GARY ZEUNE & ASSOCIATES

Training, Writing and Consulting in:
Fraud and Audit Failures
Leadership: Skills and Strategies
Productivity Performance Measures

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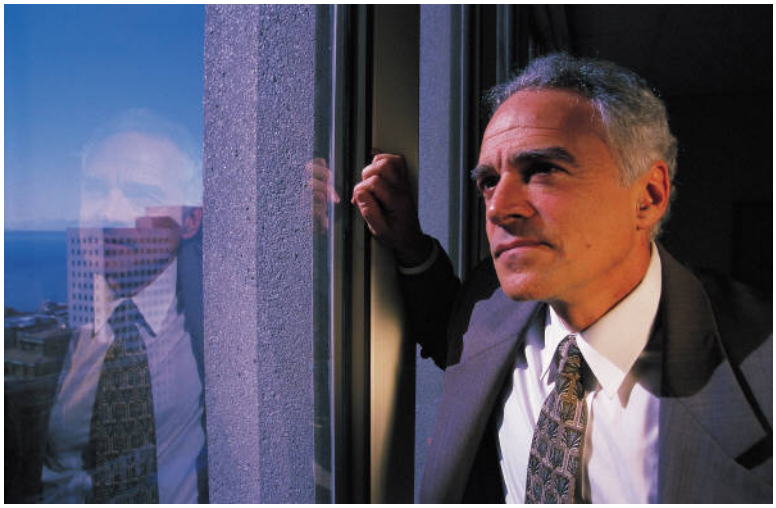
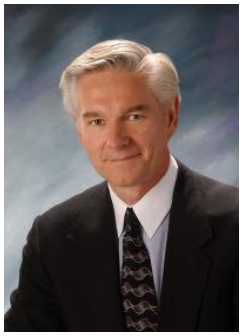


Controller to CFO

11 Skills to Make the Trip



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TRAINING AND CONSULTING

Using 35 years of experience in auditing, corporate finance, and investment banking, Gary D. Zeune, CPA, provides CPAs, attorneys and executives with hands-on experience in fraud and corporate strategy performance improvement. Mr. Zeune instructs courses for:

- FBI National Training Academy
- Office of the U.S. Attorney
- The SEC Institute
- National Association of Securities Dealers
- North American Securities Administrators Association
- American Society for Industrial Security
- Over 35 state CPA societies and bar associations
- American Institute of CPAs
- American Management Association
- Institute of Management Accountants
- Entrepreneurship Institute
- Treasury Management Association
- Private classes for numerous companies and accounting firms.

Mr. Zeune has instructed Strategy Formulation and Implementation in the Executive MBA Program and Accounting and Honors Finance at The Ohio State University. He is also a member of the Education Executive Council and is past chairman of the Education Marketing and Public Relations Committees of The Ohio Society of CPAs. His other memberships include: the American Institute of CPAs, and the Regulation of Public Offerings Committee of the Ohio Division of Securities.

Prior to forming his consulting practice in 1986, Mr. Zeune was an Assistant Vice President of Corporate Finance at The Ohio Company, a Columbus, Ohio investment banking firm. He also spent more than five years in Treasury and Finance at Wendy's International, where he was responsible for mergers and acquisitions, financial and SEC reporting, and corporate finance. He was on the audit staff of Ernst & Ernst from 1973 to 1977; and taught accounting at Ohio University from 1970 to 1973, where he received his bachelors in mathematics and masters in accounting, with honors.

ARTICLES AND BOOKS

Mr. Zeune is also widely published. He has published more than 40 professional articles and is the author of *The CEO's Complete Guide to Committing Fraud* and *Outside the Box Performance.* He has been a member of the Editorial Advisory Boards of the *Journal of Working Capital Management* and *The Ohio CPA Journal*.

For Deloitte & Touche, he authored *Financing Business Growth* and has completed the first draft of *The Complete Guide to Buying or Selling a Closely Held Business*, two books in the firm's Entrepreneurial Series. He has authored chapters for two books published by Warren Gorham Lamont, the world's largest financial publisher: *Accessing the Capital Markets* and *Options for Raising Capital*.

WHITE COLLAR CRIMINALS

Mr. Zeune has the ONLY speaker's bureau in the country specializing in white-collar criminals — The Pros & The Cons. Mr. Zeune's speakers tell their stories of how and they committed their crimes. Their frauds range from $18,000 to $350 million. Speakers include CPAs, attorneys, and business people. The frauds include:

- Mark Morze created 10,000 phony documents to steal $100 million in the infamous ZZZZ Best Carpet Cleaning fraud (86% of the revenue was fake and no one found it)
- Fred Shapiro defrauded nearly every major financial institution in the City of Philadelphia to the tune of $8.6M. He is a former attorney, accountant, educator and inmate. Fred worked undercover with the U.S. attorney's office and the FBI in a drug and money laundering operation in an effort to minimize his sentence.
- Nick Wallace committed a $350 million fraud as the President of ESM Government Securities resulting in the collapse of the Ohio Saving & Loan Guarantee Fund, and the bankruptcy of 69 Ohio S&Ls
- Dunlap Cannon was the largest real estate closing attorney in Memphis. He went to prison for 32 months for stealing $5 million from his clients.
- Suffering from medical expenses and family deaths, bookkeeper Teri Lynn Norwood stole $18,000, promising to pay it back. She ran out of time.

100% No-Risk Guarantee

Mr. Zeune's executive education training is consistently rated at least a 4.7 on a 5-point scale. If you are not satisfied for any reason, if you don't learn at least 10 new things you can use the following day, there are no fees or expenses. PERIOD.

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Gary Zeune Articles at www.TheProsAndTheCons.com

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Ex-con: Cunningham Faces Rough Road In Prison - By William Finn Bennett

Walt Pavlo USA TODAY Ethics training -

Gary Zeune on Fraudsters Speaking Out on Fraud The Corporate Counsel - Podcast

OU alumnus examines corporate crime, criminals - By Ashley Ferguson

Ex-cons tout ethics through corporate speakers bureau - By Sarah Anderson

Man's Lifestyle Sold Investors - By Jim Woods

"The Pros of Cons" - By Michael Goldstein

Legal Audits: Does Your Borrower Need A Checkup? - Schottenstein, Zox & Dunn.

An Ex-Con Tells How to Avoid Being Conned. - By Fred Shapiro, in White-Collar Crime Fighter. December, 2004.

Does your compensation system encourage illegal activity? - By Gary D. Zeune, CPA, Published in White Color Crime Fighter in November 2004

Speaker explains how corporate con men get away with it - By Jim Phillips [Athens NEWS Senior Writer] in The Athens News in October 2004

How to Foster Fraud : Forget Ethics - By Gary D. Zeune in White Color Crime Fighter in August 2004

Your Auditors Can Stop Fraud , If they know what to look for - By Stephen Pedneault published in White Color Crime Fighter in August 2004

After Serving Time, Executives Now Serve Up Advice - by CHRISTOPHER S. STEWART in The New York Times

Local CPA, ex-cons attempt to spread word that crime doesn't pay - by SEAN CASEY [Daily Reporter Staff Writer] in Central Ohio Source " The Daily Reporter"

The costs of not securing personally identifiable Data - By Benjamin Wright "The Information Systems Audit and Control Assn." Site : www.isaca.org

Ex-Cons find peace and paycheck on the Burgeoning lecture circuit - By Joshua Harris Prager published in Wall Street Journal May 25th, 2004

Felons become educators for Business - By Mitch Moxley [Financial Post] Published in National Post July 17, 2004

A new regard for ethics on the job - By MEREDITH COHN [SUN STAFF] Originally Published JULY 9, 2004

The pros of preventing cons - *White-collar criminals help companies avoid fraud in their midst* By Chiree McCain, For Business First - June 25, 2004

Are You Teaching Your Employees to Steal? - By Founder Gary D. Zeune, CPA in Strategic Finance

When it's one of your own a first-person account of Fraud Inside A Bank - by ex-con Dave London in RMA Journal

FRAUD HAPPENS : How an honest employee crossed the line - by Teri lyn Norwood Published in **White - Collar Crime Fighter Magazine , November 2003**

Internal theft can destroy years of small business owner's work - by Jane Applegate

Fraud and Theft Start Small - by Founder Gary Zeune in NJ CPA Society Journal

How to Predict When People Will Embezzle - by Founder Gary Zeune in White Collar Crime Fighter

Hubbell details life of fraud - September, 2000 in San Antonio Express

Speaking with Conviction - from Report on Fraud

Corporate crooks hit lecture circuit - from Denver Post

Ex-Con Tells How Auditors Failed to Help Clients Guard Against Fraud - by Mark Morze in White Collar Crime Fighter

Preventing Your Firm's "Enron" - by Founder Gary Zeune in Ohio CPA Journal

SAS 99 17 Ways to Protect Yourself From Malpractice - by Founder Gary Zeune in 7 CPA journals

Regulation SAS 99 Aimed at Curbing Company Fraud - from Bizjournals , March 2004

Business First Auditors' Alert: How NOT to Get Sued Under Fraud Auditing Standards - by Founder Gary Zeune in White Collar Crime Fighter

SAS 99 Friend or Foe - by Founder Gary Zeune in two publications

(SAS 99 RMA) Look Out! New fraud auditing standard holds worrisome implications for financial statement reliability : interview with Gary Zeune in RMA Journal (for banking industry)

Like an article…….Email Gary Zeune at gzfraud@bigfoot.com for reprint permission.

