

# North American Management Briefs

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**LEHNEN, MOLLAN & Associates**  
 Channel Distribution and Pricing Consultants  
 Phone: 1-815-226-1666 www.LMAUSA.com

## You Should Know...

### That's Inflation

The average ticket price in major league baseball has more than tripled since 1991 from \$8.34 to \$26.74 reports *Time* magazine.

**The Point:** Given that hotdogs, beer, and everything else tripled, owning a MLB team might be very profitable.

### Get That Degree

Since January 2011 employment for Americans with a college degree increased by 521,000 jobs. For those with only a high school diploma, employment has fallen by 318,000 jobs reports *USA Today*.

**The Point:** A college education is expensive, but its value is clear.

### Spring Cleanup

Volunteer mountaineers with Sherpa guides have removed 11,000 pounds of trash including empty bottles, oxygen canisters, and abandoned tents, ropes, and frozen bodies from the slopes of Mt. Everest.

**The Point:** Where is the EPA when we need it?

### Population Bomb?

India, with a population of 1.2 billion, will surpass China by 2030 as the world's most populous and the largest English speaking nation.

**The Point:** And they are really a macro market.

### Population Bomb II?

The population of Lost Springs, WY, increased 400% since the 2000 census to a total of...4.

**The Point:** Their single resident must have gotten married.

### April's Quote

*"The biggest human temptation is to settle for too little."*

Author and monk, Thomas Merton

## Better Management

While bad things can happen to good companies, usually the most reliable predictor of a company's success is the quality of its management. In the interest of "sharpening" management skills we offer the following five simple, but timeless practices:

**A. Evaluate employees better.** In good times it's easy for employees to look like stars so evaluations become less rigorous. This can lead inexperienced managers to believing they have a team full of "A" players. In tough times, however, it's much easier to distinguish the "A" players from the third stringers. Make sure your evaluations are unbiased even in good times.

**B. Be humble when forecasting.** Telling investors, managers, and/or board members exactly what quarterly sales will be and then "providing guidance" during the quarter to adjust their expectations has never served a useful purpose. It can actually cause harm as managers feel pressured to hit previously announced, but questionable sales targets. Aetna, GE, Intel, Unilever, and others have stopped providing firm forecasts as the economy, interest rates, the competitive environment, the cost of raw materials, technology etc. are all unpredictable. Be humble when forecasting.

**C. Manage for value.** What should a company do? Earn a return on the company's capital that exceeds the total cost of the capital in the business. This seems very simple; however, consider whether you or anyone in your business is being paid explicitly for achieving this goal. Most employees are paid to achieve other targets such as sales quotas, quality goals, earnings per share,

percent growth, etc. Yes, those goals may "feed into" the overall goal, but they may not. The macro goal must be part of every manager's comp/recognition plan if a company is to succeed.

**D. Understand risks.** The most dangerous risks a company faces are the ones no one wants to address. Unimaginable risks include technological obsolescence, atrophying market, acquisition of a competitor by someone from outside your industry, etc. Jack Welch was right, "confront reality as it is, not as it was or as we would like it to be."

**E. Mine employees for ideas.** Looking to identify inefficiencies and duplications of effort? Your employees know where they are.

Establish a communication program to gather their ideas. The best programs have two elements in common: recognition and a prompt response from management.

**The Point:** It should be no surprise that just plain hard work is the key component of good management. It also should be no surprise that three of the five practices above are effective only if a manager establishes communication vehicles and communicates personally to all employees.

**Top 10 Drinking Countries  
 Alcohol Consumption per Person**

1	Moldova
2	Czech Republic
3	Hungary
4	Russia
5	Ukraine
6	Estonia
7	Andorra
8	Romania
9	Belarus
10	Croatia

Source: WHO World Health Organization, 2010