

- [Business Tips](#)
- [Political and Cultural Observations](#)
- [Personal Notes](#)

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Business Tips

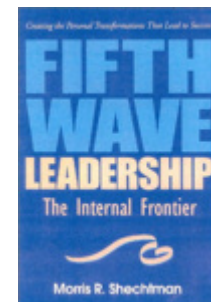
Whatever Happened To Loyalty? The Old and The New

Over the last few years, I've been asked a lot about loyalty. Usually, the question is – "Whatever happened to it?" And my answer has been – "If you mean the notion of loyalty that we've historically grown up with, it's gone." One of the unintended consequences of the accelerated rate of change we live with has been a significant redefinition of the concept of loyalty.

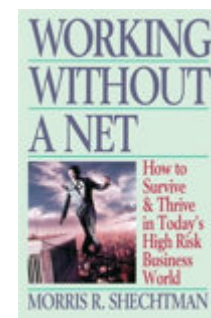
The old notion of loyalty is based on a backward looking sense of obligation. That is, a feeling of indebtedness for deeds done in the past, that were helpful, sometimes invaluable, and most often, brought meaning and great importance to a relationship. There is nothing inherently wrong with this, nor should this notion be summarily discarded. The problem with it is that it is no longer a sufficient reason for maintaining a relationship, personal or professional, moving into the future. And the reason for this is the amazing rate of change, and the qualitative nature of change. Business success, for example, is now predicated on an understanding of some fundamental shifts in customer behavior, employee expectations, and workplace dynamics. Consumers are no longer impressed with brand names or torrents of information. They do their own research, and they're either ruthlessly price driven, or unforgivingly insistent upon a transparent, honest, and fully engaged relationship. They are certainly not impressed by traditional salesmanship.

Employees now come to work insisting on a recognition of their lifestyle choices and requirements, and a need to have input into decisions that impact their work milieu. Some of this is realistic and quite appropriate, and some of this is right out of la-la land. Either way, it is very different, and demands a different approach to the workforce.

And the workplace itself is undergoing nothing short of a revolutionary shift. Not only are we becoming a nation of service providers and information processors, we are, less and less, working in geographically centralized, behemoth office spaces with hundreds (if not thousands) of colleagues. Working virtually is spreading at an astonishing rate, and there are major corporations that have as much as one-third of their



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employees working at home or in small pods at a significant distance from the head office. And this does not include the millions of small businesses that integrate work and home, and have fully leveraged telecommuting.

All these changes have had a profound impact on the old notion of loyalty. The saddest, and most troubling, is the fact that those who helped build many businesses are often not those who will create their future. Not because they are untalented or unskilled; but because they choose not to change. The problem arises when they expect to play a continued role in the organization because of what they contributed in the past. Their challenge is to commit to a constant process of re-invention, or to become irrelevant.

This situation creates some very hard conversations. I have participated in hundreds of these interactions, and it never gets easier. And it is not solely the difficulty in telling someone that there is no longer a role for them in the organization, it is more so, the understandable dismay and bitterness over the feeling of having ones past contributions being discounted. There is no way (at least that I've discovered) to make this conversation feel good, for anybody. It needs to be lived through, and it is necessary. It may seem harsh, insensitive and even brutally non-caring. It is, quite to the contrary, just the opposite. People need to know and realize that their choice not to change has enormous consequences. And the only thing that I've seen that brings about this recognition is an emotional shock. Talking about changing, in the abstract, has absolutely no impact.

A few years ago, I worked with a client that made the decision to eliminate most administrative support people, and replace their function with technology. One of the people eliminated was a crackerjack administrative assistant, who had been with the company since its inception. Out of a feeling of loyalty, the CEO created a position for her. She became the "coffee lady," and her job was to clean up the break area and keep it supplied.

This was not enough work to keep anyone busy for forty hours a week, nor did it fit her capabilities. Instead of being confronted with the need for her to modify and upgrade her skill base, she was accommodated and kept around. It was humiliating, and everyone, including her, experienced it as such. Tragically, when the company later downsized, she was out on the street, unemployable, and ended up on welfare.

So, what's the new loyalty about? The new loyalty is based on mutual growth. It requires both parties in a relationship to have a continual commitment to their own growth, if they expect a commitment to each other. If the growth commitment continues, the loyalty is there. If the growth commitment ceases the relationship is at risk. This is true for personal, one-on-one relationships, as well as for relationships between individuals and companies. It has been my experience, that high growth people leave low growth (or no growth) companies and that high growth companies leave low growth people behind.