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ACTION STEPS FROM GARY'S CLASS

#	Action Item
____	_____
____	_____
____	_____
____	_____
____	_____
____	_____
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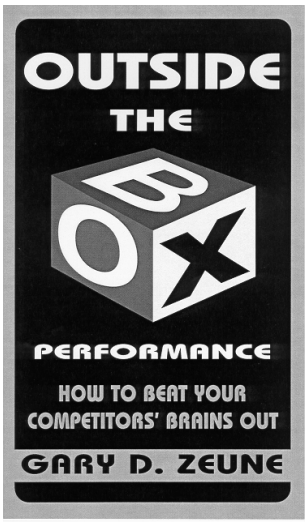
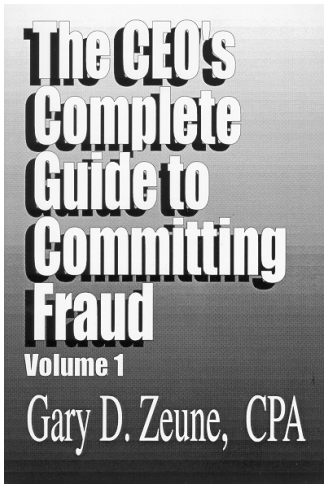
____	_____
____	_____
____	_____

Thanks for attending. Don't hesitate to call or email if you have questions. . . .gdz

Want More Info? Order the Book!



Outside the Box Performance: How to Beat Your Competitors' Brains Out is packed with the techniques small and mid-size world-class companies use to become and stay competitive, and make a ton of money. Learn the secrets to unlock the multitude of new techniques which "drive" your profitability. This book compliments the class and provides new ideas to incorporate in your business. For example, do you know what the basis of competition will be in the next 10 years? It's around you ALL the time. You expect it everyday as a customer. Or, how to beat your competitors by asking your customers two simple questions? If not, sit back and learn how to "beat your competitors' brains out!"



Don't you want to know how Barry Minkow and Mark Morze stole $100 million from investors in the ZZZZ Best Carpet Cleaning fraud, right under the noses of auditors, underwriters and lawyers? The first chapter of 100 pages in ***The CEO's Complete Guide to Committing Fraud*** tells you. It also has 8 chapters on other frauds: computer, real estate, fake financial statements, public company frauds, and a chapter by an auditor who became the target of a fraud investigation, just 4 weeks after becoming the engagement partner.

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I need the following copies of Mr. Zeune's books. Price: 1 @ $19.95: 2 to 5 @ $15.95 6+ @ $12.95

_____ *The CEO's Complete Guide to Committing Fraud* (300 pages)
_____ *Outside the Box Performance* (200 pages)

_____ Number of books ordered

1 @ $19.95	_____
2 - 5 @ $15.95 each	_____
6+ @ $12.95 each	_____
Postage/Shipping	$5.00
Total	_____

Checks make payable to:

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Phone _____ Fax _____
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Just go to:

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"Just wanted to let you know that I appreciate being on your distribution list. I have found that there are many items that you refer to me that are helpful."

. . .Mike McGlynn

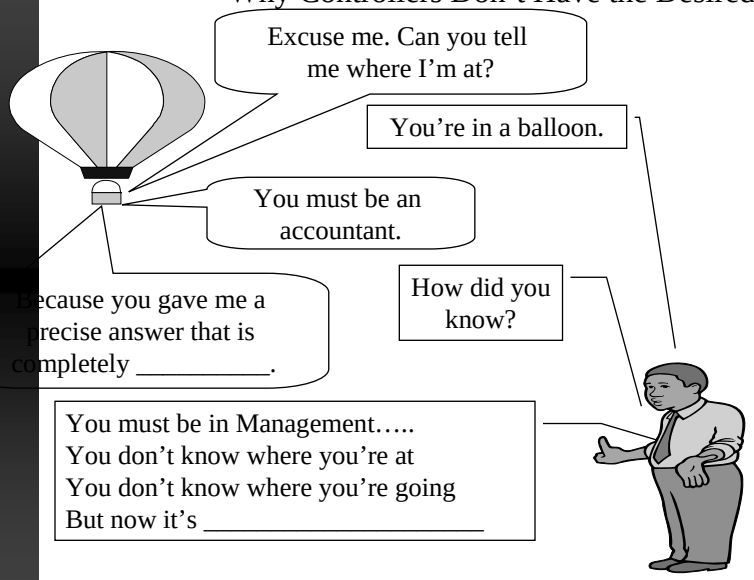
 3

Controller to CFO Skills

1. Why controllers don't have the desired impact
2. Do you want to work there
3. Staff and the bottom line
4. Situational leadership
5. Take bold risks and solve problems
6. "Branding" yourself
7. Managing conflict, anger and emotions
8. Developing finance talent
9. Getting the CFO job
10. Getting people to trust you
11. Business intelligence to the bottom line

 4

Why Controllers Don't Have the Desired Impact

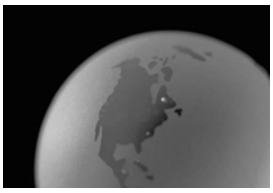


Number Cruncher. . . .

Leadership. . . .

is making crystal clear decisions based on highly ambiguous information.

You Have to Know the BIG Picture



- "You must understand what keeps people in operations up all night."
- Learn to help sales and operations.
- "Not being able to see the big picture is "the single biggest thing" that holds CFO candidates back.
- Key to becoming CFO is broad exposure.
- Have impeccable integrity. "If you've spoiled your reputation along the way, there's no getting it back."

Landing a Job in a Strange New World, J of A, 12/00, p. 55 . . . .Peggy Scott, Pan American Life Insurance, New Orleans

The BIG (Xerox) Picture

- What business is Xerox in _____
- 1970 The _____ Company is _____
- 1995 The _____ Company is _____
- Impact of the internet
- What business is Xerox in _____

Organizational Insanity

Is defined as doing the same thing over. . . and over . . . and over . . . but expecting _____

The Right Thing. . . .

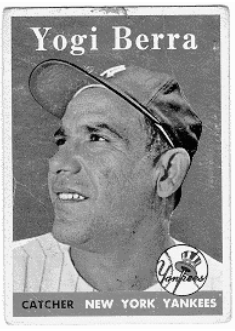
Doing the right thing is easy. . . . .

Knowing what the right thing is, is the hard part.

Author Unknown

"If you don't know where you're going, when you get there you'll be lost."

-Yogi Berra



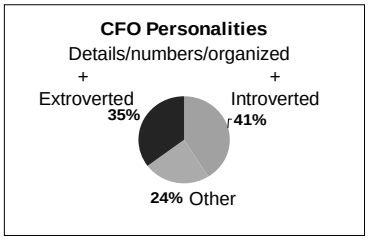
What CEOs Think of Finance

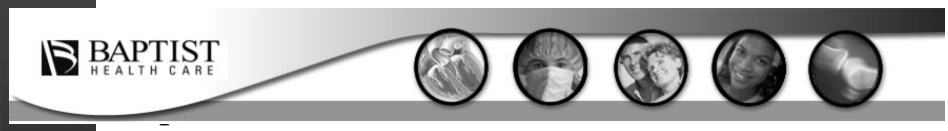
- What CEOs get
  - Hard workers
  - Historical reporters
  - Data manipulators
  - Transaction processors
  - Reactors and followers
  - Corporate cops

- What CEOs want
  - Better information
  - Insight, not <u>just</u> facts
  - Plan the future
  - Become change agents
  - Act globally
  - Get new business
  - Reduce costs

Are You the CFO Type?

