

Infrastructure Series



Published November 2011



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The Infrastructure Series

Great companies have great infrastructure but what creates great infrastructure? Are there key areas that make the difference? How do we look at the Infrastructure of our companies to make sure that the components are there for building and supporting a great company?

These questions and more were addressed in the Infrastructure blog series in November 2011. We hope that as you read the series you will look into your own company, examine what exists, what you need to build and what will become obsolete. Should you need assistance, please give us a call.

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Assembly Required

I received a call from a lady who wanted to start a new company. The best description of her might be “energy personified.” Not only did she speak a mile a minute but the thoughts and ideas she cast off in the conversation flew in every possible direction. She had a lot of ideas, over the top passion, a little anger and just knew that she could do something bigger, better and grander than she had experienced through her current company. She not only had energy and passion but was a BIG thinker.



You have to love people like this as they are like sparklers. They have their moment where they are on fire and bring a delighted moment with their display and then fizzle out leaving a simple burnt wire that never becomes anything else.

Compare the big thinker against a visionary. The visionary, as they describe their idea, paint a picture where it is possible to see it and how it will happen. They too, have ideas, passion and energy but they know that none of these mean much without structure and focus.

If I gave each of these a type of erector set to build a company and set them to work, the visionary would have an idea in mind of what it would look like when complete, the big thinker would see all of the pieces and parts, selecting the shiniest as points of concentration...but neither would build a company from all of the parts and pieces. In fact, both would probably become very frustrated. An architect would be needed to translate the vision to an executable plan and bring together the components and expertise to create the plan to turn the concepts into a company. Still the erector set would not come together on its own.

An engineer might be required to resolve issues and challenges where the plan would not work as written due to the materials or other elements available. However the engineer, like the big thinker, visionary and architect will not put the set together. It will require a builder and laborers who can execute the ideas that have been brought into a vision, drawn into a plan to utilize engineered modifications before it begins to take shape. The shape will be required to follow certain rules, governed by the design and function of the pieces. A wheel does not turn freely unless on an axle, a joint does not work without the connecting pieces and a connector does not do any good unless it fits into the pieces it is to connect. In essence, these rules, defining elements and governing factors are infrastructure at its most basic level.

Companies may be built on ideas but cannot be sustained, grown or changed without infrastructure.

The infrastructure of companies includes items and or functions that are grouped into:

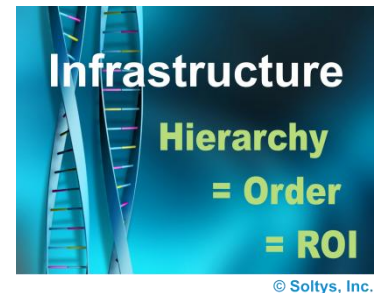
- Purpose
- Communications
- Hierarchies
- Environment
- Culture
- Mechanics
- Future State Objectives

Each will have many sub-elements, all creating an internal structure for the company and allowing growth and development without breaking the company. Infrastructure is flexible and changes as needed, but within its defined role. When infrastructure is too rigid, a company cannot grow or adapt. In rare cases, the big thinker, visionary, architect, builder and laborers are found in a single individual who often is the initiator. The single person can work with minimal infrastructure, but if they want to grow, it requires infrastructure so that others are on the same page bringing the disassembled parts of the erector set together into a working company.

Our blog series for the month of November will focus on infrastructure. Within the series we will begin to explore the parts and pieces needed to make a company work like a well-designed and maintained machine.

Hierarchy = Order = ROI

Many people think a hierarchy is simply the personnel organizational structure, but this is only one of the components. Hierarchy in a company defines order in everything from communications and decision making to each process that is to be executed. Consider these examples:



- Peggy built her company where the culture was driven by a family and friends working relationship. She hated all of the layers of management in her old company. Her idea of the perfect company was one where everyone agreed with every decision and no one had to be the boss.
- Wally was very proud of the large company he had built. His leadership and management met regularly to review stats, plan and deal with challenges. Wally loved to bring up issues and then ask openly who was going to step up to the plate and take the challenge. Everyone knew that it was not going to be Wally, not even in terms of guidance or inspection.
- It was the first floor duty call time for Tim. All of the training had been taken and he had all of the scripts at his fingertips. A call came in and he was very excited and ready to do his best but the caller asked something that was not in the scripts.
- Sheila was a new bookkeeper and learning her job. The company had recently implemented an electronic system of banking and bill payment. As the stack of bills was the largest, she decided to attack those first. Methodically following the directions, she entered each bill for payment. The system default was pay now rather than prompting for a date. All of the company payables were paid that day. She did not get to deposits until the next day.

There are hundreds of examples that could be used, but these should have your mind churning. Everything that we do in a company is governed or touched by rules of hierarchy. In most companies a lot of these are unwritten, but understood, and some are left to common sense. These rules are a part of the infrastructure of the company and are integrated in a multi-level/multi-dependency matrix.

It is inherent in human nature to crave order. We do not like chaos, indecision and lack of definition. In fact, the most efficient and often profitable companies are those in which hierarchies or process, communication, tasks and people are defined and understood.

