

Now Is the Time to Let Go

By Leanne Hoagland-Smith, M.S.

Leaders usually face two questions when considering whether to keep or let go of current business strategies: “If it ain’t broke, why fix it?” and, alternatively, “Is it time to build a better mousetrap?”

What would have happened if some of the technology companies of the twentieth century had continued to execute their “ain’t broke” business strategies when computers first came out? In 1981, after IBM introduced its PC with 640KB of usable RAM, Bill Gates allegedly said, “640KB ought to be enough.”

How about mobile commerce? Did most SMBs employ that as a business strategy just three to five years ago? Had they even considered it?

A recent major study conducted by Ovum for Criteo projects that the population of smartphone users will grow from 453 million globally in 2014 to an incredible 2 billion by 2019. This growth will push mobile commerce from \$51 billion in 2014 to an eye-popping \$693 billion by 2019. If you think social media ads are a viable strategy, consider a recent Harris Poll that found that 74 percent of Millennials and GenZs really dislike being advertised to in their social media feeds.

Then there is the Internet of Things—IOT. Did you know that 20 percent of the population owns fitness wearables such as Fitbit, while another 15 percent plans to purchase one within the next year? According to the former Consumer Technology Association (formerly the Consumer Electronics Association), currently 15 percent of households possess smart thermostats, lighting controls, and security devices (motion sensors) that are operated from their smart devices.

All this connectivity has had an impact on shopping frequency: physical store visits are down by 30 percent, according to research conducted by Bronto Software. This research further revealed that consumers with incomes

of \$100,000 and higher, as well as those 18 to 24 years old, shop less frequently in stores by some 36 percent.

Abandonment Improves Execution

Letting go is not a new concept as it relates to business strategy and execution. Peter Drucker, in his book *Managing in a Time of Great Change* (published in 1995), discussed letting go through the concept of “abandonment.”

Drucker recognized that change, especially for rapidly growing companies, is a barrier to continued business growth. When the original objectives are achieved, those objectives become obsolete.

Yet business leadership holds onto them because they worked then and should continue to work—again, “if it ain’t broke, why fix it?” Drucker believed that new thinking, forward thinking, must be employed to keep companies moving toward the future.

Rapid growth challenges the original assumptions identified within a strategic plan. Partly for this reason, Drucker believed that every three years an organization should engage in abandonment. Every product, every service, every policy, every distribution channel, every process should be assessed or challenged by this one question:

“If we were not already in it, would we be going into it now?”

By engaging in abandonment, the executive leadership team is forced to test all of its current assumptions and to return with an evaluative eye to its strategic plan, if one exists. This reflection looks to answer the following questions:

- ▲ Why didn’t this work, even though it looked promising three to five years ago?
- ▲ Is it because we made a mistake?
- ▲ Is it because we did the wrong things?
- ▲ Is it because the right things didn’t work?

Drucker contended that without intentional abandonment, events will overtake an organization. This deluge

creates a reactive culture instead of a proactive culture.

A reactive culture wastes the limited resources of time, energy, money, and emotions. Symptoms of a reactive culture include high turnover, low productivity, an increase in actively disengaged internal customers (employees), and dismal profitability.

Gallup Poll continues to demonstrate that only one third of employees are actively engaged—i.e., giving eight hours of work for eight hours of pay. This means that up to 66 percent of the payroll and all benefits are not generating a positive return on investment. Can you afford to continue with your current HR or talent management strategies?

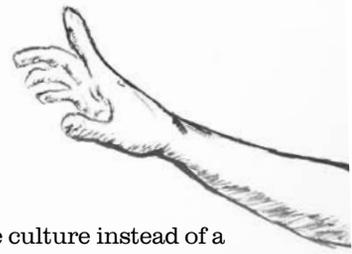
In addition, by employing abandonment, the organization is more capable of planning for uncertainty. A direct correlation exists between the speed of change and uncertainty.

No longer are leaders asking the traditional business planning question “What is most likely to happen?” Now leaders are asking, “What has happened that will create the future?”