- "I want to be just like you." Placeware controller asks CFO Kevin Evans.
- "Are you willing to get out and promote the company?" Evans responds.





- Myers-Briggs springboard for development
- 3500 workers + 30% turnover + low patient satisfaction
- Eleanor McGee, VP Finance, "I apologized . . . Because I wasn't as good a listener as I thought."
- 2/3 of CFOs have strong "J" ➔ organization and control
- A/P supervisor delivered reports at last minute
- Treasury director is organized and creative . . . "That's a very creative solution" is much better than "Thank you."
- Malcolm Baldrige National Quality Award
- http://www.bhcpns.org/

Myers-Briggs Type Indicator

ONE EXTREME	QUESTION	OTHER EXTREME
Introverted ←	Where do you orient your energy?	→ Extroverted
Sensing fact info ←	How do you get your information?	→ Intuition
Thinking ←	How do you make decisions?	→ Feeling
Judging ←	Living	→ Perceiving

41% of CFOs are introverted, pragmatic, logical thinkers, prefer to develop existing skills, make objective appraisal of the facts, and prefer organization to spontaneity.
For a good explanation of each personality 'type' see www.typelogic.com.

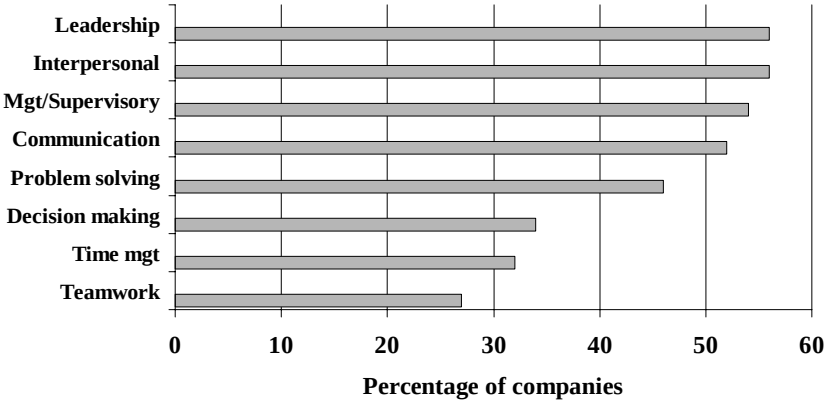
10 Questions to be a CFO

1. Can you be a strategist
2. Can you handle office politics
3. Can you admit errors and not hide info
4. Can you do the right thing and rein in the CEO/Owner
5. Can you fix things pronto
6. Will you get out of the office and visit facilities + clients
7. Can you be “the face of the company”
8. Can you monitor non-financial triggers
9. Are you mystified by IT
10. Can you lead, not just manage

10 Signs You Shouldn’t Take the Job

1. Previous CFOs
2. CFO = Miracle worker
3. D&O exclusions
4. CEO = Dingbat
5. Premature revenue recognition
6. Study the trial balance
7. Review tax returns and deposits
8. CEO stays with you
9. “Mary, you have a call on line 1.”
10. Auditors/funding sources/attorneys/board say. . . .

Advance Fastest by. . . .



Survey of 400 CEOs by Accounting Principals, Jacksonville, Florida

The best executive. . . .

"The best executive is the one who has sense enough to pick good men to do what he wants done, and self-restraint enough to keep from meddling with them while they do it."

Theodore Roosevelt

Tom Peters Says, "Brand Yourself"

- 90% of white collar jobs are at risk in next 10 years
- 30% chance 80% of jobs will change in 10 years
- Web and ERP
- "People in cubicles must do things to get noticed."
- Accumulate a portfolio of projects

The Brand 'You'

The new	The old
Out of the office with the client	In the office
Important lunch meetings to get ideas	Lunch with same old folks
At work on one important project	Ticking off to-do list
Two brainstorming sessions with outsiders/strangers	Six bureaucractic meetings
Mentally and emotionally drained at day's end	Bored out of your mind

Future of Corporate Accounting

❶ Accounting will become a knowledge services profession
❷ Mine data, turn information into knowledge
❸ No longer just gather numbers, but become strategic partners
❹ "Accountant" will be replaced by "financial manager"
❺ Provide the factual basis and strategic advice
❻ Major growth areas for corporate financial professionals

Source: Robert Half International Inc

Disengaged Workers

- 19% of workers are actively disengaged
- Cost $292 to $355 BILLION
- Individual managers are a BIG variable
- Miss more days and less loyal
- Workers say
  - Don't know what is expected
  - Don't have materials
  - Don't have friends
  - Can't get boss' attention

The Gallup Organization survey of 1,000 workers

Best and Worst Jobs

BEST JOBS

1. Web site manager
2. Actuary
3. Computer Analyst
4. Software engineer
5. Mathematician
6. Computer programmer
7. Accountant

WORST JOBS

244. Sheet metal worker
245. Dancer
246. Cowboy
247. Construction worker
248. Fisherman
249. Lumberjack
250. Oil field laborer

Jobs Rated Almanac by Les Krantz at http://www.egguevara.com/shopping/articles/jobsrated.html#200

Best and Worst Jobs

LEAST STRESS

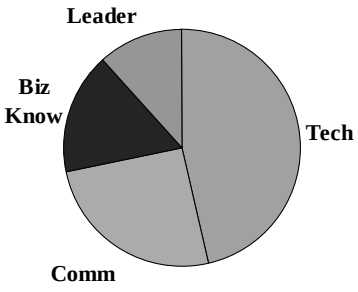
1. Musical-instrument repairer
2. Florist
3. Medical records technician
4. Actuary
5. Forklift operator

MOST STRESS

246.Taxi driver
247.Race-car driver
248.Senior executive
249.Firefighter
250.President of U.S.

Jobs Rated Almanac by Les Krantz at http://www.egguevara.com/shopping/articles/jobsrated.html#200

Skills CFOs Want in Employees

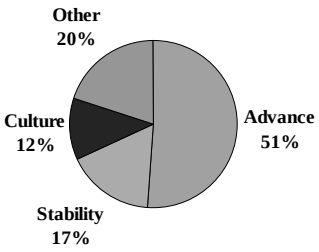


- Non-accounting responsibilities will take 37% of time in 5 years
- Training: 52% said IT and 22% said traditional finance and accounting skills
- 52% said classes/seminars most effective way to build skills and 36% said on-the-job learning
- 85% believe professional certification helps careers

Source: Robert Half International Inc

Work Environment

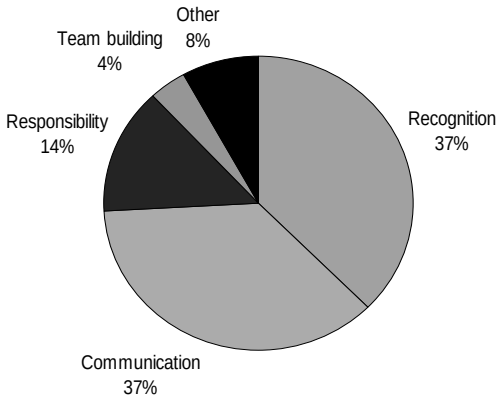
What's Important to New Grads



- Women are 60% of accounting workforce and earn 50+% of degrees
- 35% of grads prefer small and mid-size companies; 22% prefer large
- 58% of CFOs say more women will hold management slots in 5 years

Source: Robert Half International Inc

Other than Money, What Works?



Source: Robert Half International Inc

Don't Let Meetings Ruin Your Career

1. Poor meetings hurt productivity
2. At least 1 person falls asleep:
    1. Big companies 50%
    2. Small companies 26%
3. Writing report or doodling
    1. Shouldn't be there
    2. Don't know their role
    3. Don't hold people accountable

How Meetings Boost Your Career

1. Be clear about the purpose
    1. Relay info or problem solve
    2. “I don’t know the answer” OK
2. Take control
    1. Group dynamics
    2. Meeting mechanics
    3. Time limit
    4. Quick transition between items

How Meetings Boost Your Career

3. Attend to details
    1. Can key people attend
    2. Create optimal setting
    3. Laptop computers with wireless hookups for anonymous feedback
4. Set practical goals

Are Your Interviewing Skills Up to Date

- What can you do NOW
  - No longer 5 year question
  - Rapid results
- How can you create synergy
  - How to manage to solve problems
- Decisive leader who's learned from mistakes
  - Deal with adversity
  - Take a stand and adjust to change
- Tell stories to show real-life problem-solving
  - The problem, solution, results
- Do you fit the company's culture
  - Technical skills not enough

Favorite Questions of Executive Recruiters

1. If you had it to do all over again, what would your career choice be and why?
2. Has your career met your expectations?
3. How would your best friends describe you?
4. What's your biggest weakness?
5. Are you the right person for this job?

