

J. Michael Locke

Musings

#193: Musing September 24, 2022

Ugly week in the markets. So much for the value of diversifying between equity and fixed income – both getting crushed. Congrats to those who had a decent allocation to cash entering the year because it looks like a buying opportunity to me – especially real estate in London or Europe – as the dollar has strengthened enormously to parity with the Euro and almost the pound. Personally, I think the Fed is overplaying increases and the economy is rapidly weakening. To quote Chairman Powell: *“Reducing inflation is like to require a sustained-period of low-trend growth. Moreover, there will likely be some softening of labor market conditions.”* The Fed “undershot” keeping rates too low for too long and now is going to “overshoot” raising rates too high IMO (thanks Wally Sparks).

That softness can’t come quick enough for employers. The rates of increase in employee compensation are stunning. According to Fortune, a new ADP report shows that *“Those who changed jobs got a median raise of 16.1%. That’s nearly double the median change in yearly pay for those who stayed in their jobs: 7.6%.”* [great-resignation-job-hoppers-earning-double-the-raise](#). *“The share of LinkedIn workers switching jobs is up by 37.6% this year since 2021, according to data the careers network provided Fortune.”* (thanks Betsy Morton).

I believe the current capital markets environment is highlighting a soft spot in our data gathering “system.” Too many of the key indices being used to evaluate economic health operate in an “old-school” way using surveys and often are lagging actual activity by 30-60 days. The velocity of our world has increased significantly and what happened 60 days ago is almost irrelevant now. We live in a “real-time” world and our information processes need to adjust. This applies to the workplace as well. Annual surveys and performance reviews are out of date. For employee engagement you need real-time feedback on a daily or weekly basis using tools like TinyPulse, Energage or other tracking mechanisms. For reviews, I recommend weekly coaching sessions and quarterly long sit-downs. Annual budgets need to become rolling four-quarter forward budgets. Everything needs to speed up.

I don’t know who trains NFL coaches on communication but they need work. All too often, coaches basically say nothing and are always positive. The Bears lose to the Packers for the 7th time in a row and the coach is not critical of anything. IMO, leaders need to be genuine and honest and when something is wrong, call a duck a duck. It is ok to be critical and say “we have to do better.” You don’t have to be mean about it but don’t act like all is good. Some espouse an approach to communication in the workplace as “radical candor.” *“Radical Candor — Caring Personally while Challenging Directly — is guidance that’s both kind and clear, specific and*

sincere. *The antidote to toxic company cultures, it's a simple concept that's not always easy to practice.*" <https://www.radicalcandor.com/>. One of the worst human traits for professional effectiveness is conflict avoidance. As a matter of personal respect for someone else, you need to tell them the truth even if that is difficult news for them to hear. A key skill to develop is being direct and clear in communicating negative feedback without demotivating or losing a personal relationship.

Are we headed to a "zero-trust" society? I borrow the term from cybersecurity. The vast majority of hacks now come from tricking an "inside employee" to click on a link or share some credentials so the move is to not trust anyone – even those on the inside and have more double-authentication etc. I find the same trend happening in society in general. We don't know our neighbor so we don't trust them. Companies seem to be out to trick us and exploit us with overpriced bad products so we head to Google reviews or Reddit to check out what others say. This is a hard way to live. We need to bring some trust back.

Do you have a kid with ADD or ADHD? Try karate. Turns out it can really help focus. [kids-karate-adhd-focus-exercise](#). I believe technology and the design of devices and apps to constantly stimulate dopamine release are rewiring our children's neural pathways and making a large percentage of our children ADD. Some younger adults are even turning on closed captioning to help keep attention (so maybe I am not as much of a "boomer" as my kids would indicate.) [why-do-all-these-20-somethings-have-closed-captions-turned-on](#).

You never know what will go viral. How about a \$40 water bottle? If you are hip, you have a Stanley (yes the old coffee thermos maker). *"The Stanley Adventure Quencher Travel Tumbler is a clear internet favorite. The 40-ounce tumbler, which has been simply dubbed "the Quencher" or "the cup" by its loyal following of fans, often sells out within hours, if not minutes, of restocks. And at one point, it had a waitlist of 150,000 people."* [stanley-adventure-quencher-40-oz-tumbler](#) (thanks Cate Locke).

Rip the SPAC craze. It never made sense.

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