Forward Thinking Required

In March of this year, I had the opportunity to speak with Brady Wilson, co-founder of Juice, Inc. He shared some insight into how one financial institution was “letting go” or abandoning some proven business strategies for customer service. Wilson suggested that when organizations let go of old business strategies by embracing and leveraging neuroscience and emotional insight within the customer experience—for both internal customers (employees) and external (paying) customers—then amazing results are possible.

He shared an example of this forward thinking in relation to abandonment. A large financial institution decided to change its customer-service interactions by engaging the brain and the heart together, because the leadership



felt it could thereby do a better job of connecting with customers. Their decision was based upon the question “Can we build a better mousetrap?”

The first step in the new customer-service script was to authentically ask a human question: “How are you doing?” By demonstrating empathy along with patience, the bank employees were able to make a positive brain connection with the customers. Communication now was no longer automatic. Customers felt connected to the bank’s employees.

Brady also shared this concept of “human currencies.” This bank, like other financial institutions, engaged in transactional currencies in which one transaction was just like another. Recognizing the “human element” through active listening—including ears, eyes, and paraverbal communication—enabled changes in customer-service interactions. The end result was an increase in other financial products being sold, as well as customer loyalty.

Using empathy as a business tool is not new. Effective leaders demonstrate high emotional intelligence, including empathy, as proven through various research studies conducted by Daniel Goleman and others.

President Teddy Roosevelt said, “No one cares how much you know until they know how much you care.” His words ring just as true today as they did more than 100 years ago.

One of my clients, a mid-size U.S. regional bank, has abandoned current advertising strategies such as radio, TV, billboards, and newspapers. Its entire marketing execution is now 100 percent digital.

This particular bank has invested over a year in making this transition to ensure alignment with its overall strategic goals of sustainable business growth within a new e-commerce marketplace. Marketing, once totally outsourced, is now a department within the bank. Thousands of dollars have been invested in this 180-degree switch from existing strategies to a new digital strategy.

A caveat: abandonment requires exceptional leadership because most workplace cultures are not ready for change. Existing leadership and employees, for the most part, are happy with “if it ain’t broke, why fix it?” The CEO of this bank accepted that change was happening and that the bank needed to get ahead of the flow to stay

competitive in the marketplace. I believe that somewhere this question or a similar question was asked of the board and of the bank’s executive leadership team: “What has happened that will create the future?”

Letting Go of Traffic Lights

In Valparaiso, Indiana, the mayor challenged existing assumptions about traffic and traffic lights. The city was continuing to experience excessive traffic growth.

The mayor and his leadership team abandoned the conventional traffic-management execution of traffic lights (signalized intersections) and constructed numerous roundabouts. This change continues to meet resistance because roundabouts require people to think rather than engaging in the conditioned behavior of stop for red, slow down for yellow, and go for green.

Roundabouts are constructed to be smaller than traffic circles, thereby reducing speed while reducing injury crashes by 75 percent compared with signalized intersections. This traffic-management solution also reduced traffic fatalities by 90 percent compared with signalized interactions. However, roundabouts increase the capacity of intersection traffic by 30 percent.

Letting Go of Employees

In 1995, less than 10 percent of U.S. workers telecommuted or worked remotely. Fast forward to the summer of 2015; now 37 percent are engaged in remote working. Gallup Poll, in August of 2015, revealed that the average worker telecommutes two days per month. Most business leaders say telecommuters are just as productive as other employees.

If you fear letting go of your employees by freeing them to telecommute, you may have either hired the wrong people or failed to develop them. New research from Deloitte in its fifth annual Global Millennials survey noted that 63 percent of the Millennials who responded said their leadership skills are not being fully developed. This lack of leadership development is a key reason why 71 percent are likely to leave their jobs in the next two years and only 54 percent plan to stay beyond 2020 with their current employers.

Letting go of having employees physically in house may not be possible, especially in retail or other B2C firms. But for some B2B firms, remote

working may be beneficial, increasing productivity and profitability.

Of course, remote working impacts the construction of new business and office space, as well as the rental of current space. Co-working spaces and smaller offices with meeting rooms rather than individual working spaces may become more popular.

Letting go is hard because change is hard. But we know that insanity—doing the same things over and over again and hoping for different results—is expensive. Forward-thinking leaders will take that leap of faith in letting go and realize the words of Benjamin Franklin: “When you’re finished changing, you’re finished.” **N**

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