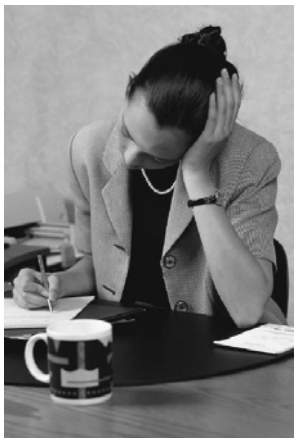
Answering Executive Recruiters' Questions

1. What the meeting is for.
2. Understand yourself.
3. Think before you answer.
4. Consider the underlying intent of the question.
5. Realize you don't have to respond.

Getting People to Trust You

"Learn by others' mistakes because you do not live long enough to make them all yourself."

Anonymous



Are We Trustworthy

Business people certainly view their ethics in a different light than the media:

BUSINESS EXECUTIVES rate their ethical behavior an 80 on a one-to-100 scale, but news media give them a 30.

The gap emerged in a poll of 117 execs and 93 newspeople by Pinnacle Worldwide Inc., a Minneapolis-based network of public-relations firms.

WSJ, May 4th, 2000, A1

WSJ.com THE WALL STREET JOURNAL. MONEY & INVESTING

What Employees Want

A manager they respect.

"I don't know why some people find this so disagreeable. . . . I, for one, enjoy eating crow."

Why Employees Don't Trust Management

Cost of Drug/Alcohol Abuse

Fred Squillante/Columbus Dispatch

- $_____ lost productivity
- $_____ combating abuse
- #_____ workdays lost
- _____% drug users who are employed
- _____% of workers who abuse drugs/alcohol
- _____ times more workers comp claims

Chicken vs. Windshield

Sometimes it DOES take a Rocket Scientist....Scientists at NASA have developed a gun built specifically to launch dead chickens at the windshields of airliners, military jets and the space shuttle, all traveling collisions with airborne fowl to test the strength of the windshields.

British engineers heard about the gun and were eager to test it on the windshield of their new high-speed trains. Arrangements were made to borrow the gun. But when the gun was fired, the engineers stood shocked as the chicken hurtled out of the barrel, crashed into the shatterproof shield, smashed it into smithereens, crashed through the control console, snapped the engineer's backrest in two, and embedded itself in the back wall of the cabin.

Horrified Britain's sent NASA the disastrous results of the experiment, along with the designs of the windshield, and begged the U.S. scientists for suggestions.

NASA's response was just one sentence: "_____."

Effects of Layoffs

1. Leave 'surviving' employees over-burdened and demoralized
2. Unintended effects of using attrition
3. Lose informal knowledge network and communications

The Fine Print

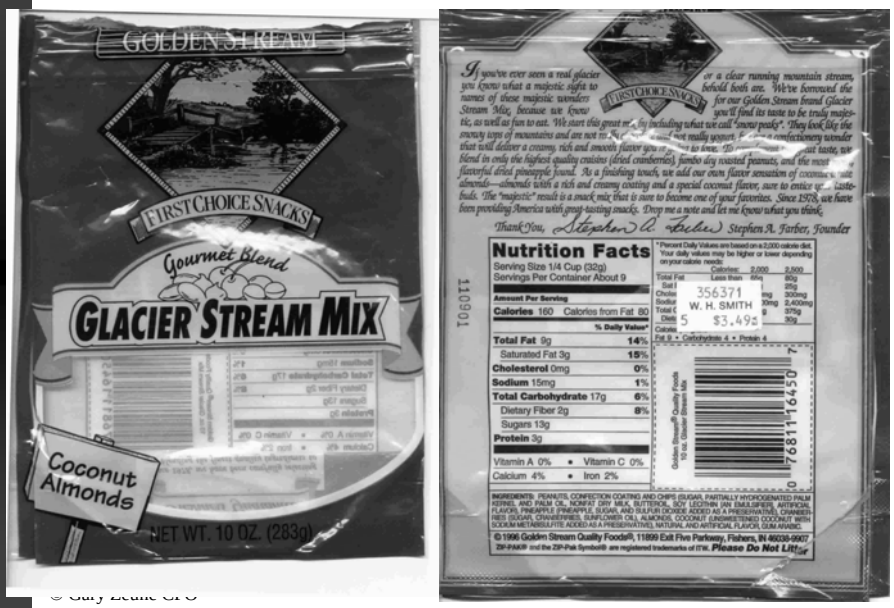
Do your customers have to read the fine print to understand the deal? Yes ❑ No ❑

1/2 Price* Shoe Sale

* 2nd pair 1/2 price

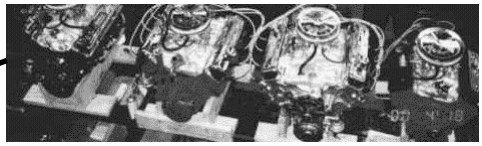

FAMILY SIZE
Still 250 Tissues!
Kleenex®
BRAND
2-PLY 8.6 x 8.4 IN. (21.8 x 21.3 cm) • UNSCENTED
WHITE FACIAL TISSUE


OUR BIGGEST PACKAGE SALE!
ALL 3 PIECES • ONE LOW PRICE!
100% ITALIAN LEATHER
3 PIECE ITALIAN LEATHER SECTIONAL
COMPARE $1799.99 SAVE $400! 100% genuine leather sectional features a luxurious double pub back and pillow-top seating. Includes right and left loveseats and corner wedge. Available in ice or charcoal. • Armless chair $399 sold separately
• Double ottoman $299 • 4 piece sectional $1699
• Cocktail or end table $109
3 Piece Leather Sectional
$1399
OR $45 A MONTH*



Rocket V-8

Oldsmobile



Chevy engines

Southwest Airlines

Selected by Fortune as the best company to work for in the U.S.

3 Traits of world-class companies:

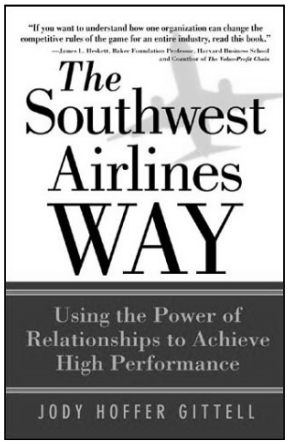
Inspiring leadership

Knockout facilities

Sense of purpose

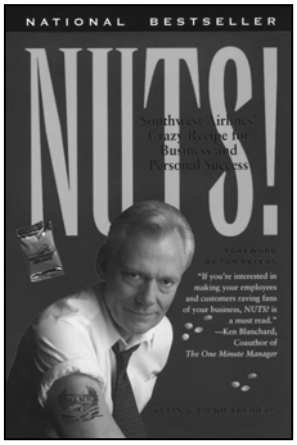
Southwest Airlines #1

- Planes
- Routing
- Frequent flyer program
- Boarding
- Employee selection
- Customer perception
- Gate turnaround



Southwest Airlines #2

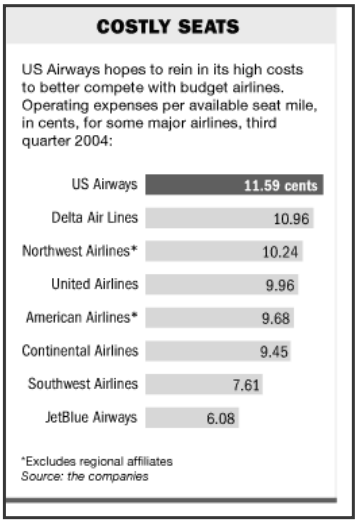
- Triple Crown Award
- Travel agents
- Average flight in miles
- Average flight time
- Average fare
- New markets
- Growth



Southwest Airlines #3

- Flights per day
- Cost per mile
- Compensation
- Profit sharing
- P/E ratio
- Debt/equity ratio

Southwest Keeps Costs Low

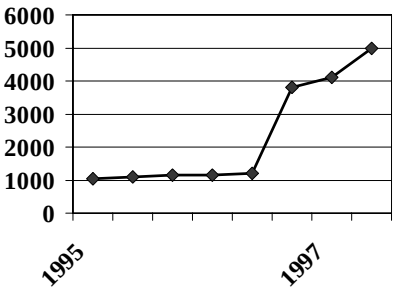


Why is Southwest So Profitable?

