

The Fred Dilemma[©]

Solve Fred's Problem And Your Global Business Strategy Will Fall Into Place

by Fariborz Ghadar

Fred is a good friend of mine. He works at a large multinational corporation. The name of that company is not really important but for argument's sake, let's say that Fred works for Eastman Kodak. In fact, I know a Fred at Kodak, but I also know a Fred at BASF and I know a Fred at AT&T. Some Freds and their companies do really well, other Freds and their companies don't. So what makes one Fred and his company successful and another Fred and his company struggle?

Each of these Freds has a different job but they share one persistent dilemma. If Fred's organization could solve that dilemma, not only would Fred be much happier but Fred's company would be more successful in the long-term. The powers-that-be (not to mention Fred himself) would do well to pay heed to the story that follows. The fate of Fred's company just might hang in the balance.

A Short History of Organizational Evolution at Fred's Company

Before I explain Fred's dilemma, you need to understand how much organizational change Fred experienced first-hand over the years.

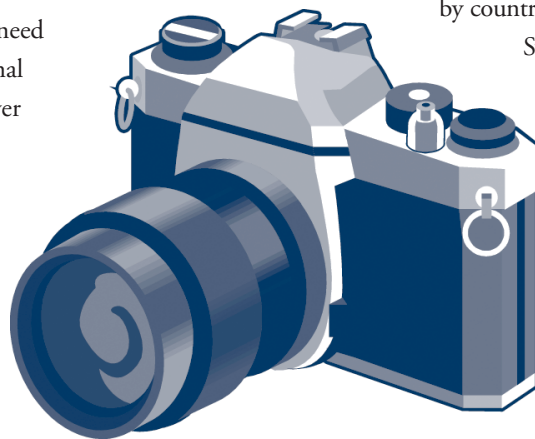
At the start of Fred's career, in the mid 1960s, his organization was structured functionally. From post-World War II until around 1983, most companies were divided along such lines. We had

managers in charge of marketing and sales—they could market and sell anything. We had executives in charge of finance—they could administer and finance anything. We had engineers in charge of manufacturing—they could build anything. And we had PhDs in charge of R&D—they were researching the Big Bang Theory of the Universe. Of course, before we make fun of R&D, we should recall how significant such research efforts have been. The team at AT&T's Bell Labs, for instance, was awarded a Nobel Prize after World War II for their study of how electrons move in silicon impregnated with germanium and other heavy metals. That led to the diode, the transistor, and the computer chip, and eventually changed our whole lives. My colleagues at Bell Labs tell me that the Big Bang Theory work going on today will change our lives radically in another 50 years or so as well. But in 50 years we'll all be dead. So for the sake of you, me and Fred, let's get back to Fred's dilemma.

Fred's company was also divided geographically. There were regions such as Europe, Asia and North America. Each region was divided by country and each country had a country manager. In

Switzerland, Hans was in charge. Hans was the house manager of Kodak and had about twenty people reporting to him, including Fred, all selling Kodak's primary products—film and cameras. The way Kodak operated was not so different from any other big company.

If we were talking about UBS, Fred's team would be providing financial services, and if it were BASF, Fred's team would be selling chemicals. Everything was straightforward and clear.



In the functional organization, all functions reported to the CEO. There wasn't a lot of talk between functions, however, and some important things fell through the cracks and these things begat issues and these issues became the seeds of Fred's dilemma. Who, for example, decided what needed to be built? Not R&D—they just wanted to study the Big Bang Theory of the Universe. How about marketing? They just wanted something to market and sell. Manufacturing? Sure, they'd build anything, but they didn't talk to R&D because engineers and PhDs don't mix, and they didn't talk to marketing because marketing and sales' job was to sell. Instead, manufacturing built stuff they perceived as neat without taking anyone else into account, then they threw it over the wall for marketing and sales to pick up and run with. Marketing and sales asked, exactly, what is it? Good stuff—go sell it. But the consumer doesn't want it. See, we knew you couldn't sell . . .