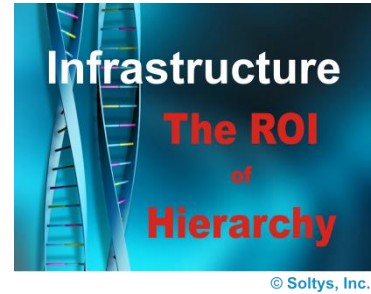
To illustrate the impact of order, let's look at real estate companies and agents. When I was first licensed a long time ago, there was not much training. It was basically "Here's a desk and a phone, now you are on your own." Fast forward 30+ years later and a friend interviews a real estate company as a prospective licensee. Competencies are tested prior to the interview, and there's a check of the candidate's background through the Internet and social media before an interview is scheduled. The manager not only talks about the training required to be successful but begins to talk about how the person will approach work, from building a base of contacts through the pattern of work that will pay off in a great career.

What a difference! No guidance to a system of onboarding, ramp up and accountability to a career. The dropout rate when I started was such that you could look around any room and know that over half would not be in the business within less than a year and that within three years only about 10% would remain. While not every company operates with the kind of systems, order and hierarchy where my friend interviewed, that company's stats far exceed industry norms. They start a fairly large group of new agents each year in addition to the experienced ones they hire. Each of the agent groups from new to the well-seasoned have significantly higher per person productivity, per agent income, per agent ROI to the company, and lower dropout rate than any company in their market. Their managers build careers rather than babysit problems. They are the company of choice in the market.

The upfront investment creating the hierarchies and systems, as well as the maintenance, is significant, but the payback far outweighs the cost. If you think about a problem that you faced in your company: a transaction, decision or recruiting; would hierarchy have made a difference? Usually, the answer is yes. There is very little that is random in business that has an ROI and nothing random can be replicated.

The ROI of Hierarchy

A great example of a company that understands the importance of hierarchy and has integrated the rules throughout their organization would be the McDonald's Corporation. Every aspect of the business is driven by rules of hierarchy, creating standards and priorities quantified and held to strict parameters within their defined metrics. About the most random thing you will find in McDonalds is the "dash" of salt but even this is trained.



If I were to give you the task of creating a consistent product that could be delivered throughout 14,000 locations in the US and 33,000 worldwide, with a combination of company owned and franchised operations, it would be daunting. Even if all of these were company owned, it could not be done without rules that operated within a hierarchy.

A McDonald's hamburger is cooked according to very specific rules and timing to ensure that you have a hot, freshly cooked hamburger with your hot fries and beverage. More than process, McDonald's understands the role of hierarchy in creating profit from its menu. They understand that if food products are offered in specific combos, more of each product will be sold than those offered a la carte. This bundling is well understood from the creation of the menus, to the pictures used in marketing, right down to the scripting for orders. For example, a Quarter Pounder meal with a medium drink might be \$5.25 (varies) with a hard cost that is probably less than 20% of that amount including supplies required to serve the meal. Ordered a la carte separately the total cost will be a little more but the customer is more likely to pick and choose so more money is made from the bundled meals due to quantity sales. Since that is the case, the positioning of the choices, dialogue of offerings when ordering and cost consciousness of the consumer drive the rules to sell the quantity over the a la carte. This is hierarchy at work, producing measurable ROI.

Another example from McDonald's is their coffee offerings. McDonald's has always served coffee, as far as I know. It was not until the introduction of gourmet and specialty branded coffee shops that there was a problem. A standard cup of coffee does not cost very much to make and serve. Hence it has a high ROI. However if your customers start to go to a competitor for coffee at a higher price than yours, you better take a look at the problem. Enter McCafe. The true hierarchical rule here was that if people went elsewhere for coffee, not only did you lose the sale of the cup of coffee but more importantly, it was not an isolated sale and impacted food sales. It was not just the sale of the food to the coffee drinker but it was also that a large number of those people had others they fed, especially kids. Coffee had a hierarchical presence and a defined impact on company profits.

The offering of gourmet coffees at McDonalds and in McDonald's branded cafes had an incremental cost differential which was absorbed in the pricing. The marketing campaign that accompanied it also opened up new market segments and guess what – it sold food and resold the brand through extension.

While I do not have the specific numbers of the impact of coffee services in McDonalds, I believe that there would not be McCafe's or gourmet coffee offerings if the ROI was not there and in significant quantity.

McDonalds has franchise locations, affiliates and company owned stores that all must follow the rules and operate within the dictated hierarchy. A part of these applies to the governance of a franchise. If you wanted franchise rights for a location, the initial cash requirement would be north of \$250,000, unencumbered. This is only the start of the costs for a model proven to deliver profit. According to their 2010 Franchise Disclosure Document (FDD), the average store, open for at least a year, had sales volume of \$2.4 Mil with profit in the mid to high six figures. Owner operators only, investors are not allowed.

There are few decisions to be made and poor performance, lack of quality or cleanliness and any other infraction of the operating rules brings the ultimate hierarchical rule. You lose your investment, your rights to the franchise and location as well as your job. A transition crew comes in and the next morning, the location opens with a new crew and everything aligned with the McDonalds method.