- Culture committee
- A Day in the Field
- Quest and Request
- Zany reputation
- Loyalty
- Celebrations

The Southwest Effect

Passengers per day (000)
Providence, RI



- 2nd Qtr Providence / Baltimore
  - Passengers/day
    - 1996 160
    - 1997 1564
  - Average 1-way fare
    - 1996 $181
    - 1997 $53

Southwest Invades Philadelphia

Philly to:	Airline	Current	Southwest
Cleveland	(US Air, Continental)	$1,162	$184
Chicago	(American, US Air, United)	$966	$276
St. Louis	(US Air)	$1,482	$324
Nashville	(US Air)	$1,212	$238
Raleigh	(US Air)	$994	$386
Orlando	(US Air)	$958	$332
Houston	(United, US Air, Cont.)	$1,912	$526
Phoenix	(United, US Air)	$1,904	$598
LA	(United, US Air)	$2,550	$598
San Fran	(United, US Air)	$2,576	$598

Southwest Wisdom

1. "From day one, Southwest challenged the assumption that permanently reduced fares would cut revenue."
2. "We'll train you on whatever it is you have to do, but the one thing Southwest cannot change in people is inherent desire."
3. "Southwest will not assign you a seat. Your seat is reserved; you just don't know which one it is."
4. "Southwest employees apply common sense, not rules, when it's in the best interest of the customer."

Staff and the Bottom Line

Working Today: The BIG Picture

- Employees not apathetic
- Employees have *very strong* emotions about their work
  - Myself; My job; My workplace
- Trust is mostly at personal level, not the organizational level
- Employees have road map to turn work into positive experience
  - See Employees Have vs. Want slide

Do happy and motivated workers boost the bottom line?

5-year return increased 150% for a 95% increase in positive emotions toward work.

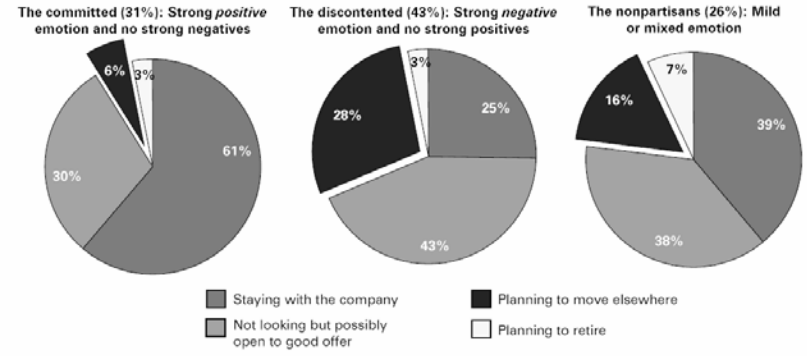
Working Today: Exploring Employees' Emotional Connections to Their Jobs © 2003 Towers Perrin
http://www.towersperrin.com/hrservices/webcache/towers/United_States/publications/Reports/Working_Today_Exploring_Employees_Emotional_Connection_To_Their_Jobs/Work_experience.pdf

Employee Have vs. Want

THE CURRENT PICUTURE	WHAT EMPLOYEES WANT
Self-doubt and distractions	Self-esteem
Lots of stress, no fun	An enjoyable work experience
Minimal anticipation, some dread	A job to look forward to every day
Distrust and negative environment	Great people to work with
Insufficient recognition + rewards	Consistent recognition + rewards
Insufficient sense of contribution	Results employees can create/contribute to
Boredom and repetition	Challenge, variety and stretch
Fears about economy, layoffs, no mobility	Promising future
Concerns about management competence	No concerns about management
Huge concerns about workload	Few concerns about workload

Working Today: Exploring Employees' Emotional Connections to Their Jobs © 2003 Towers Perrin

Linking Emotion and Retention



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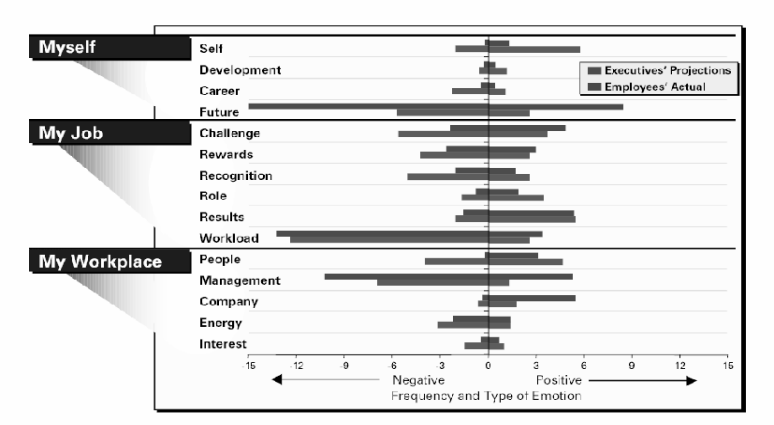
Working Today: Employees' Connection to Their Jobs

CURRENT JOB	IDEAL JOB
• Things are chaotic; lots of changes taking place very rapidly without necessary communication. • I'm frustrated because I see how things could be done better and I can't do anything about it. • I'm angry because there's not enough time to do what's required, so I often work without pay.	• I'd feel exhilarated from the rush you get from doing a good job — helping the company. • I would feel trust, be trusted myself and surround myself with other who are trustworthy. • I'd feel respected, not taken for granted. • I'd feel productive because I'd be a valuable contributor.

Working Today: Exploring Employees' Emotional Connections to Their Jobs © 2003 Towers Perrin
http://www.towersperrin.com/hrservices/webcache/towers/United_States/publications/Reports/Working_Today_Exploring_Employees_Emotional_Connection_To_Their_Jobs/Work_experience.pdf

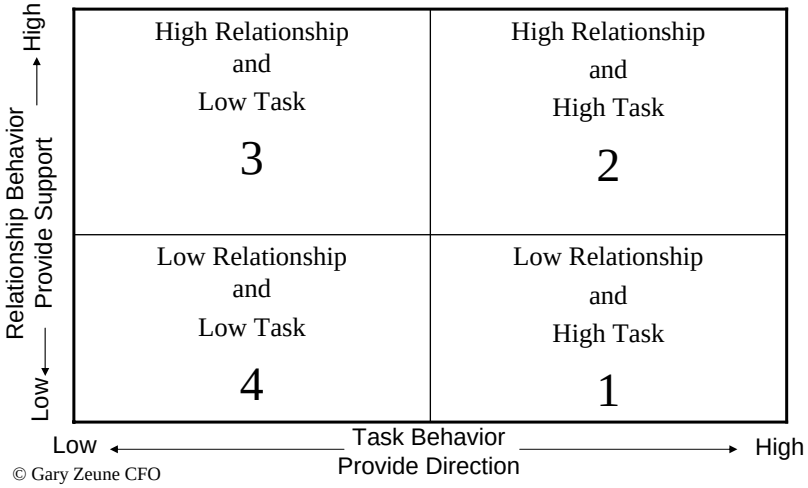
Employer vs. Employee



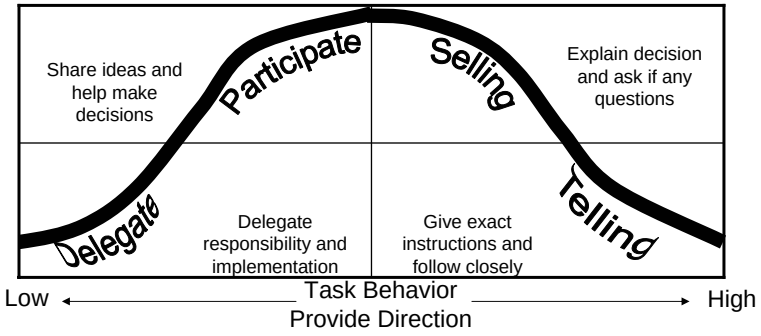
5 Ways to Connect Employees with the Bottom Line

1. Ask employees to write their own job description and how that makes the company money.
2. Write a brief description of what the company makes or sells and company goals.
3. Not just busywork.
4. Get everyone to write down customer questions. Training to answer uniformly for lower cost and repeat business.
5. Rather than measure everything with dollars, use time.

