

Chapter 6 of 7

Seven Costly Mistakes Executives Make that Cause Productivity, Performance and Profits to Suffer

Featuring practical solutions that effective leaders can take to re-establish strong accountability in winning organizations.

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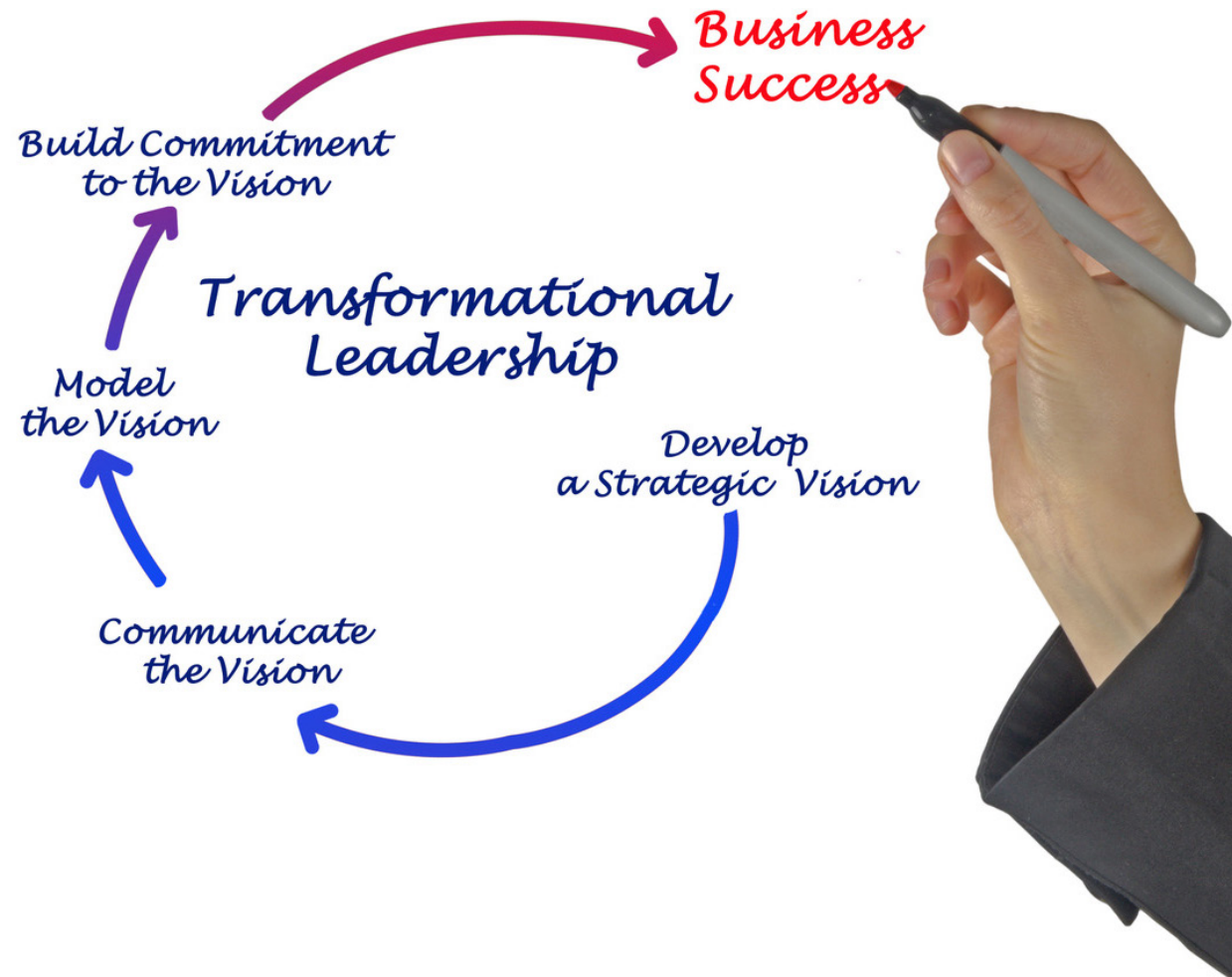


Introduction

Performance is how well work is performed (quality). Productivity is how much work gets done (quantity).

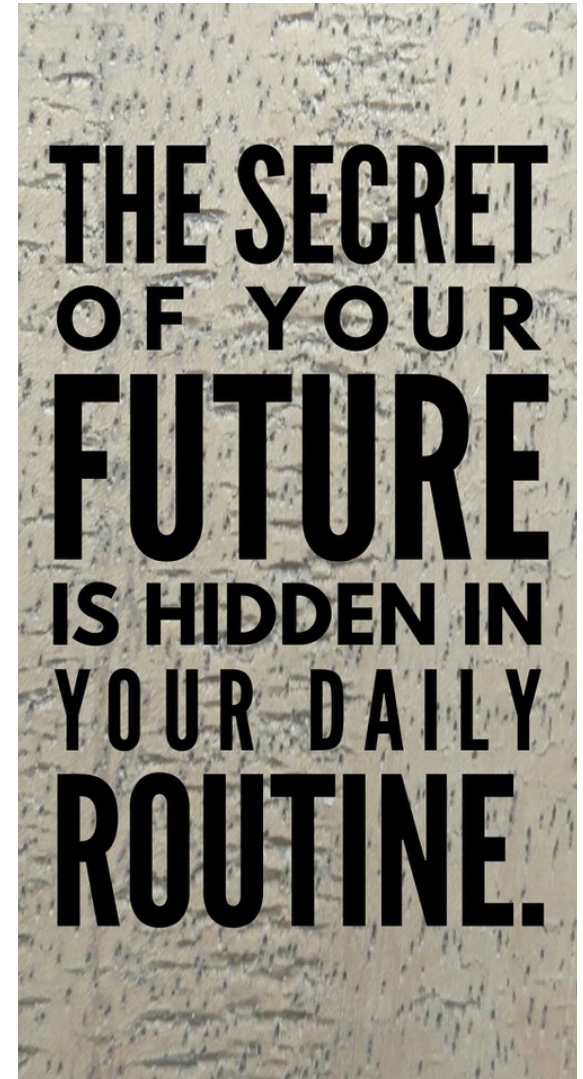
People – the human spirits – are the source of the work that gets measured. My guess is that if you hold an executive position in an organization, you will find yourself in this report at least once. All personal stories are true accounts of real situations and real costs. Names changed to protect the innocent.