McDonalds has many good case studies that illustrate hierarchy in every aspect of the company from decisions through product, all prioritized by the impact on the bottom line and sustainability of the company and brand.

Infrastructure Unseen

It's hard to believe that it's already November and we're already watching another year near its end. 2012 is just around the corner. A new year will bring new opportunities, new challenges and new responsibilities.



This series has made some key points on the very visible infrastructure that comes with a well-run business. Now we will look at a vital, but sometimes unseen or, sadly, ignored part of your infrastructure. Your digital infrastructure.

The series has already touched on that a bit, delving into the idea of creating and integrating a CRM system that allows for contacts, monitoring and tracking. But we're going to dive a little deeper. Into your web site, your social media campaign, your online presence and reputation.

Your web site acts much like your company headquarters. It is the place both potential and current clients visit or check out in order to know what's what...what's new, what's been revised, frequently asked questions, contact information and more.

Linkedin is each and every one of the referral networking and business networking groups you currently attend or frequent, except bigger and all rolled into one, with 135 million active users. Plus, there are no scheduling conflicts, dress codes or door charges.

Facebook is the more personal, in touch, engaged arm of your business, the place where you showcase your company for its people, each and every one individual and important to the overall running of your business.

Twitter is your IM (instant messaging) system revamped. It gets the word out, FAST, with little fanfare. Short, smart and to the point.

Your blog and email newsletter replace or augment the painstakingly created monthly newsletter. And there are a lot less smudges and paper cuts in the process.

Each and every one of those online components acts as part of your marketing and PR firm, along with reviews and comments on industry forums, online review sites like Yelp, your comments on industry blogs, QR codes that direct individuals to check in to your location-based initiatives and more.

Each and every part of this online personality and identity, which is tied into your overall brand and company success, has to be monitored, maintained, reviewed, revised and sometimes called to task. It is part of the digital business infrastructure and it can't remain ignored and unseen as 2012 draws ever nearer.

Processes, People & Profit

Today I had the opportunity to watch the training session of a new front desk employee at the veterinary hospital where I was picking up my dog. I have been impressed with the professional services and efficiencies in the local office near me, but really enjoyed overhearing the training session while I waited. It was delightful to see infrastructure at work where every process had a purpose and triggered other processes, actions and communications. Very little was left to chance. Rather than tying the staff to a computer screen, the infrastructure actually freed time for the staff to be personal, courteous and warm without one element of work being dropped.



As the trainer explained the processes required to check my dog out, I could hear the mechanics at work. Even though we had started at another location, all events, interactions, communications, treatment, meds and relative info were tracked – all from point of touch - not filled in later. Each person's notes were available with their name, picture and email address for questions. The notes were written in a conversational style with warmth and genuine caring. They educated the customer and engaged a relationship that makes you want to utilize their services again and, more importantly, refer them to others. Great marketing!

Fail safe measures are built-in, validating all completed processes before the dog is brought out. There were reminders for incomplete items, questions to be asked and upselling that was appropriate and relative to the visit without being obnoxious or sounding scripted, and I am not sure but believe that there was a smiley face or some other reminder to smile and be friendly.

Process and people were brought together by infrastructure to drive profits. I share this story as it is a good example and can be created in almost any type of company.

The infrastructure was built on principles that are a solid foundation, allowing the systems to run and people to work. It is not simply the technology but the design of the processes which makes sure that each cog of the machine efficiently engages the next cog or other part of the machinery without redundancy or waste. It meant that there was a documentation of the process that would create the results over and over again. The infrastructure was built to house all of the working components and produce the work product. Most importantly the people could do their jobs, optimize the skills that would cement the relationships and without a lot of burden.

I have also noticed during my visits that the staff seems to be happy, eager to share work and are genuinely a team. It appears to be a great working environment which also enhances the customer experience.

To gain a glimpse of this company, go to their [web site](#). The site is definitely a large component of the infrastructure. They target and engage people, the people who love their pets and the ones who will spend money. I particularly like the site because it extends the personality and the culture of the company through the web. It supports their business processes, markets, communicates and informs. Best of all it is at work 24 x 7, most likely one of the most reasonable employees on the team.

Every part of this business can be replicated as the company grows. The tools and systems can be expanded without breaking the infrastructure. The marketing incorporates internet initiatives, high touch communications, and referrals. All elements of the company are synergistically bound by a living infrastructure.

I guess that you could say I am a fan of their practice but more so I appreciate the business structure behind it. What do your customers hear, see and experience? Most important of all, will they refer people and business to you?

The Role of Environment

What role does environment play in your company's infrastructure? The environment may be a greater factor than first thought.

There is a local hardware store in our community that has been a fixture for years. This is where you go when you want something that is not carried by a mass marketer. According to one online reviewer "This place is where you go when you need a widget to fit a whatchamacallit." The location, which they left after twenty seven years for a new and larger location just across the street, was like wandering through an antique store where most things, even the new stock had a fine patina of dust. Items farther back on the shelf or lower had aged in place, accumulating a lot of dust. There were not many computers to be seen but a staff person was always nearby to help. Somehow, they knew where everything was or what you were talking about, no matter how poorly you described it. Turnover was low, so many of the employees were shall we say "seasoned" and full of character, with attributes ranging from grumpy to the grandparent who does not seem to have any urgency and all of the time needed to talk. The intercom system was basically "Hey Dave" hollered from some place in the store. In fact, it seemed that in the old store, time stood still.

