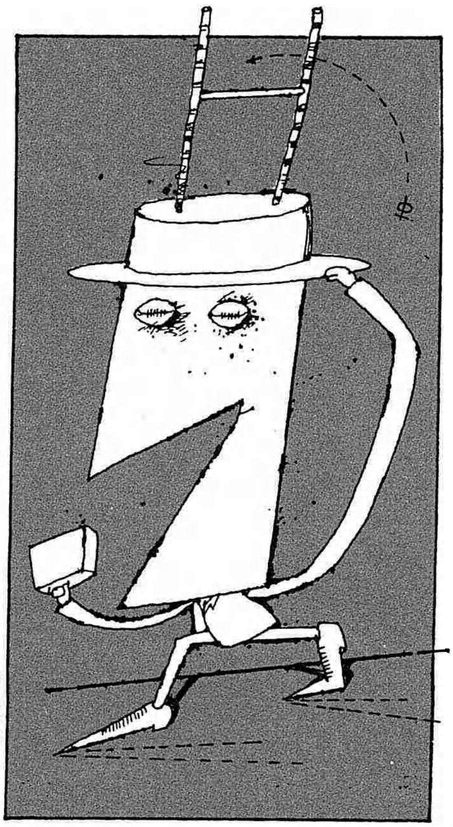
"You must establish an obligation people have to one another. We have a responsibility—to each other—to be the very best we can be."

On the highly lucrative employee-development lecture circuit, Holtz rates superstar status. Only a few motivational speakers—Tom Peters to name one—make more appearances than Holtz. He has been an auditorium fixture for the last decade, imparting his down-to-earth, admittedly simple philosophy to high-level managers and executives across the country.

And with Notre Dame's success in 1988, he is booked solid through June of this year.

He says business people appreciate his message because what works in big-time intercollegiate athletics works in the office too.

"I think there's a great similarity between coaching and running a business," he says. Whether motivating an underachieving quarterback or pushing a sales force to surpass a quota, Holtz says, a leader needs to recognize three management principles. "Number one," he



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says, "is to have a relationship with anybody, you have to be able to trust them. And they have to be able to trust you.

"The second thing is to make sure they know you're totally committed.

"And third, let them know you care about them as individuals. If you do that, the rest of it works out."

Recast somewhat to suit the small screen, those principles form the core of a motivational videotape Holtz released last October. "Do Right" (Washington Speakers Bureau Video, 676 North Lasalle, Suite 400, Chicago, IL 60610) is a 35-minute tape that mixes portions of Holtz's platform presentation with footage shot at Notre Dame's South Bend campus and clips of the Irish's season-opening come-from-behind victory over Michigan last September.

On the tape and in person, Holtz uses self-deprecating humor to make his point. Belying his reputation as a stern disciplinarian—he once charged onto the practice field to tackle quarterback Tony Rice after a blown play—Holtz eschews Zig Zigler-style preaching.

Instead he cracks deadpan jokes, recites poetry, and performs a pretty mean magic trick.

But he constantly comes back to his basic formula for leadership success, a philosophy he says boils down to: "Do right. Do your best. Treat others the way you want to be treated."

He acknowledges that his message isn't earth-shatteringly complex, but he does think business people need to hear it. "Too many times people think there's a secret or a shortcut or a trick to being successful," he observes. "Trust is the whole foundation. You might go in there and dazzle someone for a year, but you aren't going to be successful down the line if you don't establish trust first."

Again Holtz shrugs. "It's so simple. But I believe in it."

What else does he believe?

- Setting goals is critical to any kind of success. "They give you direction and keep you going. It's a way of keeping score," Holtz allows. "It's hard to play golf when there aren't any holes on the greens.

"Goals create excitement in your life. They make you do the things an ordinary individual won't do."

- Leaders plan for the long haul. "Don't look at where you are today or yesterday," Holtz advises. "Yeah, you've got to evaluate it, but I'll tell you what: That's why they have scrap books and that's why they write obituaries in the newspaper."

