by Greg Bustin

CULTURAL MALWARE

How Disengagement, Disruption, and Dysfunction Are Your Real Competition

Cybersecurity attacks breach companies' defenses, tarnish corporate reputations and hack an estimated $400 billion each year from their bottom line.

Government regulations shackle company performance, adding $216 billion in costs in 2012 alone – twice the previous highest single year increase.

And the battle for customers has never been waged more fiercely.

Today's CEOs have every reason to believe their companies are under siege.

Yet before CEOs turn their attention to these serious external challenges, they would be wise to remember a lesson from Hamlet and recognize there is something rotten going on right under their very noses. And it's costing them dearly.

The Enemy Inside

A Gallup study indicates the cost of America's disengaged workforce exceeds $300 billion in lost productivity annually.

An organization's culture is the sum of its behavior. So a culture where employees are disgruntled, disengaged, and dysfunctional can be measured in high levels of customer dissatisfaction, class action lawsuits, and workforce strikes and disruptions.

This cultural malware is attempting to breach the defenses of the most successful organizations. It will poison the organizational environment, infect even the best employees, and place at risk valuable customer relationships and hard-won profits.

Disengagement, disruption, and dysfunction are not limited to a particular age, geography, industry, or size of an organization. A sign posted between the men's and women's restrooms of a successful manufacturing company reminds CEOs there's always plenty of work to do when it comes to galvanizing teams:

There is less to fear from outside competition than from inside inefficiency, discourtesy and bad service.

What does disengagement look like? More important, what can CEOs do to combat it?

The Warning Signs of Disengagement

Life provides few absolutes, so when it comes to employee disengagement, the shades of gray are infinite.

But when these telltale signs are spotted, it could mean colleagues have checked out or, worse, are wreaking havoc. In descending order, here are 10 warning signs of employee disengagement:

1. Information pipeline dries up. Leaders are the last to know what's really happening.
2. Employee complaints increase. Grumbling about perceived injustices (large and small) is the order of the day.
3. Absenteeism increases. Sick days and PTO days are maxed out.
4. Turnover increases. Employees are leaving almost as fast as you can hire new ones.
5. Shrinkage and theft increase. "Where did that tool go?"
6. Productivity declines. It takes more people longer to complete assignments.
7. Silos and discourtesy are pronounced. "That's not my job."
8. Broken commitments increase. Tomorrow never comes.
9. Quality of service and products declines. "We have more returns and canceled orders than ever."
10. Brand erosion occurs. "Remember when we were the preferred provider in our industry?"

Any one of these issues can dilute productivity and profitability, and the top three, if left unchecked, can kill an organization.

The Antidote to Disengagement

Companies on Fortune magazine's "100 Best Companies to Work For" list, meanwhile, report lower turnover and higher levels of productivity. Publicly traded companies on this list have seen their stock price increase an average of 10.8 percent.

Consider, then, these actions to repel disengagement and unleash the organization's full potential:

Give people something to cheer for.

Wouldn't disengagement be less likely and high performance the natural outcome if everyone was genuinely passionate about what they were doing? When Peter Schutz became the CEO of Porsche, he asked, "What is happening at Porsche today that is so exciting you can hardly wait to run and tell our customers?" The silence was deafening. With that one question, Schutz pinpointed a problem that would not show up on a financial statement. From that moment on, Schutz made the commitment that if the company was going to be in the game, it was going to play to win.

Expect great results from great people. Look on any list – Most Admired, Best Places to Work, Most Innovative – and you'll find Herman Miller. "We share the belief," says Senior Vice President Tony Cortese, "that if we hold people to a high standard, they tend to deliver. It's our belief that people tend to rise to whatever the expectation is, so we try to create a fairly high bar for people and they continually amaze us with their high performance." When companies play to win, their employees bring their "A" game.

Overcommunicate. Container Store founder and CEO Kip Tindell was big on transparency long before that word was used to describe a communications style. It's a style that has served him well. The Container Store believes sharing information builds trust and helps everyone feel they're part of the team. "People occasionally say that I share too much information," says Tindell. "I believe the companies of tomorrow that will dominate are the ones that understand team and understand transparency. Communicating the way we do adds up to a competitive advantage that so far offsets any little fragments of information falling into the wrong hands. The benefits of communicating are fifty-fold to one over withholding information." Decide how much information you will share then do it frequently, honestly and consistently.

When CEOs are crystal clear about articulating the organization's purpose, expectations, and rewards, their organizations will be inoculated against the insidious disease of disengagement. And their employees will embrace accountability as a way to become even more successful.

The opposite is also true: If a CEO is not clear about everything – vision, values, objectives, strategy, rewards, and, yes, penalties – the likelihood of an organization achieving its vision is slim.

Shakespeare got it right when he wrote, "Uneasy lies the head that wears the crown."

Greg Bustin is the CEO of Bustin & Co., a leadership consulting firm. He has dedicated a career to working with CEOs and the leadership teams, and his newest book "Accountability" was selected as one of the best business books of 2014 by Soundview.

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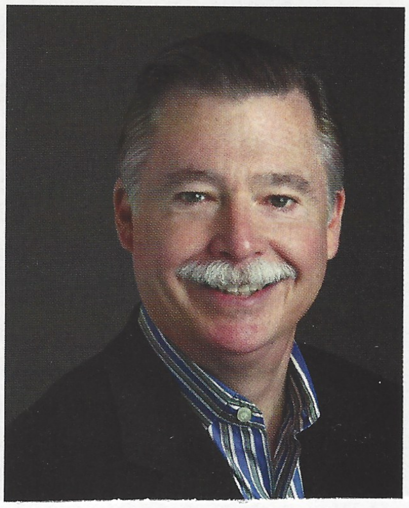

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