When the move to the new location was announced, no one could imagine how to move this store with its friendly chaos and antiquity. How would you set it up in a new location, since if an inventory had ever been taken, it could not have included everything, some of it was probably inherited from an older store and stock. What would it look like? Would there be updating? How many of the staff would accept the changes? Most of all, would the hardware lose its unique character and inventory?

The move occurred two years ago. It was quite a process and I am sure that there were many discoveries of hidden treasure. It seems like it took months before they were totally moved. New computer stations with inventory were now found in every department and a paging system was installed. There was indeed more room and less clutter, with a semblance of organization and, especially in the check-out area, there was a distinct difference and newness, but without the austere efficiencies of the new mass market retailers.

Whether it was brilliant strategy or just a comfort in the old ways, I am not sure but the new store now looks a lot like the old one. I think that they moved the dust and the dirt with everything else. Aisles are cluttered, forming mazes with a confusing method of organization. Items of like kind are generally clustered together, but that is not guaranteed. The staff, for the most part are the same people with the same characterizations. Somehow, the older ones still know where everything is and the newer ones, including a newer department manager I met, marvel at what things are, what they are used for and that there is no practical way to look many of these items up. She is one of the youthful ones 50 – 60 years old. The computers are accessed on occasion but they already look old with the dust that is growing and most are surrounded by well used catalogs that make getting to a keyboard nearly impossible. The paging system gets some use but more common is a friendly holler or being escorted to the guy who really knows all about that.



They still do not open on Sundays but the parking lot is always full and the store buzzes with conversations, stories and searches for that whatchamacallit. You never walk out with just the item you came for and you probably pay a bit more than you would have someplace else.

Converting to a well-lit clean environment with high tech tools and systems would have made this store just another small hardware struggling to compete with the mass marketers. Keeping the unique environment is absolutely a part of their infrastructure as their business cannot be sustained without it.

“Creativity in a Box”

I just returned from the National Association of Realtors® (NAR) Convention in Anaheim, CA. This is an important conference for Soltys, Inc. as about 85% of our business is with larger real estate companies, organizations and franchisors. The keynote speaker at the general session was Michael Eisner, formerly of Disney. He gave his “Creativity in a Box” presentation, with some customization for the audience.



His ideas around “Creativity in a Box” exemplify a component of great infrastructure – creative growth within limitations. Infrastructure must have some flexibility within defined parameters, especially in the financial area. Without those limitations it would be difficult to have profit produced from creative initiatives. Without the creative initiatives, growth will be limited.

Infrastructure, which sustains as well as partially defines the size, shape and functions of a company also define the box. In some ways, this box is more like a balloon. There is shape, purpose and limitation. It also requires that the air contained within and necessary for the shape be retained to limit leakage. There will be leakage, so new air must be introduced to maintain the balloon. Too much air will make the balloon pop. Too little leaves it limp and weak. The creativity comes in working within the capacity for volume to ensure that the balloon is always maximized. This may include different types of inflators, including those which are not air, as well as temperatures and environmental conditions.

In each well-known movie used by Eisner as an example, the creative person(s) had an idea of how to enable the viewer experience and saw only one way until challenged to stay within the box. Each of these carried the impact and user experience while reducing cost and time. In some cases, the user experience was actually heightened due to the fact that they had to use more of their own imagination, rather than being given the entire experience. It encouraged greater creativity.

He also applied the age old K.I.S.S. principle to keep things as simple as possible with the same effect.

These decisions to make sure that creativity was within the box were not always easy or without risk, requiring management and leadership. There were times when creative talent did not want to budge from their concept. As Eisner said, “Fearful people make mediocre decisions.” Any of these examples could have grown or changed the shape of the box without strong decisions and leadership unwilling to change out of fear. As he demonstrated in the examples, the final product would have been impacted with a mediocre decision. The infrastructure would not have worked and the monetary opportunity would have been reduced.

Finally he referenced a key element shared by some of the greater business people we have known including Steve Jobs, Walt Disney and others. To some degree, they were all micro-managers, knowing the importance of the details in the success of the venture.

This was not a new presentation, in fact, there are many references to it and YouTube videos displaying it as delivered to other organizations easily found by simply searching “Michael Eisner, Creativity in a

Box” in an Internet search. There you will also find many of the examples he used to illustrate the points he made.

Change Tolerance

Building codes are always changing to accommodate requirements for environmental conditions, disruptions and calamities. These codes are reviewed and amended periodically and when an event occurs to force change.



The infrastructure of companies, organizations and even industries incorporate design, function and operational codes, often originating from company founding. Some tolerance for change is built in, but often major structural change that is environmental is like an earthquake. If measured on the Richter scale it would be a 6 – 9 depending on where you are in the country. It has left few untouched and the aftershocks will continue for quite a while. Few companies were built to tolerate the impact that has reached almost every sector of the US economy since real estate is estimated to touch one out of every four dollars in the U.S. economy.

