

## J. Michael Locke

### Musings

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#### #184: Musing July 9, 2022

Like our societal discourse, these musings have drifted too much into political topics. I will be getting back to their historical roots around business, management, leadership and technology.

The equity market seems confused to me. Friday's job report was good. 372,000 new jobs, 5.1% wage growth from last year and unemployment at 3.6%. Unfortunately, markets are obsessed with interest rates and the strong jobs report reinforced concern about future rate hikes and markets struggled to digest. One challenge on jobs report is the labor participation rate is stuck in low 60%. We need to figure out this structural issue to keep the economy growing. Better childcare options are the key to getting more women back into the workforce.

Many individuals won't go back to work at all but more won't go back to the office. Office usage rates in big cities are not coming back. Less than 45% of big city downtown offices being used. [office-remote-work-new-york](#). Makes you really feel bad for all of the small businesses in downtown places like the loop here in Chicago which used to have thousands of commuting office workers consuming a sub sandwich or a beer after work. Hybrid models are struggling to create the vibrancy during the days in the office.

A key management principle is to "manage forward." I find too many executives spend time discussing results from last month rather than forecasting next month. Good executives create KPIs around items which will lead to revenue (calls, opportunities in pipeline, traffic in a store) to allow them to project revenue more accurately and thus manage expenses to deliver appropriate profitability. Technology has only increased the ability to manage forward with all of the data you can get on website visits, search volumes etc. Don't let a leader tell you they can't predict the future because that is his/her job. Yes, individual accounts might not be predictable but in aggregate they will follow normalized data patterns. Identify your leading indicators and manage the hell out of them. Just as they close out the books every month to report results, I believe finance departments should extend their projections every month and have a constantly updating rolling 12 month forward projection.

I think really good executives also manage forward on their team and predict the future performance of individuals. Good leaders carefully study patterns of behavior and "read the tea leaves." Is the desk (or in today's digital world the desktop or email box) cluttered signaling disorganization? Is someone's body language signaling disengagement? Like a major league manager getting prospects into his/her farm system, good leaders are looking down the organization to identify their "high potential" individuals and investing in them. They then create depth charts and succession plans on what will happen if someone leaves.

Make sure to read the materials before your meeting. Too often, the materials come out last minute and attendees don't review in advance and the meeting is really just a presentation by the

author. Mandate that materials get out sufficiently in advance and all attendees read ahead of time so the meeting is an interactive discussion and engagement on questions. It is like “flipping the classroom” in Higher Ed where non-interactive knowledge transfer should occur separate from the meeting/class interaction.

Excellence comes in many forms. Joey Chestnut won his 15<sup>th</sup> Nathan’s hot dog contest by eating 63 hot dogs in 10 minutes while second place ate 37.5. He even had to manhandle a protestor in the middle of eating.

Good article from Mitt Romney pushing the need for leadership. *“President Joe Biden is a genuinely good man, but he has yet been unable to break through our national malady of denial, deceit, and distrust. A return of Donald Trump would feed the sickness, probably rendering it incurable. Congress is particularly disappointing: Our elected officials put a finger in the wind more frequently than they show backbone against it. Too often, Washington demonstrates the maxim that for evil to thrive only requires good men to do nothing.”* [mitt-romney-republican-denial-biden-election](#)

With the cutoff of supply from Russia, Germany is taking extreme measures to reduce natural gas use – rationing hot water and landlords reducing heat at night. Shows strategic value of energy independence.

I assume most parents have had experiences like us where your middle schooler/pre-teen discussed what “group” of friends they are “in.” In our community this is reinforced by what table you sit in for middle school lunch. Technology is reinforcing this “suburban gang” mentality through text groups where communication only happens among the defined group. I have mistakenly employed this dynamic many times by using an old text string and inadvertently not including someone in an invitation. Open up your aperture and don’t let text reinforce “group lines.” Encourage your kids to have open borders as well. We all need to spend more time “opening” rather than “closing.”

While I opened saying I was going to avoid politics, I must comment on the Highland Park shooting which was not far from where we live. How was this kid allowed to buy these weapons? I know stereotyping is dangerous but cmon, look at this guy, his background and social media posts, he should not have been able to go buy an assault rifle. God bless those lost and injured.

Jml