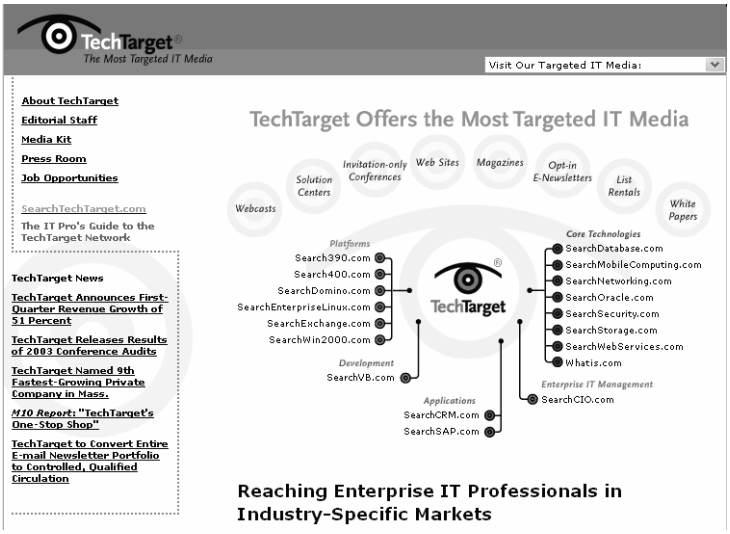
Situational Leadership Styles



Situational Leadership Styles



EMPLOYEE READINESS			
HIGH	MODERATE		LOW
Able & willing or motivated	Able but not willing or insecure	Unable but willing or motivated	Unable & unwilling or insecure



http://www.techtarget.com/index.htm

TechTarget

- "I detest bureaucracy and silly policies. You're either sick one day or eight, but a set number of sick days strikes me as arbitrary and dumb." CEO Greg Strakosch.
- 210+ employees
- "Open-leave" policy is competitive weapon
- Revenue up 30% last year
- Completely results-oriented business
- Managers set goals and have LOTS of independence
- Setting bar high and little tolerance for failure
- Staff must remain in close contact
- Fired 7%

Granite Rock

On-time deliveries have gone from 70% to 95%.

Granite Rock's quarry operations are where quality meets the product.

- Malcolm Baldridge National Quality Award 1992
- If you resist unusual request you won't see where your company is _____
- Safety is a daily operating priority
- Takes years to change
- Productivity 30% above industry
- Emphasize hidden cost of slow service and substandard materials

http://www.graniterock.com

Granite Rock Doubled Profits in 5 Years

3 Customer-Empowering Systems:

- "YES We Will!"
- Short-pay method .2% vs. 2%
- Continual customer surveys

- Individual Professional Improvement
  - 40 hours/year = $2000
  - 13x industry average

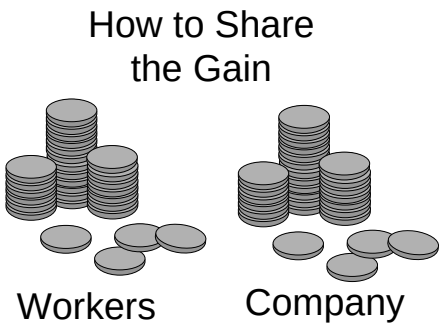
400 employees
250 in 5 unions
15 plants

A typical application of Granite Rock's material is in road building

Granite Rock is highly computerized.

Gainsharing

- Reward employees to beat goals
- 17% in 1st year
- 100% in 5 years
- Grievances
- Absenteeism
- Pay frequency depends



Adapted from *CFO & Controller Alert*

Gainsharing . . . Your Key to Success?

- Change standard of living
- Accountable for
- Communicate
- Use dollar-based formula
- People are assets

Adapted from *CFO & Controller Alert*

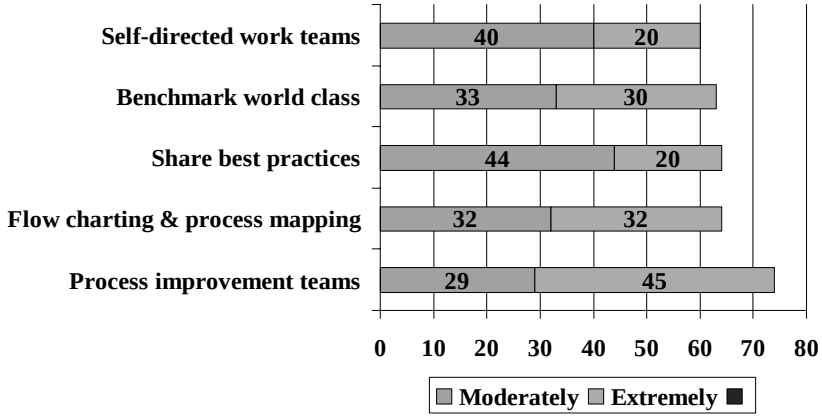
What Gets Measured Gets Done

Measurement	Behavior	Side Effect
% aircraft pulling back from gate on time		
Number of phone calls to a service center lasting more than 3 minutes		

Self-directed Work Teams

A Fundamentally Different Way to Get the Work Done

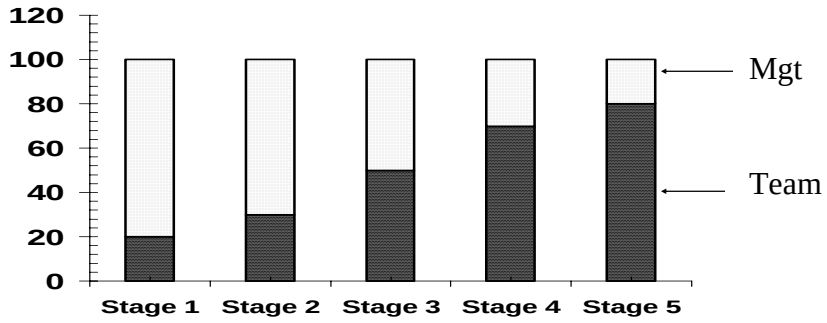
Do Teams Work?



Self-directed Work Teams

- General characteristics
- Cross-functionalism and training
- Decision-making authority
- Trust and empowerment
- SDWTs are not quality circles

Transfer of Decision-Making



The 5 Stages of SDWTs

Stage 1 - Start-up

Stage 2 - State of confusion

Stage 3 - Leader-centered teams

Stage 4 - Tightly formed teams

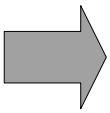
Stage 5 - Self-directed teams

Competitive Threats

- Disruptive technologies
- Fundamental change
- Competition does NOT _____
- Adapt or _____

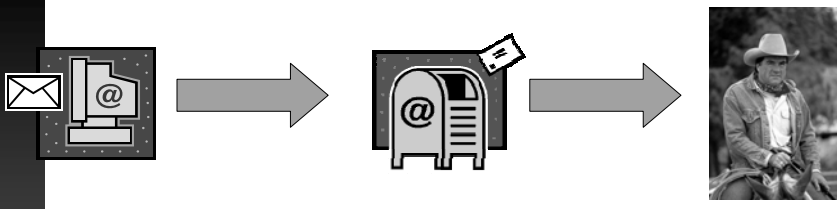
Business Models

Southwest
AirTran
JetBlue
ATA

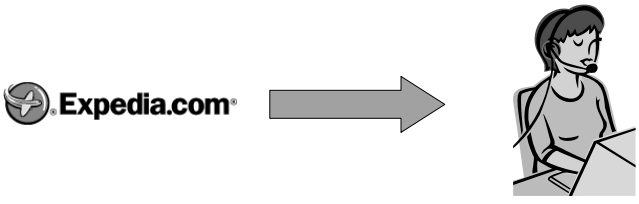


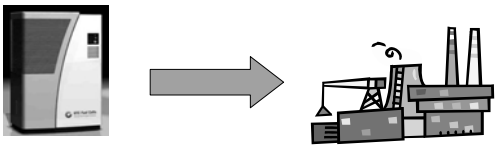
Delta
delta.com
UNITED
AmericanAirlines
Continental Airlines
US AIRWAYS
usairways.com

Disruptive Technologies

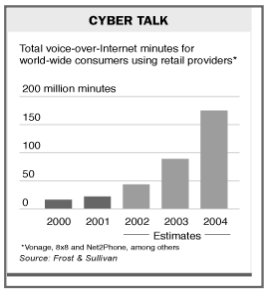


Disruptive Technologies





Web Phones Threaten Industry Giants



A sampling of VoIP options for consumers:

- **Vonage:** $24.99 for unlimited regional and 500 minutes nationwide
- **Net2Phone:** $24.95 for 1,000 minutes nationwide
- **Voiceglo:** $12.99 for free local, free Voiceglo users, four to five cents a minute anywhere

Note: Other options vary by company; prices are per month

Strategy Questions #1

❶ How do our customers and non-customers select from among competing suppliers?
❷ What are the key quality attributes (purchase criteria)?
❸ How important is each criterion (relative weights)?
❹ Which criteria are increasing or decreasing in importance?