Not to say that some wonderful products weren't produced this way. At Kodak, these products derived from their core competency of polymer technology. Ever heard of Artificial Snow? It's a polymer that mixes with water which, when you freeze it, melts at two to three degrees centigrade. Nancy, back in Rochester, was in charge of Artificial Snow. She visited Hans in Switzerland and told him to go sell some. If you're a ski slope operator, Artificial Snow gives you an extra two to three weeks of business before the ski season starts and another two to three weeks after the season ends. Hans was used to selling Kodak film and cameras, and didn't want anything to do with Artificial Snow. So when Nancy showed up, Hans said, "Who are you? Why are you bothering me? Go back to Rochester." Then he went back to selling film and cameras.

Blood Analyzers were another wonderful new product. Bob was in charge of this technology. Here's how blood tests used to work. If you got sick and went to the doctor, he stuck a needle in your arm and drew out blood. After two or three tubes of your blood, the doctor gave you some orange juice. I don't know why he gave you orange juice, but you drank it and felt fine. The doctor then attached a piece of paper with your name on it to one of the tubes of blood and sent the tube off to a lab. In two to three days, someone's blood results came back, and you were assured that you were healthy... you hoped.

Now, if the doctor has a Kodak Blood Analyzer, all he has to do is prick your finger, draw two drops of blood, put it on a polymer sheet, stick it in a machine, and 45 seconds later, he'll have 17 different blood tests to look at. A wonderful product. The problem, however, was that under the functional organization structure, it didn't fly. Bob visited Hans in Switzerland and said, "Hans, I want you to sell some Blood Analyzers." And Hans, who only sold film and cameras, said, "Who are you? What are you

doing here? Don't bother me. Go back to Rochester." Then he went back to selling film and cameras.

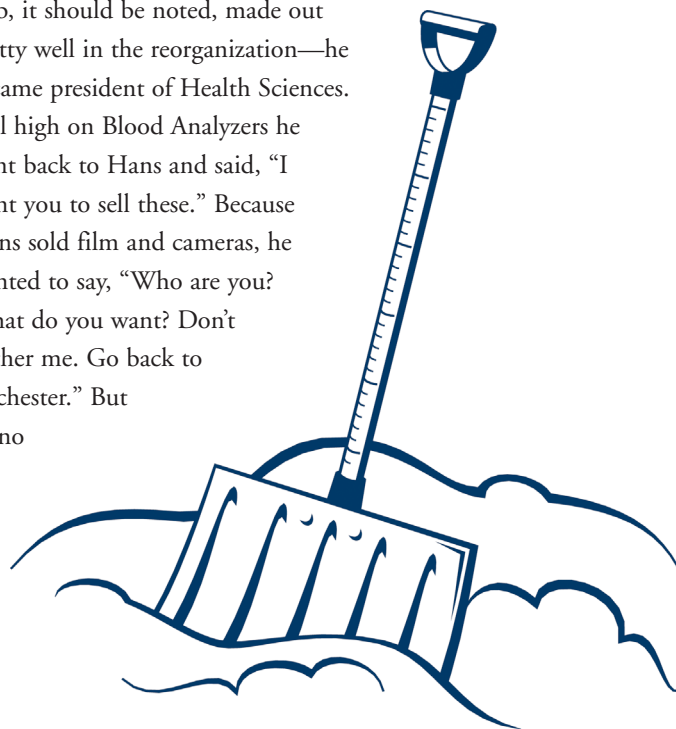
Fred's dilemma would begin in the same way as Nancy and Bob's dead-end marketing trips; unfortunately his complications would have larger implications as we shall see.

The Plot Thickens: Product Life Cycles Accelerate

By around 1983, product life cycles were accelerating and more of these new products kept coming in. Fred's dilemma was about to loom large. As Nancy, Bob and other managers encountered resistance to their new products, they went to the powers-that-be and said, "You know, we really need our own business units." The powers-that-be brought in some consultants and the consultants did some studies. In the end, they decided that the organizational structure, in the current marketing environment, was not responsive enough to adapt to new developments. As a result, Kodak went from a functionally divided organization to one that was divided by business unit. This happened in most international companies over the next twelve years or so. AT&T, being a regulated organization, took a few years longer to make the shift but did so by around 1989. BASF, a German behemoth, did it by 1995.