Underlying the re-invention that I mentioned earlier, growth is fundamentally about continual self-assessment. An assessment of your current skills, knowledge base, attitudes, and risk level. And the question accompanying this assessment is critical – "Is who I am, and what I'm doing, in touch with and in harmony with the world around me?" This



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involves facing disappointments in yourself and embracing and utilizing these disappointments to go to the next level of growth and development. Acknowledging disappointments is a vote of confidence – in yourself and in others. It is also an act of courage, and a necessity for getting that loyalty that we are all seeking.

Political and Cultural Observations

Should Health Care/Health Insurance, Be A Right Or A Privilege?

Much of the current, often heated debate, over health insurance and health care reform, seems to focus, almost exclusively, on financial issues, service guarantees, care restrictions, and policy control. These are certainly important issues, but from my perspective, they overlook the fundamental question, which has the most profound implications for the future of our culture. And that question is – "Should Health Care and/or Health Insurance, Be A Right Or A Privilege?" Should the provision of health care services be a guarantee – an explicit part of the social contract – or should it be an available service, shaped and defined by market forces, and controlled by the relationship between the provider and the consumer? The answer to this question will determine a lot more than whether or not we get a "public option," or to what degree there are cuts in the Medicare and Medicaid programs.

This critical question spins off two more vital questions: "If Health Care Is A Right, What Are The Implications Of Further Extending Entitlements In Our Society," and "If It's A Privilege, What Are The Implications For Social Cohesion And Cultural Unity?"

As is the fashion these days, let me be real transparent – I do not believe that health care and/or health insurance is a right. I believe that there is no constitutional imperative dictating it, and that, like other social needs – housing, food, jobs – you get what you deserve based on the choices you make and the risks you're willing to take. I am a minimalist when it comes to government and social guarantees because I believe it gives individuals the greatest opportunities for self-realization and success (as well as self-destruction and failure). And as I've written before, both, I believe, are essential for maximizing human potential and freedom.

But, after having taken that position, I have to admit that I have serious concerns about the shredding of our social fabric, if we unequivocally reject a "public option" and all that goes with it. I wonder if we have gone so far down the entitlement path and so raised people's expectations to be care-taken by entities outside themselves, that we could be on the verge of creating an irreparable schism in our culture.

I cannot remember a time in my adult life, when so many people in public life promulgated so many entitlements, and offered to remove so many risks from people's lives. And this comes from individuals of a myriad of political persuasions. I think it is fascinating, that as Obama's poll ratings fall, a lot of folks seem to agree with him that health care is a right, and that we need to do everything possible, to remove risks from our lives. I have never believed, as some on the right do, that Obama is anti-business (just look at how much money and subsidies have gone to Wall Street). I do believe that he and his administration are anti-risk,

and are doing everything in their power to punish risk-takers and risk-taking. This culture was built by people who put everything on the line, and created opportunities for the masses that never before existed in the history of the species.

There is a very interesting connection here, between one of the causes of our current economic crisis, and the debate over health care reform. Beginning in the 1970's a movement began in the Congress to "open up" the single family housing market to a broader spectrum of the population. Basically, to people who heretofore couldn't afford to buy a house. This movement culminated in enormous legislative pressure on Fannie May and Freddie Mac (and the banking sector in general) to lend money to people, many of whom had no chance in hell of ever paying it back. What do you think drove this movement? The belief that every American deserved to live in a single family home. That they had a right to it. So, de facto, home ownership became a right. And we have now seen what a mess this created.

This extension of "rights" raises a very knotty question, that, I believe we are right up against, as a society. "Where Do Rights End, And Individual Responsibilities Begin?" About a week ago, I was invited to a showing of Michael Moore's film, "Sicko." It is an extraordinarily well done piece of propaganda on the ills (no pun intended) of the American health care system (and our culture in general), and a celebration of the systems in England, France, Canada, and Cuba. It was fascinating to see what was highlighted, since I have a fairly extensive knowledge of three out of four of the countries (I lived in England, had a Canadian business partner, and traveled extensively in France and went to school with many French people). I was particularly aware of two things during the movie. First, the unquestioning scorn of American culture on the part of many in the audience. And second, my own reaction, especially during the segment on the French system. As I watched the depiction of house calls by French doctors, free medical care for everyone, in-home parenting assistance for new mothers, almost free childcare, and on and on, I found myself, at first, feeling like – "Damn, this is amazing! Maybe this total nanny state stuff isn't so bad after all." It was very seductive. And on the surface, very appealing. Then I remembered what it was like, to spend time in France, and work with French people. The infrastructure there makes New York look like utopia, the government bureaucracy makes you nostalgic for the California DMV, and getting anywhere is a nightmare because almost every day some group is on strike or demonstrating for more time off or more money for doing less. The unemployment rate is sky high, productivity is low, and the slums outside Paris are continually at a flashpoint.