- Effective leaders handle their people equitably and their businesses ethically. "You can't win with intimidation," Holtz says. "Have love, understanding, and compassion for your people. Get people you can trust, people who are committed, people who care about one another."

Holtz dismisses situational leadership. "I disagree with that completely," he says. "If there's one thing wrong with this country, it's that we make all kinds of excuses why we don't have to do what's right.

"If you do what's right, you're going to be okay. Sometimes things aren't going to go well, sometimes you're gonna have to bite the bullet. But you'll always be able to sleep well and you'll always be on a firm foundation."

■ Positive thinking overcomes most problems. "You've got to be positive." Recalling an ill-fated detour into the NFL, Holtz observes, "I've had a lot of bad things happen to me, but I've never had one that wasn't positive when I looked back." He believes his eight-month stint as head coach of the New York Jets confirmed a gut instinct that he belongs in the college ranks.

He says it also taught him the importance of a positive outlook. "People don't choose to have a great attitude for one predominant reason—adversity. We're all going to have adversity. But I've never seen anyone yet who ever achieved success who didn't have to get up off the ground.

"If you're in a leadership position—and we're all in a leadership position—you *must* remain positive. I don't believe in whistling in the dark, I don't believe in going around saying everything's gonna be great, but I do believe in having in the bottom of your heart a positive thought that your problems eventually make you better."

A visitor looks at Holtz skeptically. Isn't that just a little naive?

Is it enough to smile in the face of adversity and press on determinedly?

"Yes," Holtz says simply. "If you're positive and you're motivated to do something, you'll get it done because you will learn what you need to learn. It all starts with being positive and highly motivated.

"The rest of it will come. It's not enough in itself," he cautions, "but if you aren't positive, none of the rest will come. That alone will open the door."

So a good team, or a good business, makes its own breaks?

"I think this," Holtz says. "Everybody gets basically the same breaks. The ball will bounce both ways during the course of a season. But a good team is adequately prepared to handle it when it bounces good, and adequately prepared to handle it when it bounces bad," Holtz says.

"As I tell my squad, everybody has burnt toast in the morning from time to time. It's all in how you handle your problems. You've got to be positive."

High-Performance HRD Staffing

By Donald C. Miklas, vice president and director of education and training for First Fidelity Bank in Newark, New Jersey.

In recent years, more and more companies have discovered just how effectively HRD can solve a host of performance problems. But even though training and development now receives greater emphasis than it used to, budget allocations and staff levels have remained relatively low in all but the most enlightened organizations.

Especially where HRD staffing is concerned, plenty of companies subscribe to the 20 percent rule: Hire a very few of the best trainers available (the top 20 percent), pay them premium wages, and expect them to produce world-class results in quantity. Like it or not, HRD managers must be prepared to spread their people thin and still maintain high standards for training and development.

To help a small training department provide a lot of effective programming, use a high-performance HRD staffing plan. That system divides each trainer's traditional responsibilities into three broad areas: facilitation and delivery, organization development, and communications. By keeping those roles distinct, human resource development managers can get the most from their own human resources.

■ Under the high-performance staffing plan, training represents only one-third of the job. Facilitation and delivery tasks—what people normally think of when they hear the word 'training'—include management development, sales training, technical training, media service, and managing off-the-shelf packaged programs and those taught by outside consultants.

Cross training is vital here, because every member of the HRD staff must be able to deliver a variety of instruction. As a practical matter, it pays to assign one or two flagship courses to each trainer—John specializes in management and supervisory training while Sharon focuses on sales training. That includes administering programs provided by external training suppliers. But team members also must be versatile enough to cover for each other.

■ Organization development represents another third of the HRD role. Dealing with corporate culture and identity issues, HRD staff members act as internal consultants and interventionists.

In that role, trainers shape group relations by applying systems—for instance, using performance appraisals as the basis for career development programs or to establish succession plans. Also in the organization development repertoire are such tools as organizational audits, quality circles, and work-unit interventions.

