

**Publisher**

Debra Anthony

**Managing Editor**

David Young

**Associate Editor**

Renee A. Weeks

**Designer**

Tanya Bäck

**Phone**

832-766-1546

**Website**

nbizmag.com

**Corporate Address**

PO Box 6352

Katy, TX

77491-6352

*NBIZ Magazine* is published six times per year. All articles and advertising represent the opinions of the authors and advertisers and not necessarily the opinion of the publisher. The information contained herein has not been verified for accuracy, and its inclusion should not be construed as the publisher's endorsement of the products, services, or articles presented. No part of *NBIZ Magazine* and NBIZ Website's content may be reproduced in any form without written permission from the publisher.



# TIMES ARE CHANGING

By Leanne Hoagland-Smith, M.S.

**2019** is nearly here. Times are changing especially for those in business. From artificial intelligence to bitcoin, the marketplace continues to move forward and many mid-size to small business leaders are left in the whirlwind created by all of this “change dust.”

At the end of the year, some SMB (small and medium-sized business) owners and executives engage in some strategic thinking. One of the tools consistently used is SWOT analysis. Albert Humphrey, a management consultant, invented this analysis tool back in the 1960s. This acronym stands for Strengths, Weaknesses, Opportunities and Threats.

In the last 10 years, I found another evolution of this tool as published by the Trusted Advisors Network. This company replaced the word “Weaknesses” with “Limitations.”

Limitations go beyond weaknesses because a limitation may not be viewed as a weakness, but ultimately may restrict growth of any organization. This evolution further helped business professionals to understand what was limiting growth.

Today, I suggest another evolutionary change. Instead of thinking of “Threats,” given the incredible rate of change and all the “change dust” floating in the air, maybe it is time to look at what is truly keeping organizations from moving forward. That obstacle, which continues to grow, is “Talent.” Unless an organization has the right talent in place to execute the strategy, then the organization is behind the flow and not even in the flow.

Since 2000, the Gallup organization has published an annual workforce engagement survey. This survey focused on two categories of employees: those engaged and those actively disengaged. Additionally, in July of 2018, Gallup released a six-month survey indicating the percentage of those engaged versus

those actively disengaged. Engaged employees rose to its highest percentage since 2000, 34 percent versus 26 percent.

Actively-disengaged employees in the first six months of 2018 declined to its lowest level since 2000 as well. This mid-year survey indicated only 13 percent of employees were actively disengaged. Back in 2007 and 2008, actively-disengaged employees comprised 20 percent of the workforce. Gallup, in its 18 years of tracking, suggests the average for actively-disengaged employees is 17 percent.

Even with 34 percent of employees engaged, this suggests 53 percent are not engaged, but rather just there doing the minimal amount of work. These employees have no passion in comparison to the engaged and disengaged employees. Disengaged employees are passionate about spreading their unhappiness throughout the workplace.

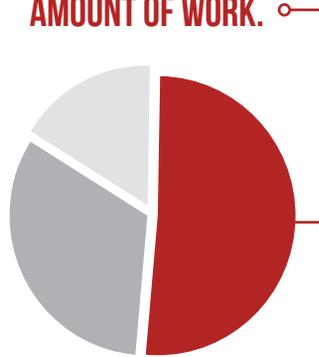
Years ago, I heard a worker make this statement: “*Whether I move six trains or 12 trains during my shift, I get paid the same amount.*” This employee was not engaged.

Think about your own workforce. With 97 percent of all U.S. businesses having fewer than 20 employees per the U.S Census Bureau, the impact of not-engaged and actively-disengaged workers is crucial to the bottom line.

For example, a SMB with 10 employees may have a combined salary total of \$400,000 excluding benefits. When the percentage of not-engaged employees is factored into lost productivity, this amounts to \$212,000. Add in actively-disengaged workers and this productivity loss in dollars rises by an additional \$52,000 to a new total of \$264,000.

When SMB executives do the math, the question then becomes: How can my firm afford not to have 100 percent of our employees engaged? Each not-engaged employee, on average, is potentially costing a \$40,000 loss. If other factors are added into the mix, such as the impact on engaged employees, the cost of employee turnover, the loss of customers and the cost of engaging and retaining

**GALLUP...SUGGESTS THE AVERAGE FOR ACTIVELY-DISENGAGED EMPLOYEES IS 17 PERCENT. EVEN WITH 34 PERCENT OF EMPLOYEES ENGAGED, THIS SUGGESTS 53 PERCENT ARE NOT ENGAGED, BUT RATHER JUST THERE DOING THE MINIMAL AMOUNT OF WORK.**



employees, then talent does become a major, if not the major, threat to SMB growth. By identifying this obstacle or challenge up front, pushes it to top of mind awareness.