Strategy Questions #2

1. How do weights differ by market segment?
2. How do we perform on each criterion?
3. How does each of our competitors perform on each criterion?
4. How do customers (ours and competitors') size us up versus each of our key competitors?

Strategy Questions #3

1. How is our perceived performance versus that of competitors changing?
2. What process determines our performance versus that of competitors? Who owns it?
3. Why are orders/customers won or lost?
4. Who are we winning orders from-who are we losing them to-why?

Strategy Questions #4

1. How does each set of competitors' customers size us up head-to-head versus that competitor?
2. How can we shift the attribute importance weights in our favor?
3. Which segments should we target?
4. How will customers size up the new versus the old technology?
5. Which of the new technologies will win?

Managing People #1

1. Spending too much time with under-performers
2. People in the field versus people in the office
3. Use the buddy system for low level jobs
4. Custom notebooks to record suggestions
5. Form a recreation committee

Managing People #2

❻ Sponsor new hires

❼ Feature your employees with a ‘company yearbook’

❽ When your best employees outgrow your company

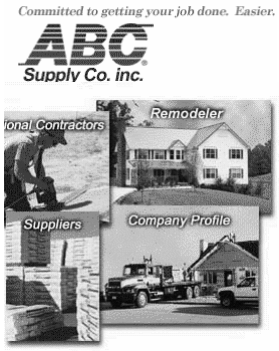
❾ Who knows employees better than their boss

❿ Working long, hard, hours, send dinner coupons to the _____

Communicating

“If you want to know what’s REALLY going on. [T]alk to the guy who sweeps the floor. Nine times out of 10, he knows more than the president. So I make a point of knowing what my floor sweepers know — even if it means sweeping the floors.”

Kenneth Hendricks, CEO
ABC Supply Co. #1 INC. 500 Company in 1986



Communications Ideas

❶ Staff-to-staff brown bag lunches

❷ One-on-one conversation with the boss' boss

❸ Science for non-scientists

❹ Know your enemy

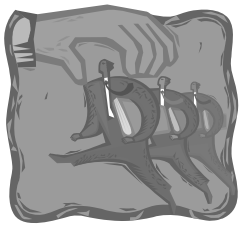
❺ Food = performance

Hiring

"I'd rather have an employee with half the academic credentials and twice the team spirit, because without that, you've got nothing."

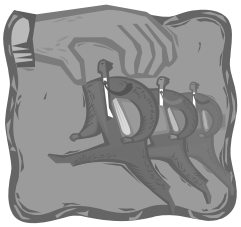
Stan Bently
Diversified Systems Inc.

Hiring Ideas #1



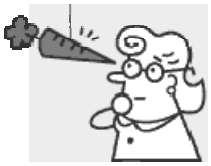
1. Clone good employees
2. Recruit loyal customers
3. Downsizing companies
4. No promotion until replacement is trained
5. Find a good listener

Hiring Ideas #2



1. "Small entrepreneurial company seeks sharp liberal arts grad. Vision, ethics, personality required."
2. 90-day trial period for new employees
3. Figure out what the candidate REALLY wants

Motivation



"The thing about incentive plans is that people take notice. If you don't have the right objectives, you can meet your goal -- and run yourself right out of business."

Jim Bernstein, CEO
General Health Inc.

Motivation Ideas #1

1. Rubber stamp "Read by Harry"
2. Joe Smith "Sales/Welding"
3. Business cards
4. Share the wealth with support personnel
5. Bonus only if co-workers say so

Motivation Ideas #2

❶ Distant rewards -- distant success

❷ Tie reward to value of suggestion

❸ Acapulco for everyone who beats the goal

❹ Reward when a customer commends an employee

❺ Effect of sales-quota deadlines

How to Create New Business

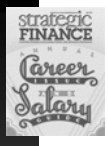
- Actions
  - Listen to “old customers”
  - Spend 50% of your time “mining” existing clients
  - “Reverse seminars”
  - Write for clients’ internal newsletters
  - Read clients’ trade magazines
- Results
  - More profitable follow-up work
  - Marketing costs are lower
  - Conflicts easier to avoid

5 Ways to Get "New Clients"

- Proprietary research
- Small seminars on specific subjects or industries
- Trade press articles
- Speeches
- Industry meetings

Great Sources of Information

Business Finance
www.businessfinancemag.com
Leading edge financial advice.

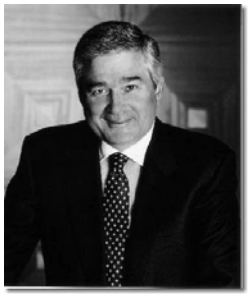


Strategic Finance
www.imanet.org
Designed for accountants in industry.

Fast Company
www.fastcompany.com
Great site for organizational change agents.

Making Painful Decisions

"Whatever hard or painful things you have to do, do them quickly and make sure everyone knows what you are doing and why. Dithering and delay almost always compound a negative situation."



Louis Gerstner
Former CEO, IBM
Who Says Elephants Can't Dance

"If everything you try works, you're not trying hard enough."

Gordon Moore, founder of Intel

The New CEO Gets Tough. . .

A company, feeling it was time for a shakeup, hires a new CEO. This new boss is determined to rid the company of all slackers. On a tour of the facilities, the CEO notices a guy leaning on a wall. The room is full of workers and he wants to let them know he means business! The CEO walks up to the guy and asks, "And how much money do you make a week?"

Undaunted, the young fellow looks at him and replies, "I make $300 a week. Why?"

The CEO then hands the guy $300 in cash and screams, "Here's a week's pay, now GET OUT and don't come back!"

Feeling pretty good about his first firing, the CEO looks around the room and asks "Does anyone want to tell me what that goof-off did here?"

With a sheepish grin, one of the other workers mutters,

_____

Leadership Questions

❶What's your customer retention rate?

❷What percentage of your customers' business are you getting?

❸What percentage of the customers you got two years ago do you still have today?

❹What's your 'order capture rate'?

Should You Compete on Price

I found "The Case for Higher Prices" very informative. I own a small furniture store in Bristol, VA. We opened in August and were bringing in around $30,000 monthly in revenues -- a tiny amount next to the mega-dealers in my area. I thought that lowering my prices would enable me to compete better. What I found was that my price cutting provoked a "must be something wrong with it" attitude among my customers.

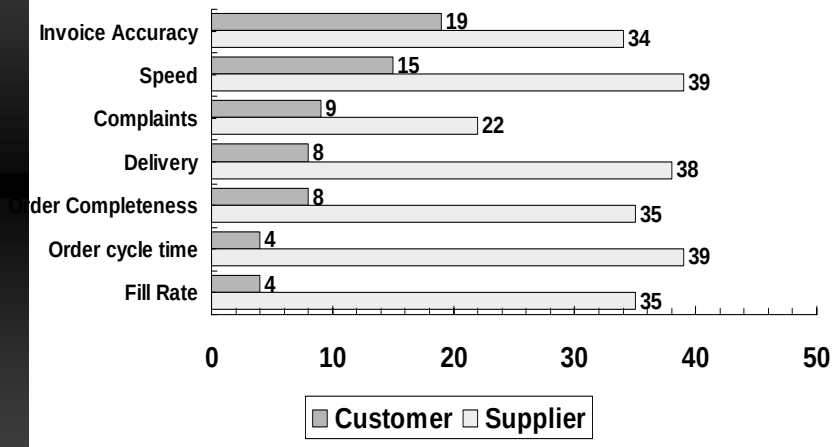
I ditched the lower prices and cheaper products and started to display higher-end merchandise. The prices shot up, too. My customers changed from the "Can I get financing here?" type to the "Which account do you want to write the check from, dear?" type. To them the higher prices and better merchandise reflect the quality of the company. I'm now doing about $10,000 a month more in sales than I was before I raised my prices, and I'm selling fewer pieces to get it.

Chris J. Ketron Owner
Gallery House Furniture
Bristol, Virginia
(540) 669-4848 or cketron@3wave.com

Who's More Valuable: Complainers or Consultants

- You have problems
- I'm still here
- I have friends

Who's Right: Customer or Suppliers?