Work-unit interventions are especially important. If a line manager is struggling with a performance problem or change effort, trainers—on-call interventionists—act as a rapid-response consulting team.

■ The third and final portion of the HRD staffing equation involves communications, essentially a marketing and customer-service function in which trainers regularly link up with other organizational elements.

Each trainer on staff routinely meets with people representing various cost centers, divisions, branch offices, plants, or other subgroups of the company. In a bank, for example, John might work exclusively with the wholesale and retail banking divisions, while Sharon deals the trust and operations departments, and Mike communicates with international units.

For each trainer the goal is to keep training visible and make sure key managers know that the HRD staff is willing and able to help out. Trainers can do that by building rapport and influence, identifying training needs, and suggesting appropriate training products and services.

What kind of trainer thrives in that sort of environment? Managers should look for staff members who can commit to a service emphasis and who display good, if not excellent, HRD skills. Personal flexibility and professional versatility are critical.

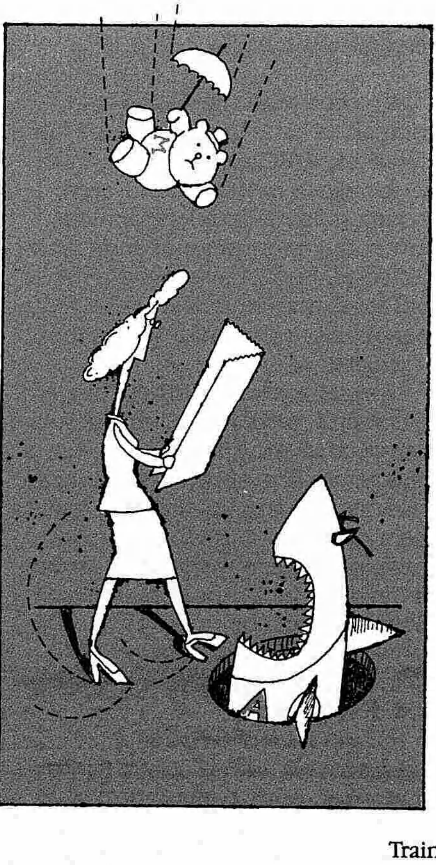
The ability to recognize and channel stress is crucial as well. High-performance HRD staffing can help a small training department make big contributions, but HRD executives need to watch for trainer burnout. The communications part of the plan, if done well, can create a heavy demand for training services. Managers should assume final responsibility for setting training priorities. They must continually balance organizational needs against the HRD department's capacity.

But that's what HRD staffing is all about. The high-performance staffing plan enables an organization to gain a lot of training for a relatively low cost. In the process, the training department gains credibility as excellent performance becomes evident. And individual trainers gain from the professional development opportunities that occur naturally when they serve multiple roles.

Simulating the Anxieties of M&As

By Gordon R. Simerson and Noah L. Durkin. Simerson is an assistant professor in the industrial and organizational psychology graduate program at the University of New Haven in Connecticut. Durkin, of the organizational research group of Response Analysis in Princeton, New Jersey, developed the simulation on which this article is based.

Mergers and acquisitions may bring delirious grins to the faces of Wall Street arbs and holders of suddenly valuable stocks, but employees of the affected companies almost always grimace. While the portfolio crowd totes up the dollars and cents



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of the M&A deal, the people who work for the newly hybridized company confront doubt and concern.

It's understandable because a merger or acquisition combines more than just financial assets. It also combines two or more distinct social systems and, even if unions leave staffing intact, employees face the symbolic death of their old organizations and the equally traumatic birth of a new one.

The dangerous side effects—turnover, poor performance, sinking morale—are well documented, but the same can't be said of preventive measures. Companies too frequently find themselves taking a "fire-fighting" approach to merger-related people problems, dealing with them after the fact. A "fire-drill strategy," one that anticipates inevitable M&A tension and prepares employees for change, works better.