While the impact is significant and will require a lot of work it has not been fatal. That was highly evident in the spirit and passion of the 22,000 who attended the NAR Convention and Expo last week. Similar to a natural disaster, rebuilding brings the opportunity to incorporate change and new codes. The industry will be stronger as a result with better sustainability, but it will never again be the same as what we have known.

Franchisors will experience some of the greatest infrastructure changes including:

- Change in the fee models. No longer is the brand of a franchise driving the value, hence a model where revenues are primarily built on royalty fees for branded name and identifier use will be history. Newer models will have less dependence on royalty fees and greater revenue from fee for service. The differentiators between franchises and member oriented marketing groups will continue to fade.
- Change in services offered. Like many other industries, there will be greater emphasis put on outsourced talent and tools allowing greater expansion and contraction and change without embedded costs.

Companies, dependent on size and configuration, will take the greatest impact.

- There will be a growth of small and single practitioner to boutique companies who operate lean and mean, often in virtual locations with few affiliations and a very limited infrastructure.
- Mid-size companies will find it even more difficult to operate profitably. Without an affiliation they will not be able to offer competitive tools and services to their agents and or customers. The exception will be in small communities where there is not much competition and where there is enough distance from a major metropolitan area that the company cannot be impacted by Internet offerings into their area.
- Large companies will grow as enterprises with fewer needs for franchise affiliation and more affinity for membership oriented services and peer companies. In many cases, these companies will replace the franchisors building and servicing affinity and aligned companies. There will also be significant change in roles, size and configuration of management teams. Large companies will see the consumer as the center of a multi-faceted sale not the sale.

Associations will be forced to redefine their value proposition and relevancy as well as refine targeted affiliations. There will be greater competition from aligned member models for dollars.

Sales People will seek leadership and value in companies they affiliate with. Expectations will be increased especially from those entering the profession for career growth and development, culture that has a virtual reach and sustainability. There will be less emphasis on “me” and greater emphasis on business.

- Commissions – Will become more aligned with the value proposition offered with less commoditization or simply jumping for greener grass. Newer people entering the business see compensation far differently than those who got caught in the feeding frenzy of more.
- Specialization – As the population of the industry continues to decrease and realign, anticipate greater specialization including into targeted markets and long term service plans.
- Technical and mobile requirements will continue to increase with expectations that the best of companies will provide leadership and guidance in offering, selection and training of tools best aligned with business objectives.
- Communications and Culture will be key elements in defining companies of choice.

As **the consumers** become more accustomed to businesses with an integrated fabric of full service options, there will be greater requirement for seamless communications, transparency to marketing and processes as well as demand for expertise over relationship. Long term and multi-layer customer relationships will be highly available but will need to be earned rather than assumed in a sphere of influence. Fees paid for services will be cumulative rather than limited to commission on a single transaction. There will be less tolerance for sloppiness or marginal expertise. The reduction and in many cases elimination of equity has significantly changed factors of demand, spending and consumer planning for fulfillment of real estate needs and investment.

While these are definite changes to infrastructure, some of these changes could not be made or with the positive impact that should be realized without the economic impact that hit real estate. There are many more changes that we could have addressed and in greater depth but that will need to be a longer publication.

Communications Action!

The infrastructure of any company cannot exist in a void of communications. Every element that we have referenced in this series is dependent on communications from hierarchy through creativity. It is also perhaps the most challenging element as communications can be impacted by outside forces and channeled by misinterpretation, innuendo, and influence. Over the next few days our series will address communications.



Communication by Action: “Your actions speak so loudly that I cannot hear what you are saying.” Whether or not we realize it, our actions are a part of our communications and may or may not align with our stated infrastructure and or stated intent. Our actions may define the interpretation of our infrastructure. Look at the examples below that I have observed in companies. The reaction and or actions of the company and its leadership in each case will impact the strength of the infrastructure.

- **Inez I-Want-Attention-Now** takes a lot of pride in being able to get a hold of the CEO of the company on her cell phone. She loves the immediacy of response and the feeling of importance, especially when in front of a prospective client. It is not unusual for the CEO to be caught in a tenuous position of being asked to make a decision or clarification on the fly without the background info.
- **Political Patrick** will do anything to be in the limelight and plays the politics of the company well, knowing who to pit against another, how to jockey for position and what type of power plays to make.
- **Terri Top-Producer** does it her way. No matter what the tools, systems or processes are in the company she bucks the system and often runs over staff with her “my way or the highway” attitude.
- **Manager Mike** is a known wimp. Any sales person can come to him with a request, and before it is even fully stated, he grants the request. He always tells management that he had to do it or lose them.
- **Negotiator Ned** knows that each manager of the area companies has a recruiting requirement to meet. He also knows that most will go off scale in terms of compensation given the slightest indication that he has interest.
- **Susie Staffer** is a senior member of the administrative team. She is adored by most in the company, even though her competence is questioned. Other staff people feel that it is not fair that she does not carry the same load or requirements.
- **Betty Broker** complains about the faults of her management team frequently while, at the same time, saying they are the best in the area. While most make good contributions in spite of their faults, one manager has been moved around in the company with reduced role and duties, each time due to attitude and competence, but is still there and treated as an equal to other managers.