In the case of Kodak, the company now had 17 different business units. Of course, not all business units were created equal. Some of them were real business units with big imperial bosses—like film and cameras. Others, like Health Sciences (Blood Analyzers) and SnoMax (Artificial Snow Manufacturing) were more like Lord Chamberlains or Senior Poobahs.

Bob, it should be noted, made out pretty well in the reorganization—he became president of Health Sciences. Still high on Blood Analyzers he went back to Hans and said, "I want you to sell these." Because Hans sold film and cameras, he wanted to say, "Who are you? What do you want? Don't bother me. Go back to Rochester." But he no



longer felt comfortable doing that since Bob was now President of the Health Sciences Division. So what did Hans say instead? “Sure. I’ll take care of it. Rest easy. Go back to Rochester.” Feeling good, Bob went back to Rochester and Hans went back to selling film and cameras.

Later, Bob called back and said, “What’s going on?” Hans said, “Well, the market doesn’t really exist.” This made Bob raise an eyebrow. He said, “I’ve got all kinds of consulting reports and marketing assessments that tell me that medical devices sell like crazy in Switzerland. What are you talking about?” Hans replied, “That may be true, but my people don’t really know how to sell Blood Analyzers.” But Bob had a solution for that. He told Hans to send his best people to Rochester so that they could be taught everything there was to know about Blood Analyzers. Bob scheduled the training session for the middle of winter so Hans’ people could enjoy Rochester to the fullest.

After two weeks in sub-zero temperatures, Hans’ people went back to Switzerland where they proceeded to sell film and cameras.

When Bob called Hans again, Hans said, “I don’t know what the problem is, Bob. Maybe the incentive mechanisms are not in place.” So this time, HR got involved and changed the incentives. The result? Hans’ people continued to sell film and cameras. Why wouldn’t they listen? Simple really. The organization was geared to selling film and cameras. The metrics were in place to measure those numbers. The market was aware of Kodak as the company that sold film and cameras. In the end, the organization was not very responsive to new developments.

After a few years of this, the consultants come back for another reorg, but this time they brought their machetes. Eventually, the team in Switzerland under Hans was split up to serve the Business Units. They looked at the twenty people who reported to Hans and decided that five people would work for film and four people would work for cameras. Remember Fred? They made him responsible for Blood Analyzers. And they made a third of a person responsible for Artificial Snow. Since I do not know what a third of a person looks like, I’ll continue to talk about Fred instead.

The most important question for Fred became, who was Fred’s boss? The reorganization team scratched their heads and said, “Well, we really want to be market-oriented. So, Fred’s boss will be Bob.” But then someone spoke up and said, “You know

something, Fred has been in Switzerland for ten years and for all that time Hans has been his boss. This is not as easy as it looks.” The others agreed. Hans, after all, allocated office space. Hans allocated cars. Hans allocated secretarial support. Hans would probably assign Fred his new job. How could Bob be Fred’s boss? The solution was a dotted line to Hans and a solid line to Bob. Now, Fred knew exactly what to do. At some firms we call it “administratively to Hans” and “operationally to Bob.”

Fred Gets Customer-Focused

Fred was very excited about this latest reorganization because it gave him sole responsibility in his region for a valuable new product. He knew he could really stand out by making some big sales. So, he jumped into his car to visit the purchasing officer at his old major account, Nestle. Nestle was a very big client for

Kodak and Fred had been serving them for years. The Nestle purchasing officer liked Fred so he agreed to see him even though Fred was selling something called a Blood Analyzer. Actually, the Nestle guy was pretty impressed with the device once he saw it. He realized that it would be very useful to the company’s medical group in its employee benefits area. “Fred, these Blood Analyzers are great. Why didn’t you ever show them to me before?” And Fred, with a touch of pride, said, “Well, we’re much more customer-focused now.” The Nestle purchasing officer decided to buy two of them and signed a purchasing order for about \$100,000. Fred was happy. The Nestle purchasing officer was

But what about Fred? All of a sudden, he was feeling confused. He reported to Bob. He had a dotted-line responsibility to Hans. But he couldn’t visit Nestle without checking with Jane. Fred’s problem was starting to become a real dilemma.

happy... until he looked down at the order form and saw something missing. “Fred,” he asked, “what about my Kodak discount?”

