



A Talent Management Alliance

Best Business Strategies for Today's Economy

October 2011

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**Presenting:
Developing
Talent Through
Coaching at
the
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SHRM
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October 18**

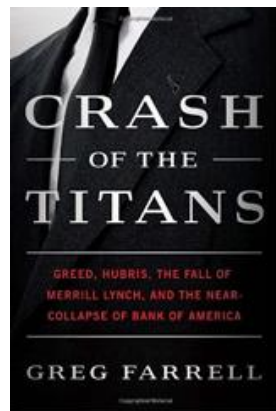
**Through Eagles
Eyes enhances
the success of
your
organization
through your
people!**



A Case Study in Opportunity

In the last several weeks we have attended two seminars, and have been forwarded articles and books all chronicling the current condition of leadership in the United States. Perhaps we are intended to write more on the subject.

Most of our readers know from many sources, including our articles, that leadership in our country could be and needs to be better. So, how can that be accomplished? Perhaps a contrasting case study will provide insight into what works and what doesn't.



Greg Farrell recently published his eye-opening book, **Crash of the Titans**, the horrific tale of Merrill Lynch's near bankruptcy and ultimate sale to Bank of America, set within the backdrop of the profound failure of other financial and governmental leaders to understand their own culpability in the mess that may even now have further economic consequences.

Farrell takes us through the timeline leading up to and through the meltdown of banks in 2007 and 2008. CEO's pursued profits at any risk while financial self-interest trumped prudent corporate governance, and most glaringly, grasped for personal fortunes above all else.

In stark contrast, let's look at quite a different example of leadership from a couple of decades earlier. After decades of management and union infighting and neglect, International Harvester was broken into pieces and scuttled in the early 1980's. One small heavy manufacturing unit was sold to Jack Stack and a small group of investors. Having been renamed The Springfield Remanufacturing Company (SRC), the company reconditioned heavy diesel engines for commercial use.

With a total purchase price of \$10 million and total equity of only

\$100 thousand, the 99/1 leverage was eye-popping. Interest rates were sky high and the banks required two financial statements per week from SRC. With an adversarial union workforce, Stack estimated he had six months at most to turn the business around. This was **before** the source of 50% of their orders, General Motors, took their business elsewhere.

Jack Stack needed to do something radical. In such a business culture in 1983, his management style couldn't have been more unorthodox. He was transparent, sharing information with every member of his workforce about every detail of their business. He told them the harsh facts of their financial condition. He taught each employee what his or her job made or cost the company, and asked each of them to contribute ideas for improvement in every phase of the operation. He encouraged each employee to buy stock in the company. The company reported weekly exactly how the company was performing financially, sharing details with every employee, and providing every department additional needed support and assistance.

Even after the crisis was long past, the employee-centered philosophy never changed. Pay was always adequate and fair for employees. At SRC no employee received a bonus unless all employees did. SRC had incredibly low turnover coupled with high productivity and maintains it even today. **INC. Magazine** has called SRC the most competitive company in America.

SRC in 13 years saw its stock price rise 18,000 %. In 15 years they were completely free of debt. By every measure, performance bordered on unbelievable. By the year 2000 they had 17 divisions. Most employees today own stock individually, and in their employee stock ownership retirement plan. Retiring employees are bought out of their stock position to ensure they retire comfortably, so new employees can participate fully in company growth.



This happened because of their people. SRC owned virtually no tangible assets when they started in 1983. Great people drive results like this.

Each week at SRC, every department knows how every other department is performing compared to their objectives, and difficulties are addressed company wide immediately. Loyalty is solid throughout the organization.

If this culture existed in our nation's largest financial institutions our current economy and financial outlook would be far more positive. Companies like SRC, with great leaders at the helm are certainly providing a solid foundation for us to grow ourselves out of our current financial problems. We need more of them.

When business leaders' personal interests align with the longterm interests of customers, employees, and communities, performance will escalate nicely. This makes it easier to deal effectively with

other significant challenges we face.

When a truly committed leader takes that look in the mirror, examines these challenges at depth and resolves to work through and eliminate them, they come upon the most surprising discovery. As they show humility, respect, honesty, and understanding for others, they are rewarded with trust, loyalty and high performance. In addition, they are able to view the business landscape with far greater insight, wisdom and clarity. It is a model that SRC and other fine companies have proven over the last quarter of a century.



Why not look seriously at available business tools to encourage top performance from your employees.

In the next decade we'd like to see thousands of organizations vying for the title of "The most competitive company in the United States", especially the ones we work with. We'll show

you how.

Tom Searcy & Diane Winn, PCC
Through Eagles Eyes, Inc.

Thank you!

***We would like to thank the Michiana chapter
of the Society of Human Resource
Management for honoring Through Eagles
Eyes with the
2010 Business of the Year award!***