In each of the cases cited above, the company is undermining its own infrastructure by breaking the business rules and structure and then clearly communicating the infrastructure is irrelevant by the actions taken.

As mentioned in earlier posts, there needs to be some built-in flexibility and the means to change as needed. These need to come within the tolerance for change and limitations set. When actions are interpreted to be random or not aligned with the structure that is stated as the definition of the company, the company is weakened and open for attack from inside and competitors.

Corporate Secrets

First of all, there is no such thing as a corporate secret. If more than one person knows, it is no longer a secret. While the Colonel's recipe for KFC and the Coca Cola mixture are considered to be corporate secrets, they are actually protected information. In both cases, many people know or have access or the companies would be at risk once the holder of the information passed. Protected information is far different than what might be considered a corporate secret.



Last July, we posted a blog series called [Brand Change](#), and, while no company was named, several companies thought for sure that we were writing about them. Some of those even did a lot of finger pointing, suggesting sources of information and leaks. The reality of it was that there were a lot of bread crumbs left lying around with trails that led to potential conclusions, validations from many sources and logical processes that would surround such corporate actions. Internal leadership may have thought that there was a breach but there is little that can stay a secret when it involves a lot of moving pieces, lots of people and basically lives in an Internet open world.

There are always rumors, just like there are today about the same companies with actions, activities and positioning all pointing toward a likely culmination of events, some by the end of the month and some by the beginning of the year. A few will straggle to the end of the first quarter. All of these are dependent on the success of the effort more than the validity of the rumor.

If you want to keep things close to the vest in your company there are a few key concepts to consider:

- **Communications internally and externally.** If you change how you communicate, the type of content and the frequency, you will raise awareness and interest in looking for change to occur. One company, for example, before almost all major changes implements a “communications freeze”. Within the deafening silence, rumors are born, speculation grows and most of it is fed by the fear factor. Proactive communications are important and will often cause the scent of the chase to change. If internal communications are also frozen, in the unknown, employees and staff will change behaviors, positioning and their communications to clients and public. They may also begin considering alternatives to maintain their income and livelihood as a just in case measure. These become bread crumbs on the trail.
- **Initiatives.** If it appears that all initiatives and forward movement have stopped, red flags will litter the playing field and wave, enticing the bulls to charge. This includes changes in funding of business, pursuit of new business and the health of the business pipeline. A dry pipeline is more than a bread crumb.
- **Staffing.** Changes in staffing ,especially reductions in staff that are not communicated properly, including attrition and non-replacement. These are easy to see thanks to social media, professional networking and job search sites. Warmth and connectivity to the leadership are also factors that come into play both for the staff and those on the outside including clients.
- **Purchasing, Clients and Contracts.** Changes in purchasing, status of new and ongoing vendor contracts, and communications with clients all become a part of the puzzle. Companies who

have been fairly aggressive in areas of their business that require partners or vendors and change or are put off indefinitely will open the speculation as vendors and partners seek other business to fill the void.

- **Media.** Media that is not proactively fed goes hunting for meat. If the media is hungry because they are not getting anything from you and they can see the smoke from any of the other areas, it may be invitation to a feeding frenzy to see where the best story may be. One such item that caught the eye of many and was probably thought to be insignificant was a company's decision not to continue membership in an organization that is a smaller player in the industry but vital in the continuance of specific business the company would be engaged in if continuing the line of business.
- **Social Media and Smart Mobile Devices.** Perhaps these have done more to expedite the removal of veils of secrecy. While not everything that is posted is true or on the right path, definitive directions can be found and become a trail worthy of following. In many cases, it may not even be a post as much as the checking in at different points. For example, enough related people checking into the same place may look like a meeting.
- **Clients.** Clients, especially in businesses that are affiliate based, are highly social with communications that do not always go through the company. They have been conditioned to see the company as a vendor and to a limited degree a partner, but usually there is a line that is drawn which is separated by money and trust. Changes in any of the items mentioned above reverberate through the client companies and speculation grows, sometimes in very damaging directions.

When we look at the importance of communications as a part of the infrastructure of a company, understanding the dynamics of both intended and unintended buzz is critical. If the Trojan Horse had been in today's world with the Internet, it would not have been able to enter the city of Troy.

Silos & Drama

One of the greatest challenges facing a company is managing and utilizing the matrices of internal communications. This key component of the company's infrastructure goes far beyond conveying and receiving information for the purpose of conducting company business. No matter the size of the company, there will be challenges while working with different personalities, communication styles and agendas.



Economics, access and virtual based work have added new complexities to challenges already in play, often creating silos and drama. The changes impact not just the mechanics of infrastructure, but also the culture of the company.