Kodak discount? That only applied to major purchases. The Nestle representative had ordered two Blood Analyzers for \$100,000. That was a lot of money, but it didn’t reach the Kodak discount level. Fred told him so, but the Nestle representative saw it differently. “Fred, I bought 25 million dollars from you last year. I want my Kodak discount.” But Fred could only respond by saying, “You didn’t buy 25 million dollars from me!”

Fred’s Nestle friend didn’t say anything more, but after Fred left, he called Hans. “Hans, Fred was just here. Wonderful guy. I loved the Blood Analyzer. Bought two of them. Why didn’t you show me these before? But Hans, I’m a little confused. Fred says I don’t qualify for the Kodak discount because I didn’t buy 25 million dollars worth of stuff from you last year. Who did I write the 25

million dollar check to, Hans? And by the way, I looked down at my calendar and I noticed that Fred was in here today, and I've got 15 people from Kodak visiting me over the new two weeks. I don't want 15 people from Kodak visiting me, Hans. I want one person visiting me, and I want this Kodak discount stuff sorted out."

Whew. Hans put down the phone. He knew that Nestle was a very important account. He knew that Kodak couldn't let anything happen to this relationship. So he let the powers-that-be back in Rochester know what was going on. The powers-that-be came up with a solution. They assigned global account managers for the major clients. Jane became in charge of the Nestle account. She would coordinate all activities related to Nestle. Of course, Hoffman-LaRoche was a pretty big firm too, so they decided to have a global account manager for them as well. What about Omega, the watch guys? Oh, who cares, let's have twenty people visit the medium-sized accounts!

But what about Fred? All of a sudden, he was feeling confused. He reported to Bob. He had a dotted-line responsibility to Hans. But he couldn't visit Nestle without checking with Jane. Fred's problem was starting to become a real dilemma.

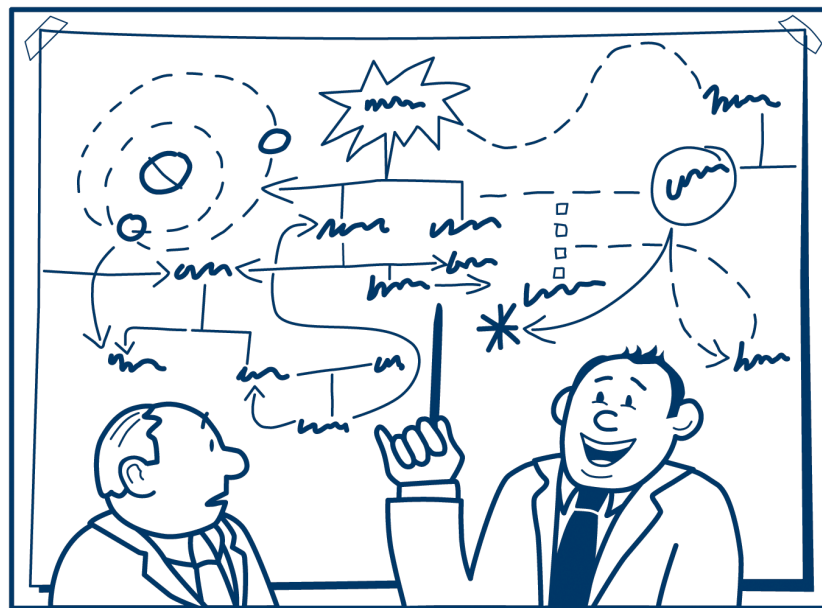
Fred Gets Entrepreneurial

Despite the wrinkles, Fred was still enthusiastic about the reorganization and excited about making his mark. He decided to start advertising. This entrepreneurial initiative immediately rocked the boat, however. Up to now, who was in charge of advertising in Switzerland? Hans. What did Hans sell? Film and cameras. In other words, Hans sold Kodak Moments. Children smiling. Happy faces. Weddings. Birthdays. Now Fred was going to advertise Blood Analyzers. Sick people. Hospitals. Blood! A very different kind of Kodak Moment. When Hans found out about Fred's advertising campaign, he went apoplectic. Fred was in big trouble.