Every one of these seven costly mistakes finds its source in either faulty thinking or faulty communication or both.



Seven costly mistakes executives make that cause performance, productivity and profits to suffer.

1. Poor communication, in particular:
 - a. Being unwilling to have difficult conversations
 - b. Not communicating expectations
 - c. Making statements when questions are in order
 - d. Not Listening
2. Acting as if your assumptions are the truth
3. Lack of focus and a plan
4. Lack of clear thinking that leads to poor decisions
5. Using the wrong measures of performance
6. **Using poor systems (or environments) and expecting people to overcome them to produce superior results**
7. Ineffective, off-putting or damaging relationship management with employees and/or service providers



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Using poor systems (or environments) and expecting people to overcome them to produce superior results

Systems and people work together. Having to overcome constant breakdowns or consistently poor systems is discouraging, disheartening, and disempowering.

According to author Lee Thayer, a sick or dumb system rewards “A” while you were hoping for “B.” It provides an adversarial environment in which work is trying to be produced. This from a frustrated client:

Jim had not seen his financials in several months, pending the installation of software that would produce reports more automatically than in the past. When the software installation was stalled because the on-site expert left his job and cash got tight, the person responsible for creating the reports balked at the extra work required to input all the data by hand.

Simultaneously, the inventory was not controlled well and this new software installation was supposed to be able to give an accurate inventory count. Meanwhile, raw materials were at risk of being stolen, with no way to track these materials in inventory.

Additionally, this particular manufacturing facility was in poor repair and the accounting person was also the human resource person, who complained of poor space planning. She didn't feel she had sufficient privacy to deal with delicate HR issues.

Earlier that year Joey, the owner's son began running a division of the company. Joey said he hadn't seen any financials since July and didn't trust the ones he had seen. He was working off of excel spreadsheets he created for himself because the tracking system software he inherited was 25 years old.

The manufacturing supervisor was injured and out of his job on worker's compensation. Because of poor safety precautions, although this individual was not productive, Jim didn't dare replace him for fear of a lawsuit.

Superior employee support creates the opportunity for superior employee performance.

“SAS was listed as the number one best company to work for in Fortune Magazine's 100 best companies to work for. In fact, “SAS has been one of the best companies to work for all of the 13 years of the list. SAS boasts a laundry list of benefits – high quality child care at \$410/month, 90% coverage of the health insurance premium, unlimited sick days, a medical center staffed by four physicians and 10 nurse practitioners (at no cost to employees), a free 66,000 square-foot fitness center and natatorium, a lending library, and a summer camp for children. The architecture of this culture – based on ‘trust between our employees and the company’– is Dr. Jim Goodnight, its co-founder, and the only CEO that SAS has had in its 34-year history.

“Even with all those perks, SAS is highly profitable and ranks as the world's largest privately owned Software Company. Turnover is the industry's lowest at 2%.”

Superior employee support creates the opportunity for superior employee performance. It would seem that SAS is over-spending, but consider the saved costs keeping turnover at 2%. Remember, a \$50,000 person can easily reach \$75,000 to replace them. Given SAS employed 5,487 people in the US alone, at the time of this writing, with job growth of 2%, those perks saved SAS money. That is a paradox worth getting your mind around.



Cost: Lack of sensitivity to employees needs leads to low productivity and poor morale that can lead to turnover. In some settings, it can obviously also lead to injury, worker's compensation claims, and lawsuits.



Actions: Set a high standard; bring integrity to processes and systems. Attend to both the culture and the systems at the same time. Get expert guidance in these areas if you discern that you are weak.



About the Author:

Accountability Pays President and Founder Pamela Stambaugh, has practiced as a Behavioral Change Master for over 30 years. Her focus is Growing Leaders Inside Growing Companies.

In addition to coaching, Pamela delivers three programs: 1) Executive Strategic Support with CEO Tools, 2) an Emerging Leader Accelerator, and 3) Success Accelerators for the Time-Challenged Leaders, an on-line Leadership Mastery course. *(See links on the following page for more information on these programs.)*

Client outcomes have included improving operating results, upgrading team performance, and creating a culture of trust and open, authentic communication. She has worked with global, small and mid-sized companies across many industries.

Her clients have included Kodak worldwide, SKF worldwide, Coca Cola in Greece, Efes Pilsen in Turkey, The Old Globe Theater, The Ken Blanchard Companies, GE Healthcare, CBIZ, and the University of San Diego, to name a few.

Pamela has spoken and trained around the world on topics related to accountability and developing high performance teams and is co-author of two business books. She is an ICF Certified Executive Coach, and a Certified Woman Owned Business. In 2023, she is Chair of the San Diego WBEC-West Forum, and is a member of the Board of Governors of the University Club atop Symphony Towers.



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