

Management In Real Life

by Kevin Herring

“People are our greatest assets” is one of the most commonly seen statements in lobbies, board rooms, and recruiting materials. It is also a phrase highly criticized by many company employees. What does it really mean to be a “greatest asset” and what are the implications for management?

In terms of my own business, my expertise in organization and people systems is my greatest asset. As such, I strive to protect it, through continued writing and study, and even build on it. If I owned a business where I believed my equipment was my greatest asset, I would never consider selling the equipment for ready cash, casually disposing of it, or allowing it to deteriorate. These things would have a seriously detrimental effect on my business. Instead, I would invest in the asset keeping it well maintained and in excellent working order so that I could keep the business viable.

When a leadership group makes the statement that people are their greatest assets, they are, in effect, saying that the company’s people are indispensable to the success of the business. The assumption of company employees follows that in difficult economic times, they will be preserved because the organization would not be able to continue without them.

In many organizations, however, this belief would be shattered with the first business downturn leaving support groups outsourced and employees terminated. The concept of being a “greatest asset” would soon be ridiculed by the employees who remained and become fuel for employee cynicism. In time, the commitment posted on the lobby wall would be ignored and replaced with employee sarcasm about how management is management’s greatest asset.

In contrast to this scenario, CNBC recently reported developments in an organization with a contrary management philosophy. Charles Schwab, the discount brokerage firm, announced a 15% drop in trading activity resulting in significant hits to profitability. Surprisingly, Schwab’s response failed to include any mention of layoffs or across-the-board wage cuts. Instead, the leadership group protected the company’s assets, or people, and announced that senior vice-presidents would take a 10% cut in salary and that executive vice presidents would take a 20% cut. But that’s not all. Charles Schwab himself took a 50% cut in salary. The suggested headline in the story was “Cut-Rate Broker Chops Self.” I would suggest a better headline: “Broker Preserves Assets-Saves Business.” Following the announcement, Schwab stock dropped a mere 1% signaling approval from stockholders.

I am not aware of any formal statement by Charles Schwab & Company that suggests that people are its greatest assets, but I have no doubt that Charles Schwab knows what needs to be preserved to keep his business viable. Based on recent actions, it appears to be his people. Let’s hope that other business leaders who say that employees are the company’s greatest assets take notice of Charles Schwab and how he manages *his* company’s assets.

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At Ascent we believe that organizations are only as successful as the systems that engage the individuals who work there. Ascent Management Consulting is committed to creating management, culture,

organization, and governance systems that enable personal fulfillment and organization effectiveness. For information about Ascent Management Consulting, my work, or philosophies, please call me at 520-742-7300 (office phone) or 520-465-8594 (cell phone). Or you can email me at AscentManagement@earthlink.net or KHerring@deseretonline.com. If time is not a factor, snail mail will eventually reach me at Ascent Management Consulting, 330 E. Glenhurst Drive, Oro Valley, Arizona, 85704.