Hans talked to the powers-that-be. "We're going to ruin our corporate image!" Hans was very persuasive. The powers-that-be were not at all sure they wanted to gamble with the Kodak image. So they decided that Fred could no longer mess around with advertising without checking in with Tom. Who was Tom? Tom was the corporate image person. Now Fred was really confused. Who was Fred's boss? Bob, with a dotted line to Hans, but he couldn't go to Nestle without checking with Jane, and he couldn't do any PR without checking with Tom. Just to be sure, Fred asked about management information systems. Right. No messing around with management information systems except through Sam. What about legal? That's Harriett. Fred nodded and got up to leave. The powers-that-be had one more comment, however. "Oh, by the way," they said, "we read this morning that product

life cycles are accelerating. If you don't make inroads with your Blood Analyzers now, GE or Phillips will be selling them to your best customers this time next year. So get on it."

The Business Unit organizational structure was supposed to make it easier for Fred to be customer focused and decisive. But Fred wasn't feeling very customer focused or decisive at all. More than anything else, he just didn't want to make another mistake.



"HR came up with this chart to clear up where you fit in the chain of command."

Fred Becomes Empowered

Gamely, Fred went back to the marketplace to sell Blood Analyzers. Dutifully, Fred checked in with whomever he needed to check in with whenever he had a question. Not surprisingly, his questions didn't get much response. Half the people thought to themselves, "There goes Fred with another crazy question." The other half didn't bother to answer. The net result was that Fred was stuck in limbo. He didn't respond quickly to the marketplace. He couldn't match pricing. He couldn't test new product innovations. The company was getting into trouble.

Fred tried to explain the dilemma he was in. He was told that he had the authority to make decisions, but he didn't feel that he

could afford to make mistakes. He knew he had to be more customer focused and entrepreneurial. What should he do?

Everyone agreed that Fred's dilemma was real. Everyone knew the firm had to come up with a solution for Fred. What should be done? "Well," the powers-that-be decided, "let's analyze the situation." Who talks to the customer? Fred. Who knows what the customer really wants? Fred. Who should make the product marketing and sales decisions? Fred. Voilà, the solution was very easy. "Fred," they told him, "you are now totally empowered. Go and do the right thing."

But Fred was not totally convinced. Warily, he said, "Okay, so now I'm empowered. What am I empowered to do?"

Clearly, Fred needed to understand what empowerment meant at a deeper level. The company bought empowerment courses and empowerment modules to train Fred. It hired consultants to come in and coach Fred. But Fred still found himself reluctant to put his neck on the line. When they asked him why, he said, "I understand what empowered means now. But what if I empower myself to do the wrong thing?"

Fred Gets Direction

Now that was a legitimate concern. Fred had fallen into that trap before. The firm didn't want Fred making the kind of mistake that would blow up the business. But at the same time, everyone knew that Fred was smart enough and experienced enough to juggle a lot of balls at once. Could it come up with some general guidelines for Fred to follow?

To try to solve Fred's dilemma, the powers-that-be got together with the latest generation of consultants. This time they decided that the firm needed a direction—a vision—a mission—a strategic intent. European firms even had a "purpose." Depending upon which consultant was doing the talking, the firm could have ended up with one, two, three, or all four of those mantras. Now Fred had some direction. The company was only going to concentrate on those areas it was really good at, and Fred's job was to execute. Fred, still gun-shy because of his dilemma, asked another very logical question: "What are we really good at?" The powers-that-be didn't understand, so Fred expanded on his point. "When I go back to work on Monday morning, what area should I concentrate on? What do I need to do to be successful?"

More good questions. The firm decided to benchmark all the things it did in the value chain against its competition and against other organizations in other industries that did such things really well. After that, it looked at all the data and identified its core competencies—the things that the firm did that made it number one or number two in the marketplace. Why number one or number two? Well, research showed that number one makes tons of money, number two makes decent money, number three loses money, and number four burns money by the truckload.