Companies where everyone has the opportunity to see others and interact within a defined work day are now rare. Rarer still are those that have not been impacted by the 24 x 7 world of information, communications and faux engagement. Our receptors are multi-channel through broadcasts, video, web data, social media, print, chats, email, texting and, of course, phones. The bottom line is that there is a lot of sending and receiving with little validation of impact, interest or importance, let alone acceptance. Few channels actually communicate in a two way exchange, but in most cases communicate at you.

Your company probably built methodologies to have real two way internal communications through tools like performance reviews, training, and status checks. There were less formal, but important, conversations that took place in the break room, over a cup of coffee or lunch. There was a way to have a sense of the pulse, direction and potential challenges with a personalized touch.

The silos are created as the most interactive conversations are often between "me, myself and I" in an environment where work is nearly solitary. The drama comes in both the abundance of communications and the lack of interaction and culture to position thoughts, fear, reality, pride, opportunity, teamwork and being needed. Round the clock communications and accessibility have changed the work day with implied instant response requirements and little work-life balance. Active imaginations have every opportunity to process the situation in near isolation. The drama will often erupt out of the realm of manageable internal communications.

The communications assault and virtual workplace will not be going away anytime soon, so it is imperative that company owners and managers address internal communications and virtual culture as an integrated part of their infrastructure. Within this challenge there is an opportunity to build new strengths, strategies and competitive advantages so that silos have connectivity and drama has a channel.

Questions you may want to ask in order to evaluate the impact on your internal communications infrastructure might include:

1. Does my company have an inclusive or exclusive culture when it comes to the virtual worker?
2. How do we reach into the silo and engage as a work community?
3. How do we know if the drama is building and what are the relief valves?

4. Do we truly engage everyone or simply spew information at them?
5. What is the assurance that the information and communications we send are received and engage the talent, skill and feedback needed?
6. How do we ensure that we are not the problem in a worker finding balance in work and life?
7. How do we make everyone feel valuable in the company?

Watch for strategic initiatives, in our December blog series, that will give ideas and methods to address these and many other issues, as well as creative ways to find and seize opportunity.

The Art of Appreciation

Recently, I received a beautiful thank you note in the mail. The sender had taken the time to write a note that was genuine and conveyed her appreciation. It was so beautifully written that I had to call and let her know that I really loved the way she had expressed herself. She was quite pleased with the call which led to a discussion of the art of appreciation. Extending appreciation should be a part of the communications infrastructure of all companies.



One word emails with the word “thanks,” said in passing or abbreviated text messages are fine if the intent is to validate receipt which is also an important gesture. This simple acknowledgement conveys little, but does work in many cases. It does not work if the person to be thanked has gone out of their way, invested time, effort and creativity or perhaps saved you from a situation that is less than desirable.

The true art comes in finding the right time, opportunity, vehicle and venue to say thank you with the appropriate level of appreciation.

Right Time – Timing is very important. If there was urgency in the need, task or kindness, there should be a similar urgency in the appreciation. There are always situations where we are pressed for time, but making time to say thank you returns well on the investment.

Opportunity – The opportunity to say thank you in the way in which we want to express ourselves does not always present itself easily. It is not simply a matter of time but also a decision of place, method and who else might hear the message. In most cases, we have to create the opportunity. Appreciation delivered spontaneously is right for things happening in the moment but not for anything of significance. In some cases the initial thanks (such as when opening a gift) is immediate and then followed by a more meaningful gesture.

Vehicle – Whether it is a phone call, extended text message, well written email, thank you note or gesture, the message should be delivered in a manner that reflects the appreciation. If it is a gesture like a dinner, flowers or other gift, an accompanying note or message is always appropriate.

Venue – Showing appreciation requires the selection of a venue. It might be a private acknowledgement one on one, or a part of a larger work like an employee review, which may also include monetary or positional consideration. Other venues include a testimonial that can be used with clients or on the web, acknowledgement at a formal or informal gathering where others are a part of the appreciation, social media and award ceremonies. Large events should always show appreciation, not only to organizers but also the people behind the scenes.

Level of Appreciation – Gushing thanks over something routine or nearly inconsequential sends the wrong message and may set up expectations that you will not meet in the future. Too simple an acknowledgement for a major effort can diminish the value and reduce willingness to stretch in the future.

Message – The message should be relevant to the act and reference the impact. It should be written or conveyed in the tone of voice that is yours, rather than appearing crafted on your behalf. It must be genuine and not artificial or political. The lowest form of sincerity is when you receive a message that says something like “Big-shot wants to convey thanks for your efforts. Signed off by a third party.” If you must have someone else write your message, at least craft it as if it is coming from you.

Lessons from the Masters – There are a number of people I admire as they are masters in the art of appreciation. Here are some of their tips that I think are worth passing on.