If you are not convinced by now that talent is the major success factor, then maybe these other research findings may sway your opinion so that in 2019 your focus can be on your people since they contribute most to your profitability.

The workforce is changing with more and more Millennials replacing the retiring Baby Boomers. By 2030, predictions suggest nearly 50 percent of the workforce will be Millennials. These employees have different attitudes and behaviors than Baby Boomers.

A Deloitte 2018 survey of Millennials and Gen Z revealed the lack of loyalty among these workplace employees. Forty-three percent of Millennials plan to leave their respective employers within two years and this percentage increases to 61 percent for Gen Z employees. Only 28

percent of Millennials plan on staying beyond five years.

Again, by doing the math, the loss of talent becomes a critical success factor. Turnover costs are estimated to be one-to-three times the annual salary of an employee. Can your small-to-mid-size business afford losing 70 percent of your Millennial employees in the next five years?

For those in the manufacturing industry, Industry 4.0 (the Fourth Industrial Revolution), the concerns about having the skills and knowledge for this present revolution are shared by 64 percent of the Millennials. They (the Millennials) also believe businesses should take the lead role in preparing them for Industry 4.0.

A positive culture and pay may attract this workforce demographic. However, diversity, inclusion, flexibility (remote working) and high business ethics will provide a better opportunity for keeping these workers.

Technology and digital advancements were the greatest challenges according to 68 percent of the graduates from the CEMS (The Global Alliance in Management Education) Master in International Management Program. Finding people with the necessary technological talents and the other aligned talents, such as adaption to change, evaluating what is said, handling the stress of all that change, seeing potential problems, self-management and self-starting ability, should become a key strategy to ensure sustainable business growth. No longer can technological people be perceived as the non-communitive “geeks.” These are potentially the talented people who just may become the forward-thinking leaders of many small-to-mid-size businesses.

Training and development for those talents is becoming a key factor within all the change happening in the SMB world. No longer can training and development, a function of human resources (HR), be isolated from executive management or C-Suite.

This alignment between the C-Suite and HR may require reviewing existing job descriptions and then developing current and potentially future

competencies to ensure execution of organizational goals. With those in management retiring, self-leadership development, people-leadership development, communication and proactive problem-solving skills will become key talents. As an executive, is your SMB seeking employees with those specific talents, or are your hiring factors still the same as five, 10 or worse yet, 20 years ago?

Effective communication, which was once an assumed talent, now is becoming one to be developed. The impact of technology has decreased the ability to effectively communicate among many of the younger employees in the workplace. This training and development may even extend to formal written communication.

Leadership, as a talent, is becoming even more essential in working with all the change. The old adage, “people don’t quit companies, they quit their bosses” still remains true. Employees, especially Millennials and those younger, desire a compassionate leader who is “authentic, present, has a sense of dignity, holds others accountable, leads with integrity and shows empathy.” (Dr. Brad Shuck and Maryanne Honeycutt-Elliott).

Compassionate leadership suggests a high degree of emotional intelligence. Daniel Goleman, who has advocated for emotional intelligence, suggests there are five key elements present for those who demonstrate high emotional intelligence: Self-awareness, self-regulation, motivation, empathy and social skills.

Over the years, I have come to define emotional intelligence as the ability to recognize and understand the feelings of others, to recognize and understand my own feelings and then to be able to manage both with a positive outcome. To have emotional intelligence does require the ability to keep internal emotions “in” and outside emotions “out” of any interaction.

Yes, the “dusts of change” are present. From a “tornado,” where you find yourself without most of your key employees one day as they all quit to find a better job, to a “haboob,” which you may see coming, but can’t do

anything about, 2019 may become your make-or-break-it year.

So consider this tool—SLOT—as you look forward to 2019. Identify your Strengths as it is your strengths that move your SMB forward. Look to your Limitations. Discover your Opportunities. And finally, identify the Talents necessary to deal with all that “dust change.” By taking these actions,

you may be surprised by December 31, 2019 as to how far your business has truly moved beyond the status quo. **N**

*Leanne Hoagland-Smith is a Clarity Strategist, solving people and process problems. As a thought leader who challenges the status quo, she turns tomorrow’s goals into today’s results. Follow her on Twitter @CoachLee.*