

J. Michael Locke

Musings

#90: Saturday Musing **August 22, 2020**

Management Thought

A key distinction in building a successful, competitive organization is to reward outcomes and not efforts.

As a leader, you are likely naturally inclined to be pleased based on someone's effort. It is hard to be disappointed if someone is giving their all. Unfortunately, I believe you have to be a tougher. Yes, you want people to work hard but efforts alone don't matter. Is the person getting the job done?

To do this, you must have discrete metrics and ways to measure results. The best example is sales. Their job is to hit the bookings number. Period. No exceptions. Don't let nice people stay on the team who keep falling short.

If you are looking for a new hire to happen, put a time frame on it. Measure HR by turnover rate. Measure your collections department by days in AR outstanding. Develop KPIs for every role and evaluate performance based on KPIs.

You should also always set deadlines. ASAP is meaningless. Have a set date upon which an activity is to be completed. Be relentless on those dates being met. The executives job is to manage the various contingencies to make sure it is delivered by that date.

High performing employees want to be in a place where outcomes attainment are the rules of the game. Nice people who work hard but don't achieve their KPIs need to be graciously moved out.

Other Thoughts

I thought Democrats put on a good virtual convention all things considered. Interesting to see how they are using the management of the Coronavirus as a key campaign issue. They also worked hard to appeal to the middle – giving more speaking time to John Kasich than AOC. Made you admire Joe Biden and highlighting his personal empathy, character, decency. Per some previous musings, Biden also appealing to “positivity” and framing it almost like Star Wars with hope and light vs darkness and despair.

Noticeably absent was lots of policy conversation. Will see if Trump goes after the policy positions especially on taxes. Biden wants to tax capital gains at ordinary income rates which would mean an increase of capital gains taxes from 20% to 40% high income individuals (who provide much of the investment capital in our economy). That will greatly reduce investment. While I don't like it, I am more

understanding of higher individual rates as we have too much wealth disparity in our country and need to help those with less.

Democrats also overwhelmingly pushed to get out the vote and lots of discussion about mail-in voting and the post office. The whole post office story was fascinating. By no means do I think there should be actions to suppress anyone voting but let's talk about the USPS. Chuck Todd on "Meet the Press" commented how everybody loves the Post Office and how politically risky for Trump to criticize it. I guess I am an outlier because I find the Post Office to be another government agency where workers are indifferent to the customer (post office lines and staff rudeness only outdone by DMV). The USPS is a dying "business." According to Marketwatch, *"The U.S. Postal Service reported Thursday a fiscal 2019 net loss that more than doubled \$8.81 billion, from \$3.91 billion a year ago."* From Jack Shafer at Politico: *"What about those vanishing USPS mail collection boxes? As it turns out, the USPS has been culling the boxes since 2000, when their numbers peaked and 365,000 of them stood sentinel on U.S. streets. Today, their numbers have dwindled to 142,000. Why has the USPS deleted them? Because the volume of first-class has nose-dived. In 2010, the USPS delivered 77.6 billion pieces of first-class mail, but by 2019 that number was 54.9 billion. Reduced volume makes it cost-inefficient to collect from so many scantily used boxes, so USPS has done the logical thing and removed them. (That's why the USPS removed those mail-processing machines, too.)"* The USPS has seven unions. Imagine trying to change work processes and reduce overtime.

The Covid 19 pandemic is creating a significant separation between larger, technology-sophisticated organizations and smaller, non-technology operators. Walmart and Target posted record results with e-commerce sales almost doubling at Walmart and tripling at Target while many other retailers (most without good online capability) go under (JC Penney) or struggle (Kohls, TJ Maxx). I think the same is going to happen in higher education. Schools with good online capability which allow them to deliver a quality online or hybrid model will take share from those relying solely on in-person delivery. You are already seeing a separation this fall with well-run schools beating their enrollment goals while less well-run schools fall short and blame Covid-19.

Good WSJ article on how the current discourse may increase racism rather than reduce it. [the-dangerous-consequences-of-putting-race-first](#).

Do we really have to say "primary bedroom" rather than "master bedroom" when discussing a home or "first year students" rather than "freshmen?"

Congrats to our Collegis team for acquisition of Education Management Solutions (EMS) which is a market leader in software for hospitals/schools to run simulated clinical training. <https://www.simulationiq.com/>. Weird to do a deal having never met the seller in person or actually going to the business.