

# Taking the Long View

*By David Cohen*

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In 1982, a significant player in the automotive parts industry in North America had no work. A slowdown in the economy and plummeting demand for their product could mean only one thing: the factory would have to shut down and many jobs would be lost. It was a familiar story, one that had been played out in factory towns across Canada and the U.S. - with one major difference. This time, the story didn't end quite the way we were used to.

The company leadership and its employees decided to take the long view and came up with a different answer to a familiar problem. They knew good times would follow bad, so they had faith in the future. The crisis concerned only the short term, a year or so at most. Admittedly, a year can look like an eternity from the usual vantage point of North American companies, but this European-based company had a different culture and set of values to draw on.

The mature view of its European parent allowed the plant to understand that values which result in committed people should not be sacrificed to bumps in the road.

The factory did not reduce its workforce, though there was no work to do. Instead of layoffs, every employee was retained in their current job, at their current salary. Since there were no products to make, employees made repairs, cleaned and upgraded the plant, built an employee sports centre, did intensive skill training, retooled, and readied themselves for a return to production.

A year later, the factory fired up again. When production resumed, quality levels improved, absenteeism decreased, and employee loyalty and commitment soared.

The gamble paid off in terms of profitability, the usual gauge of the myopic. A legend exemplifying the company's values had been added to an already strong corporate culture.

As a European company, they found the long-range view easier than most of the North American companies I have worked with. Perhaps that's because European culture has been around a lot longer. Europeans have seen governments rise and fall, companies come and go. Unlike most Canadians and Americans, they know that their culture will sustain itself beyond the current generation.

In transferring that view to business, European workers tend to be more laid back and concerned with quality of life. Sometimes this is a detriment to productivity and profitability. But for organizations that are highly competitive in the global market, the mature perspective allows them to be alert to and aware of short-term concerns, without overreacting to the crisis of the day.

This is a mature, adult perspective on work and performance.

Japanese companies are famous for taking the long view when it comes to strategy, brand, value, and human capital. No one's looking to the Japanese for management models these days, but the value of a long-range view is worth considering again.

After all, think of the trouble short-term thinking has created for North American companies recently. The flip side of cashing in during the bubble has been a more painful cashing out during the downswing. CEO pay structure that's geared towards strike-it-rich payoffs has seriously undermined longevity. Heavy layoffs and divestitures improve profitability, but seem out of line with vision, strategy, or organizational growth.

In the sequence of maturity, it is as though North American companies are in a state of adolescent rebelliousness. But what most people outside of developmental psychologists, school counselors, and wise but weary parents don't understand is that adolescent rebellion is not about breaking away, it's about testing the limits to see how to fit in.

Rebellion has more to do with the insecure need for immediate appreciation and recognition than it does with freedom. North American companies push the limits by seeking immediate gratification over sustainability and growth. One of the most common statements by employees at focus groups throughout North America is that they wish their executives would think long-term instead of short-term results.

The typical performance review system is representative of that level of maturity. We award short-term success over long-term track record, we talk team but in reality set up a system to reward individual heroism over team triumph, flurries of activity that get results now over sustainable building.

Organizations that have a more mature view of performance management link job behaviors to organizational values; follow track records over years, not months; integrate personal development plans into the longer term business strategy; and incorporate the feed-back of key "touch points," not just direct managers.

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