Thank Heavens for Complainers

❶ **Costs 5 to 7 times more to get a new customer than keep an old one.**

❷ **Costs up to 80% less marketing dollars to retain a current customer than to capture a new one.**

❸ **"Thank goodness I've got a dissatisfied customer on the phone! The ones I worry about are the ones I never hear from!"**

Complainers: A Strategic Asset

- Make it easy
- Respond “right now”
- Educate, educate, educate
- Operational problems =
- Make complaints visible
- Coordinate performance measures, reviews and compensation
- Reward complainers
- Stop calling them ‘complainers’

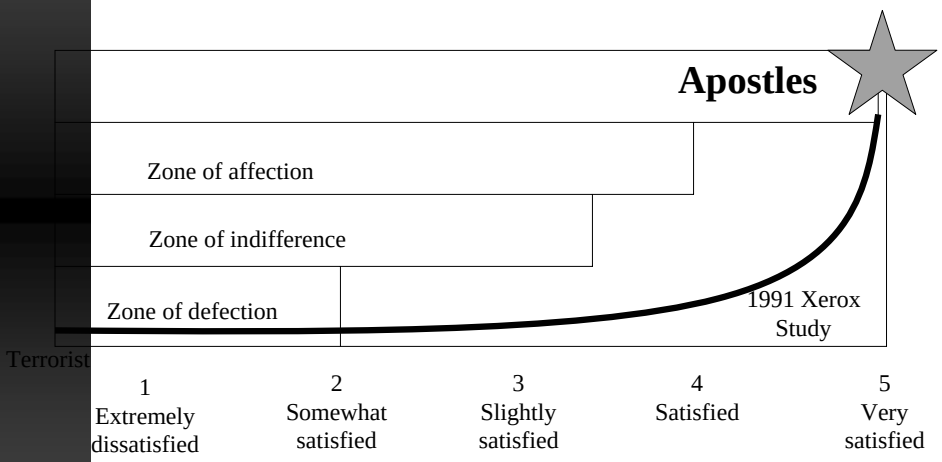
Making Customers Loyal

1) What are your company's ethics and integrity?
2) List 3 ways you add value to your customers’ product or service?
3) Do you trust your core customers? List 3 pieces of competitive intelligence you share with them.
4) List 3 ways you help your vendors increase "their" value to you?

Making Customers Loyal

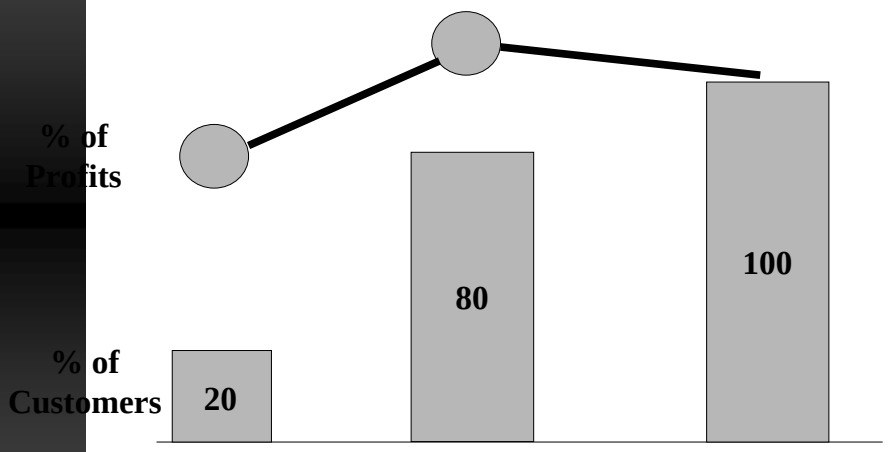
5) Do you know which of your elements are important to core customers?
6) Do you provide the "unexpected?"
7) Do you "take your customers' temperature" every day?
8) Do you call the customer after the sale?
9) What are 3 things you do to anticipate customer needs?

Customer Satisfaction Drives Loyalty Which Drives Profits



Source: Time-based Competition

Where Do Profits REALLY Come From?



Getting Sales to Do What's Best

❶ Why does sales focus on new customers, then old customers?

❷ Why does sales want to make marginal or unprofitable sales?

❸ Why do you need a credit and collection department?

❹ Increase sales compensation

❺ Run a dual system for 1 year

Opportunities

"We are continually faced by great opportunities brilliantly disguised as insoluble problems."
-- Author Unknown

It Can't Be Done #1

- "Computers in the future may weigh no more than 1.5 tons." --Popular Mechanics, 1949
- "I think there is a world market for maybe five computers." -- Thomas Watson, chairman of IBM, 1943

It Can’t Be Done #2

❶ "There is no reason anyone would want a computer in their home.” -- Ken Olson, chairman and founder of Digital Equipment Corp., 1977

❷ "This 'telephone' has too many shortcomings to be seriously considered as a means of communication. The device is inherently of no value to us.” -- Western Union memo, 1876

❸ "The wireless music box has no imaginable commercial value. Who would pay for a message sent to nobody in particular?” --David Sarnoff's associates in response to his urgings for investment in the radio in the 1920s

It Can’t Be Done #3

❹ "The concept is interesting and well-formed, but in order to earn better than a 'C,' the idea must be feasible.” -A Yale professor on Fred Smith's paper

❺ "A cookie store is a bad idea. Besides, the market research reports say America likes crispy cookies, not soft and chewy cookies like you make.” -- Response to Debbi Fields' idea of starting Mrs. Fields' Cookies

❻ "We don't like their sound, and guitar music is on the way out."--Decca Recording Co. rejecting the Beatles, 1962

It Can't Be Done #4

7. "If I had thought about it, I wouldn't have done the experiment. The literature was full of examples that said you can't do this."--Spencer Silver, on the work that led to the unique adhesives for 3-M "Post-It" Notepads
8. "Everything that can be invented has been invented." -- Charles H. Duell, Commissioner, U.S. Office of Patents, 1899
9. "640K ought to be enough for anybody." -- Bill Gates, 1981

Picking an Effective Team

NO MATTER HOW inspiring a leader you are, you are only as effective as your team.

In The Lead, Wall Street Journal, March 27, 2001, Carol Hymowitz

18 Tips for Better Delegation

1. Delegate both responsibility AND authority
2. Delegate important work too
3. Explain why the work is important
4. Describe the desired outcome then let staff do it
5. Agree on how to measure success
6. Choose someone who can do the work
7. Lots of supervision at first
8. Delegating spreads your authority
9. Don’t interfere

18 Tips for Better Delegation

10. Provide support
11. Get a commitment
12. Tailor delegation to the employee
13. Set up a tracking system
14. Open communications
15. Find out why work isn’t done
16. If they’ve done their best, don’t punish
17. Accept responsibility
18. Praise publicly

“Dilbert Quotes” #1

1. "As of tomorrow, employees will only be able to access the building using individual security cards. Photographs will be taken next Wednesday and employees will receive their cards in two weeks." (This was the winning quote from Fred Dales at Microsoft Corp. in Redmond,WA.)
2. "What I need is a list of specific unknown problems we will encounter." (Lykes Lines Shipping)
3. "E-mail is not to be used to pass on information or data. It should be used only for company business." (Accounting manager, Electric Boat Company)

“Dilbert Quotes” #2

4. "This project is so important, we can't let things that are more important interfere with it." (Advertising/Marketing manager, United Parcel Service)
5. "Doing it right is no excuse for not meeting the schedule. No one will believe you solved this problem in one day! We've been working on it for months. Now, go act busy for a few weeks, and I'll let you know when it's time to tell them." (R&D supervisor, 3M Corp.)

“Dilbert Quotes” #3

6. Quote from the Boss: "Teamwork is a lot of people doing what I say." (Marketing executive, Citrix Corporation)
7. My sister passed away and her funeral was scheduled for Monday. When I told my Boss, he said she died so that I would have to miss work on the busiest day of the year. He then asked if we could change her burial to Friday. He said, "That would be better for me." (Shipping executive, FTD Florists)
8. "We know that communication is a problem, but the company is not going to discuss it with the employees." (Switching Supervisor, AT&T Long Lines Division)

“Dilbert Quotes” #4

9. We recently received a memo from senior management saying: "This is to inform you that a memo will be issued today regarding the subject mentioned above." (Microsoft, Legal Affairs Division)
10. One day my boss asked me to submit a status report to him concerning a project I was working on. I asked him if tomorrow would be soon enough. He said, "If I wanted it tomorrow, I would have waited until tomorrow to ask for it." (New business manager, Hallmark Greeting Cards)