Now that Fred knew what the firm was really good at in the marketplace, he still needed to know how he should act in the marketplace. As a representative of Eastman Kodak, working in Switzerland, completely empowered, how should Fred behave on the job? To understand that, Fred needed to understand his

company's ethics or values. The research for that idea came out of MCI. When MCI was young and growing, the HR person, a fellow named Zimmerman, did a major survey of senior account managers. In the survey, he asked, "How do you guys behave and how should the new people behave to be successful?" MCI discovered that very successful senior account managers consistently talked to the same 15-20 people in the organization. Why those people? Well, the very successful senior account manager said that the answer was easy. "If I have an issue or a product I want to discuss, I call Sally. Why Sally? Because Sally's my buddy. If she says she's going to do something by Monday, she does it by Monday. She listens to the needs of customers, she keeps up with the technology, she's extremely responsive, she treats me with respect and dignity, she understands what's going on. She's my buddy."

Sally's behavior was a pretty good description of what made her successful at MCI. That became the MCI way. But what did that have to do with Fred? Eastman copied the idea and came up with—the Eastman Way. AT&T did it too, and identified their "Common Bond." Other people called it their values or ethics. In any case, that became the clear definition of how the Freds of the world needed to behave in the marketplace.

Back in Switzerland, Fred was now primed to sell Blood Analyzers. He had his Kodak "Road Map", he knew the firm's strategic intent, he understood what the business was good at, he was totally empowered, and he knew how to behave. What more could he ask for?

In order to act intelligently and make good business decisions about the products he was selling, Fred needed to know what was happening in the marketplace. What were his competitors doing? What was the firm's pricing policy? What should Fred charge for his products and services? What new products were on the way? If he had this information, Fred would be fully equipped.

Fred Needs Facts

Once upon a time, before all this product life cycle acceleration stuff began and firms were still organized along functional lines, Fred had product manuals. The manuals told him what to sell, how to sell it and how much to sell it for. But Fred couldn't rely on manuals anymore. He needed information.

What kind of information? Accurate, up-to-the-minute information. In order to act intelligently and make good business decisions about the products he was selling, Fred needed to know what was happening in the marketplace. What were his competitors doing? What was the firm's pricing policy? What should Fred charge for his products and services? What new products were on the way? If he had this information, Fred would be fully equipped. He knew how he was supposed to behave. He understood the strategic direction of the firm. He was well schooled in its core competencies. He listened to the customer and was responsive by nature, and he had been empowered to make good decisions.

He had a road map and a full tank of gas. But was Fred going to race down the highway, or putter along cautiously?

What Happened To Fred?

Believe me, Fred was up to the task. He was capable of managing the complicated dimensions—product and market information, behavioral values, strategic intent, road map etc.—that were now his responsibility to juggle. In fact, he was predisposed to thrive under such conditions because he was experienced, knowledgeable, proud of the firm, entrepreneurial and eager to make an impact. But despite everything the firm had done for Fred, Fred still had a dilemma, and that dilemma made him feel a little skeptical, and even a little scared. “Are they really serious about this empowerment thing?” he wondered. “Sure, they say, go ahead and do it, but they've said that before. What happens if I make a mistake?”

Many firms were going through yet another round of downsizing. Given everything that had happened over his career, Fred could be excused for seeing his new freedom as a conspiracy. He may have even suspected that the powers-that-be wanted him to make a mistake so they could fire him. In other words, Fred's dilemma was still just as big as when he started.

In the end, it matters little what specific global strategy the firm chose, or how they decided to empower Fred. What Fred really needed to know was more simple than that. Was the firm committed to his success? In turn, the powers-that-be needed to know that the road to success was lined with experiments and

mistakes. Without this understanding, there was no way that Fred's dilemma would be solved, no matter what initiative, reorganization or global strategy the firm tried.