Every form of social organization has its tradeoffs. The question we are facing now is what tradeoffs are we, as Americans, willing to live with? In our system, there are clear winners and losers; mostly determined by choices within their control; sometimes, unfortunately, by forces outside their control. In other societies (third world countries), there are winners and losers, mostly determined by forces outside of most people's control. And then there are cultures (like the Scandinavian countries) where equalizing outcome has so leveled the society that winning and achieving is a moot issue. I believe, by the way, that losing, in our culture, is a unique opportunity to learn, grow, and develop.

Finally, on a practical level, there is no doubt in my mind that our health care and insurance systems need some changing. There is also no doubt in my mind that the changes can best be made through lessening

regulation and controls, not by increasing them. We need, for example, to completely sever the ties between employment and health insurance; we need to remove geographical restraints on writing insurance coverage; we need a loser pay reform of our tort system; and we need to dramatically expand the health care services that can be provided by non-M.D.'s, which would have the most profound impact on primary care of anything that has been done for the last fifty years.

But, before we do anything practical, we need to decide what kind of society we want to live in for the foreseeable future. That's what the big debate ought to be about.

Personal Notes

Change and Technology: My Dirty Little Secret

For almost all of my professional life, I have helped people understand and deal with change. Why they struggled with it; why it was so difficult to deal with; and why it was so scary. I have created a unique body of intellectual property around "familiar" and the relationship between change and loss. And, I believe, I've done some pioneering work around the connection between success and loss, and why so many people sabotage their success. All the while, unbeknownst to all but a few people, I didn't know how to turn on a computer, or send a simple email.

I covered up these deficits with a pretty good story; even taught it as a strategy to make busy professionals more efficient and effective. Why would I waste my time in front of a computer, slaving away at a keyboard, when I had assistants that I paid handsomely to relieve me of the details of life? So, I persisted in writing out my outlines, power points, etc., in longhand, on notepaper, and faxing them to my executive assistant. I even had my assistant read all my emails and fax the legit ones to me, so that I could write out my responses and fax it back to her. At least, I reasoned, I was using some technology. (It just took me five minutes to figure out how to underline "was" and "some." I wish I could think like the people who design computers.) I have been ashamed to admit the latter to many people, until I had dinner a few weeks ago with a former client and member of my generation, who confessed to the same modus operandi. (The italics only took me a couple of minutes.) We had a good laugh. It was like two adolescent boys mutually discovering that they kept the same magazine under their mattress. This led to a great discussion of how our grown children have shamed us into "texting." (My youngest son won't answer his cell phone and has no landline.)

I grew up in an upper middle class professional home. My father was a dentist and my mother was a college educated manager in an upscale retail chain. They were the first in their generation to leave the ghetto and homestead the suburbs of Chicago. Making it, in their peer group, meant doing nothing around the house. In my household, extreme manual labor was watering the lawn. And a screwdriver was a high tech instrument. There was always great angst about who would drag the garbage can the fifty feet to the alley. We had a lawn service and anything that required maintenance around the house, was fixed by one of my father's patients. My job, growing up, was to do well in school, and to learn how to argue.

It has been very hard for me to admit that a lot of technology scares the hell out of me. And even harder to admit, that as smart as I am, I have been convinced, until very recently, that I could not figure out how to use a computer (or plumb the depths of my cell phone). When I finally did come to terms with that reality, I started doing what I have taught people to do for years. I faced my fears and took some risks. Two days ago, in preparation for a phone conference, I developed a talking points document, saved it in my computer, emailed the client, and (to my utter amazement) attached the document, hit "send," and had a great meeting. It worked! I can't tell you how good it felt, and how proud of myself I was. It was right up there with re-setting the clock in my car, last spring.

In addition to all this being a great personal triumph, I now have a new, profound respect for people who struggle with change. I definitely "feel their pain." And I can, in good conscience, recommend facing your fears, "fessing up," and taking those risks.

Morrie

Tell us what you think – click here to send us an e-mail with your feedback.

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