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Musings

#246: Musing December 29, 2023

More data points on the accomplishment of a soft landing. The Federal Reserve's preferred measure of inflation (called the Personal Consumption Expenditures price index) actually fell 0.1% in November from the prior month and was up 2.6% from last year. The Fed targets 2% inflation so we are getting close and labor market is pretty strong. It is interesting that the Biden administration cannot get any traction with the "Bidenomics" messaging as most people feel the economy is not good. From my perspective, the economy is strong. It just got overheated due to the Fed leaving rates too low for too long and then the government threw fuel on the fire with the big pandemic stimulus programs. Too much money entered the system and pushed prices higher exacerbated by the challenge on supply chains coming out of the pandemic. Inflation has been the only challenge with the economy and while the rate of increases is declining, in aggregate, consumer prices are 19% higher than before the pandemic hit.

One of the things I worry most about is consumer spending based on credit. The growth of BNPL (buy now pay later) is hidden consumer debt as the future installments due are not reflected in credit reports. Delinquencies on consumer debt are growing and at some point the consumer has to pull back.

A good CEO taught me his "price proud" perspective. Too many companies are reluctant when it comes to price increases. Price increases are 100% margin so you should do them if your value proposition supports it. In his opinion, it becomes a cultural issue. Companies who believe in the value of their product / service should be confident that consumers will accept a price increase.

Start your meetings on time. I mean "on the dot" if not a minute or two early. It sets the tone of precision and efficiency. Otherwise, some people are wasting their time waiting for a meeting to start. Studies show that the actual meeting is also not as effective if it starts late. *"We found significant differences concerning participants' perceived meeting satisfaction and meeting effectiveness, as well as objective group performance outcomes (number, quality, and feasibility of ideas produced in the meeting). We also identified differences in negative socio-emotional group interaction behaviors depending on meeting lateness."* [want-to-instantly-become-a-better-leader-science-says-meetings-that-dont-start-on-time-are-a-third-less-effective](#) . Thanks John Hughes.

Execution is a matter of setting the tone and culture. Sloppiness cannot be allowed. This is why the military is so focused on making your bed. *"If you make your bed every morning, you will have accomplished the first task of the day. It will give you a small sense of pride and it will encourage you to do another task and another and another. By the end of the day, that one task completed will have turned into many tasks completed. Making your bed will also reinforce the fact that little things in life matter. If you can't do the little things right, you will never do the big things right."* Admiral William H. McRaven.

Sticking with the military leadership model. Here is another one: *“One of the most important things I have learned is to make sure everybody has the opportunity to have a voice. Even if you're not the decision maker, you have a perspective on things. Even if you're the quietest person in the room, you have an opinion. Your job as a leader is to get that engagement from your entire team.”*— US Navy Rear Admiral and Goldman Sachs managing director Richard Lofgren.

Another sign of our “softening” corporate cultures --- Microsoft outlook now highlights if you go to send an email “after hours” and asks if you want to queue it up to send during Monday-Friday 9-5....C’mon man.

I have never been a fan of the annual performance review construct. We live in a “real time” world and managers should be constantly coaching and helping their team improve. Good write up from the Morning Brew: *“According to a Gallup poll, only 14% of employees “strongly agreed” that a performance review inspired them to improve. But in recent years, some workplaces have changed how they conduct performance reviews—or abandoned them altogether.*

- *A decade ago, Microsoft disbanded its version of stack ranking, the practice pioneered by General Electric CEO Jack Welch in the 1980s in which the company would rank every employee. Experts say it hurts morale and can create a toxic work culture.*
- *Netflix has around 10,000 employees but has eschewed the year-end review for informal conversations during the year.*
- *Google revamped its system last May by reducing performance reviews from twice to once a year.*
- *Apple dropped performance reviews completely.*

Employees want feedback, but it has to be useful. Fortune analyzed two years of performance reviews for 13,000 workers and found low-quality feedback is why employees are fleeing companies.”

Not sure what this says about our society. Here were the Top 10 people for Google searches this year:

- 1) Damar Hamlin
- 2) Jeremy Renner
- 3) Travis Kelce
- 4) Tucker Carlson
- 5) Lil Tay
- 6) Andrew Tate
- 7) Carlee Russell
- 8) Jamie Foxx
- 9) Danny Masterson
- 10) Matt Rife

Let’s bring back good old chivalry. I know it is sexist in a world where we are not supposed to have anything different between genders, but I encourage guys to hold doors, stand up at the table when a woman comes, hold a chair for woman to sit down, walk on the street side to protect your female companion from puddles splashing from street, go first through the revolving door so you can push for them and let ladies order first. I long for a more refined world where con artists, fraudulent police reporters and rapists aren’t the people we care about and search google for. The Superego needs to take power back from the Id.

Learned one to avoid. I was raised with the pineapple symbolizing hospitality and welcoming people to your home. Not so much anymore. I received some pineapples as a corporate gift and put them outside to keep cool. Our horrified daughter later entered the house expressing concern on our porch message. From Men's Health: *"An upside-down pineapple – worn on clothing or jewelry, pushed around in shopping cart, etc. – is a subtle signal that someone is a swinger or looking for a swinger party. (the pineapple doesn't have to be upside-down to carry that meaning, FYI. The story goes that when a pineapple is set by a front door, or on someone's porch, it signifies that a swinger party is in session."*

While swinging isn't the answer, we do need more children. Catherine Pakaluk from the WSJ *"Total fertility rates below replacement lead inexorably to a shrinking population, economic stagnation and lower quality of life," Mrs. Pakaluk replies. "We won't have the people to staff valuable services. Social Security and Medicare will be shuttered. Many countries are already on this path. It can only be avoided if a nation can compete, indefinitely so, for a larger share of a shrinking number of world immigrants."* We have to figure out how to reduce the tension women feel between career success and having more kids. It is an economic imperative.

Happy New Year.

jml