The companies that solve Fred's dilemma are extremely successful. Take Sony, for example. It's said that Sony launches about ten thousand products a year. Very quickly, they narrow that number down to about a thousand, and then refine it further until they have about four hundred. Sony knows that it needs about an eight percent market share on each product to meet its Return On Investment. When a Sony product manager designs a product he takes it to the Akihabara section of Tokyo and starts negotiating with potential customers. After he finds out what those customers like and don't like about the product, he goes back to the product design center, talks to the other designers, and modifies the product in line with all that information. Within six months or so those ten thousand product ideas are whittled down to that key four hundred. Obviously, many of those initial ten thousand products could be classified as “failures” but Sony doesn't think this way. Failure at product design for a Sony employee is no big deal – in fact, it's expected. For Sony to be successful, everyone is supposed to fail, learn from that failure, and move forward.

A Wal-Mart manager is treated much the same way. She's empowered to do anything she wants. She can paint the aisles blue or orange. She can post competing prices or not post competing prices. She can accept competitors' coupons or not accept competitors' coupons. To back her up, however, she has a management information system that gives her all the data she needs to determine whether the decisions she makes are successful or not. Have her sales picked up since the aisles were painted blue? The Wal-Mart manager knows instantly the impact of her initiative. In turn, Wal-Mart, the company, gets to experiment with countless small initiatives all over the world. Wal-Mart's empowered employees respond in an entrepreneurial way to the market according to Wal-Mart's credo and values—and Wal-Mart knows which of those ideas are good ones and spreads that knowledge around instantly.

If companies want to be successful in the marketplace, they must give Fred the necessary support. They need to:



- Tell Fred what he can't do, what would blow the business up.
- Encourage Fred to be entrepreneurial and take initiative.
- Empower Fred to do the right thing.
- Give Fred a "Road Map" of where to go and how to get there.
- Provide Fred with the up-to-date, accurate information necessary to be responsive and "intelligent."
- Allow Fred to fail, to fail small, early and quickly, so that he can move forward.

Most importantly, the firm has to learn from Fred's mistakes and move forward. Fred and Bob and Nancy (and even Hans for that matter) need to trust that the powers-that-be are serious about walking the talk. They need to feel supported and directed.

Many firms try to do this, and many firms fail. The powers-that-be are generally enthusiastic about the idea, and so is Fred. But somewhere in between, the old guard falters. It turns out, they're afraid, too. Is the firm really serious about this or not? If the managers in the middle are not one hundred percent certain, then Fred picks up on that doubt, and his dilemma grows.

When people say that leaders need to manage less and coach more, that is what they mean. Fred is the one who really understands what's going on with the customer and in the marketplace. Managers—from the CEO on down—need to get that information from Fred, provide him with the guidelines and support to do what he thinks is best, and provide a safety net in case he slips.

In other words, the challenge for senior management is, how do you allow Fred to make a decision? How do you communicate to each other all that you know? Do you really understand the Fred who works in your company? How are you going to solve his dilemma?

Epilogue: Where Fred and His Firm Found Themselves

I'm not making Fred up. Fred does exist. Fred went through all the organizational changes I described. Most companies went through those changes. Kodak went through it earlier, because it's a consumer oriented company, but product life cycle acceleration has made an impact on all companies around the world and all the Freds and Fredericas within them.

The thing at Kodak was that it never did manage to solve the Fred Dilemma in a timely basis. The Freds at Kodak never felt supported to make SnoMax really work. That division was spun off, and became successful outside the company. Same thing with chemicals. How about Blood Analyzers? That division was sold to Phillips. Instead of profiting from all of their wonderful technologies, Kodak retreated and went back to film and cameras. That was the one area they were supposed to be good at but it was already in jeopardy. Fuji in Japan and Agfa in Europe had cut into Kodak's profit margins, and the world was shifting from photography to digital imaging anyway. Kodak—no surprise to Fred—was not at the forefront of that change. Now that it is

making the shift, will it be able to respond to the speed with which digital imaging itself promises to change?

I interviewed Fred a few months ago. He was about to retire, and is probably retired now. Over dinner, I asked Fred what he thought about all the organizational changes that had happened over the years, and what advice he would have for junior managers coming up through the ranks.