That's the theory behind a merger-and-acquisition simulation developed two years ago for the University of New Haven's grad school seminar in organizational change and development. By addressing such factors as staffing, apportionment of physical space, the turf mentality, and leadership qualities, the simulation mimics the dynamics of real-world M&As. The design lets participants experience beforehand the stresses that typify both hostile and friendly takeovers.

The exercise begins with facilitators dividing the participants into four small groups: two of equal size to simulate a merger, and two more of unequal size to simulate an acquisition. The four groups represent the Old Organizations.

Each Old Organization is sent to a private workroom where members have a half hour to perform three tasks. They must choose a name for their organization, select a leader, and complete a collaborative decision-making assignment. The assignment, a survival game, helps team members develop a sense of identity with their Old Organizations.

When the half-hour session is up, facilitators bring together in a neutral room the two equal-size groups. Seated alternately in a circle—Old Organization 1, Old Organization 2, Old Organization 1, and so on—their job is to create a name for their New Organization and repeat the decision-making assignment. The New Organization simulates the product of a merger.

At the same time, the unequal-size groups come together in a staged hostile takeover or acquisition. The facilitators announce the takeover to both Old Organizations and then the larger group "invades" the workroom occupied by the smaller group. Facilitators seat the two groups at opposite ends of a long conference table and instruct the leader of the larger Old Organization to assume control of the New Organization. With the smaller group swallowed up and the acquisition complete, the New Organization repeats the decision-making game.

The New Haven simulation has been played out several times, and each trial has produced consistent—and dramatic—results. Participants who take part in the "acquisition" react and behave very differently than those who go through a "merger."

In the acquisition scenario, members of the larger group tend to behave autocratically. Members of the small group report feeling oppressed and view their new colleagues as uncaring and uncooperative. They say they don't feel part of the New Organization.

The acquisition, characterized by directive leadership, role imbalances, and unequal control, produces a predictable response during the decision-making assignment. The acquiring group imposes its will and its solutions unilaterally and the acquired group demonstrates little commitment to the New Organization.

The merger simulation creates a far different situation. Members of both merged groups feel satisfied with their New Organization and feel they belong to it equally. In addition, evaluations show that the merger groups tend to collaborate on the decision-making game, with each Old Organization making fairly equal contributions to the New Organization's solutions.

During discussions that followed one simulation exercise, some important perceptions emerged. Participants from all four groups agreed that the way in which their Old Organizations dissolved and then recombined into New Organizations had a dramatic effect on their attitudes, feelings, and willingness to contribute.

Everyone who has taken part in the M&A simulation agrees that it is a valuable training experience. The obviously contrived scenario drastically changed their perceptions about mergers and acquisitions and how they might act if they became involved in an actual takeover situation.

The simulation experience underscores the need for companies to consider the strategic impact of mergers and acquisitions on human resources. It may be a useful way to prepare employees for the possibility of a real takeover.

On the Downside

When it comes to instilling fear and loathing in the employee ranks, the only thing worse than M&A anxiety may be the panic that ensues when a company cuts staff.

Downsizing puts some workers out on the street and leaves remaining workers defensive, wary, and worried. To learn the ins and outs of downsizing strategy, the St. Louis-based consulting firm Numerof and Associates asked the experts: 18 senior human resource executives working for companies that have trimmed employment rolls in the past three years.

In structured phone interviews, top HR execs from such major players as Bethlehem Steel, Dow Chemical, Exxon, Hewlett Packard, Monsanto, and Westinghouse Electric provided 16 tips for companies preparing to downsize. Some represent hard-nosed business considerations; others have to do with basic decency.

1. Be consistent with your benefits and actions. Make sure layoff and severance policies don't unjustly favor particular groups.

2. Communicate—even if the truth hurts. Counter the rumor mill by encouraging candid communication up and down the organization chart.

3. Avoid bringing in too many consultants. Outside change agents can cause more harm than good if they don't work together.

4. Assess employee value to avoid excess cutting. Use well-planned strategic objectives to determine which employees you'll need down the road.

5. Justify the need for change. Help employees understand the company's competitive situation.

6. Make line managers responsible for deciding who stays and who goes. That builds accountability and acceptance for the need to change.

7. Hire a professional outplacement firm. That helps displaced workers, but survivors find it comforting too. Outplacement demonstrates the company's concern.

8. Avoid pink-slipping workers if possible. Early retirement and other incentives may produce the necessary staff reductions.

9. Keep employees informed of redeployment plans. If you plan to reorganize departments, let workers know how, when, and to whom it will happen.

10. Recognize the legal aspects of downsizing. Wrongful discharge lawsuits may be filed.

11. Respect employee dignity. Give

adequate notice so people can make plans and adjust to the idea of downsizing.

12. Reduce the workload when the workforce is reduced. Have employees concentrate on business that must get done.

13. Anticipate and prevent backsliding. Continually monitor staff size, talent, and workload.

14. Train your managers. They'll need to learn how to fulfill their responsibilities with fewer resources. Leadership and delegation skills become more important than ever.

15. Reinforce risk taking. People get gun-shy after a staff reduction. Be sure to reward creativity.

16. Increase employee participation in the rebuilding process. Give everyone a stake in the new organization; help lower-ranking workers contribute to their futures.

Random Stats

And pigs can fly.

The American Productivity and Quality Center reports that, in a recent survey, 48 percent of managers polled said they do not believe that improving quality would reduce operating costs. Forty-seven percent said employees should not be able to propose solutions to grievances they file. Forty-five percent did not understand that people tend to repeat behavior that is rewarded.

Do as I say. . . (cont'd).

Another study by the same organization shows an alarming disparity between what employees value in a job and what their companies offer. Almost nine out of 10 middle- and upper-level managers said they consider it important or very important for pay to relate closely to performance. But only 49.6 percent said their organizations tie pay to performance.

Eighty-five percent valued fair performance measures; only 38 percent said such measures exist where they work. More than 77 percent thought clear performance goals were important, but six out of 10 indicated that their employers don't set clear goals.

But he still makes his own flipcharts.

The executive search firm of Heidrick and Struggles alleges that the typical human resource executive earns $170,000 annually. He (the firm says few are women) is 50.7 years old, was born in the Midwest, holds an MBA, and has worked 14.9 years with a nonunionized company employing more than 20,000 people.

Engineering the Future

The manufacturing sector will undergo profound structural change by the year 2000, as people, technologies, and new work styles are molded by increasing global competition. And that change will require significant training and development input.

That's the conclusion of a 15-month research study commissioned by the Society of Manufacturing Engineers and released late last year. Increasingly, the study contends, manufacturing facilities will become nerve centers for decisions concerning decentralized, global industrial strategy.

The trend holds revolutionary possibilities for manufacturing engineers. Traditionally they have served as the scientific, technical, or mathematical braintrust of the manufacturing process. But the report, titled Profile 21, maintains that engineers will soon function as operations integrators. Granted, they will still spend much of their time coordinating the technical logistics attendant to increased use of outsourced component parts. But engineers will also find themselves focusing as never before on the human and business sides of manufacturing.

The report states, "A significant number of manufacturing engineers will need to emphasize management and business skills, develop new areas of knowledge, and possess a broad managerial perspective.

"In a shift from the heavily technical skills currently required of the manufacturing engineer, 'people skills' and team skills will become of greater importance to the success of this profession in the 21st century."

The Profile 21 report asserts that such "soft skills" will play a more important role in improving manufacturing productivity, quality, and innovation than will technology.

Training will be critical. "To fill the anticipated roles of strategist, group leader, and integrator," the report says, "manufacturing engineers will require training that helps [them] conceptualize problems and solutions not only technologically, but also practically."

At present, the report states, no such curriculum is widely available.

For information on the Profile 21 study, or to order copies, contact the Society of Manufacturing Engineers, Publication Sales Department, 1 SME Drive, P.O. Box 930, Dearborn, MI 48121; 313/271-1500.

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