Fred thought about that for a few minutes and came up with an answer. He said, "I don't know what advice I could give, but I can talk a little about regret. I don't regret making decisions and finding out they were wrong. And I certainly don't regret

the decisions I made that were right—I'm very proud of those. But what I do regret are the times when I wanted to do something and decided not to because I was worried something would go wrong and I would look like a fool."

As Fred and I discussed it further, the truth became clear. The lesson for today's manager is to not be afraid of doing the right thing. If you know the direction your company is going in, and you think the decision is right, just do it. If you make a mistake, that's okay. Your organization should understand. In order to thrive, it needs to learn from those mistakes and move forward.

Despite all our concerns about global strategy and implementation, we end up with Fred. Although senior leaders and senior consultants spend a lot of their time trying to work out the big picture, what we really need to do is solve Fred's dilemma. Accelerating change demands an acceleration in strategy formulation and implementation in an organization geared for renewal. We need Freds and Fredericas that can deliver on evolving strategies while responding to emerging opportunities in dynamic environments.

The lesson for today's manager is to not be afraid of doing the right thing. If you know the direction your company is going in, and you think the decision is right, just do it. If you make a mistake, that's okay. Your organization should understand. In order to thrive, it needs to learn from those mistakes and move forward.

Our organizations, in turn, need to facilitate, rather than frustrate, Fred as he tries innovative approaches by experimentation.

By creating such an environment we encourage organizational self-renewal. When the passion, commitment, and imagination of our Freds and Fredericas is unleashed, it results in global organizations with firm-wide wealth creating capability that have mastered the keys to success, no matter in what economic environment we find ourselves.

In my discussions with executives around the globe, I notice that most corporations have already articulated a vision, mission and value system, and believe that their associates are empowered. I ask them if they are serious about these issues. They state that they are. Is the CEO and President serious? Yes he or she is as well, otherwise why bother with all this articulation. Then why, I ask, is there a “Fred Dilemma”? Oh, it is because of them. Who are the them? You know them—everyone between us and the CEO. That is very interesting. Does that mean that the them have not bought into your empowerment, vision setting, and value system guidelines? Silence.

In most organizations, when I meet with executives, I am assured that these people comprise the top 1% to 5% of the organization’s associates. So that means that at least 95% of the organization thinks of us—Mr./Ms Executive—as the them. When we return to our task next Monday please recall that the Fred Dilemma can be and has to be addressed by us. We are the them.

Do unto the Freds who report to you as you wish “the them” to do unto you.

POSTSCRIPT

My evening with Fred and his wife lingered on into the wee hours. As we finished our tea and coffee, we fell quiet, thinking about events over the years, until Fred’s wife spoke up: “There’s something else you wanted to say, isn’t there, Fred.” And Fred agreed. He said, “You know, as you grow older, and you’re about to retire, you realize that the people left around you are your family and friends. The people from your organization don’t matter as much. They’re not in your life when your days at the company are over. What I regret is having gone to the office on too many Saturdays. It’s better to spend some of that time with friends and family, the people who are really important.”

Fred is right again. Yes, we have to be efficient to be successful, but at the end of the day we also have our personal lives. We should honor that, cherish it, and keep it for ourselves. Marshall Goldsmith, a friend and world-renowned coach to CEOs, discovered the same points when he surveyed aging people. What do you regret? Too many Saturdays at the office. Not enough courage when it came to making the right decisions.

FARIBORZ GHADAR, William A. Schreyer Chair of Global Management and Director of the Center for Global Business Studies at Pennsylvania State University, is an authority on future business trends, global economic assessment, and global corporate strategy and implementation. He consults with major corporations, governments, and government agencies, and regularly conducts award-winning executive programs for multinational corporations. *BusinessWeek* named him one of the top 10 “Stars of Finance,” and he was selected as one of the top 10 thought leaders and practitioners of strategy coaching in *Profiles in Coaching: The 2004 Handbook of Best Practices in Leadership Coaching*. Professor Ghadar is the author of more than 10 books, including *Global Tectonics: What Every Business Needs to Know*. He frequently is quoted in internationally circulated publications, and has been a featured speaker and an interviewee on major television networks and business broadcasts.