1. Carry a small quantity of thank you notes and stamps in your computer case, luggage or car. When there is an acknowledgement worthy of a thank you note, write it as soon as you can and drop it into the nearest mailbox. If sending by email, compose it and send as soon as possible.
2. Consider using social media with a “thanks” of the week including tagging of individuals. In this case, it may not mention the individual deed or task which can be done separately. It will attract attention to your being considerate and spread the recognition through the tagging to those in their contact circles.
3. If you and your people use LinkedIn, write a testimonial or recommendation for your people. It must be genuine, meaningful and reflective of their talent, skill or accomplishment.
4. Highlight a specific thank you once a month, particularly where it recognizes a behavior that you want to have repeated and integrated by others in the business.
5. Keep a list of people to be thanked and the reason. This is helpful in jogging the memory particularly when your paths cross unexpectedly.
6. Make at least one call to say thank you for every thirty minutes of driving time.
7. Create a place either in your office (a whiteboard) or internal chat area or other point where simple thank you’s can be posted by anyone in your company.
8. Make appreciation a part of your recognition program.
9. Pay it forward by thanking someone and asking them to do the same for someone else.
10. Create a culture of thankfulness in your company. This begins with leadership and is integrated throughout with training for managers and accountability. The culture should touch not only those in the company but include vendors, clients and those who deserve thanks and recognition.

Appreciation is an art form and one of the least costly ways to accelerate performance and value in a company. It should be fully integrated in the communications infrastructure.

We felt that this post was timely as tomorrow is Thanksgiving. Soltys, Inc. is genuinely appreciative of our readership, clients and those who follow us. I am especially grateful for the help and support of the team at Soltys, Inc. We have posted a [special message of thanks on our site](#) (below as well) and we would like to share with all.

Thank you!

Special Message of Thanks



**Soltys, Inc. would like to extend our deepest appreciation
to our clients, friends and business partners.**

As we gather with family and friends to share in the bounty of our lives,
we give thanks for all of the people who we touch and touch us.

It is an opportunity to reflect on memories and
anticipate the great times ahead.

Once the meal is done and guests are gone,
the magical season takes charge.

Decorations, celebrations, smiles, laughter and wishes of cheer
truly a season of giving love.
Sharing through caring and gifting.

Our hearts and wallets open to embrace those in need
spreading generosity and kindness in spirit and deed.

Faith rekindled, childhood fantasies brought live
Myth and mysteries, wide eyed children, long hugs and joyous laughs

As we say thank you, we wish you all of the best in this special season.

Infrastructure Goes Mobile

When I think of all of the science fiction that I have seen, there were elements of the mobile world that we live in from the personal communicators and data warehouses available on Star Trek to the video communications employed by the Jetsons. Science fiction often offers insight to the future, as it is dreams of opportunity, functionality and streamlining business and life. Thinking back through everything I have read or seen, I do not think that the writers really thought about how it was going to impact the infrastructure of business or what would be required to make the transitions necessary. It is kind of like raising kids, no manual, lots of advice, experts everywhere and lots to buy to help you in the process.



This was really brought to mind with Google's tool to help companies assess how mobile friendly their web site is. You can go to [GoMo](#) and test any URL to find some basic information on how mobile friendly the site is currently. What is most interesting is that they will eliminate sites from smart phone browser searches that are not mobile friendly. This could have significant impact for many sites that have been developed primarily with desktop tools. This is just one example of an impact that has cost, time, effort and accessibility issues to companies.

Not only must the websites be able to communicate with different devices, but most back office and communications functions require mobile access. Most companies can now interface via the Internet with vendors, staff, banking and governmental regulation and taxing authorities. The infrastructure changes are far reaching with security and compliance issues related to communicated and shared data to archived information.

The cost was not in the budget for most companies, the internal expertise was not readily available and the transition plans were not in place when the maelstrom of requirements and competitive initiatives really began to build.

The end result is that this is a change in not only the infrastructure of the company but also the dynamics of the company's operations and in many cases decisions for future viability. It is also a change that has really become a line of demarcation for many management and leadership teams, between those unwilling to leave a comfort zone in the way that they are used to working and those who are eager to dump anything old and go full steam ahead with the new without considerations of transition.

As you build and review your business plans, is there a budget for running dual systems during transition, the training that will be necessary and the management of a process to ensure that you do not convert that which will not be needed and prioritize any systems, tools and marketing items that will be immediately impacted and may also offer opportunities with the new infrastructure. You have a lot of dots out there and now need to connect them into a workable format that you can integrate to your company.

Mobile accessibility is not going away. Devices may change and utility morph but the reality is that business will never again be chained to a location.

What will the Archeologist Find?

At one point in time, as a child, I thought that I wanted to be an archeologist. I was fascinated with old civilizations, communities, structures and the way things had been done in the past. Everything from the mechanics of building the great pyramids to cities built one over the other in different times. All things that were predecessors to the world we know today.



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Each of these civilizations had an infrastructure and a purpose. Each created hierarchies to achieve order and rule and all found ways to communicate, whether in stories passed from one generation to the next, hieroglyphics, stone etchings or early print. Perhaps that same fascination is now transferred to the architecture and engineering of businesses.

The business archeologist of the future will explore our companies, looking for the elements of infrastructure.

- Purpose - What was the reason or the need behind establishing the business? Who was served by the business? Was the product or service essential for life, culture, fulfillment or a component of other businesses?
- Communications - How did the business communicate internally? Did the communications help the business' viability and the mechanics needed to run the business? Was the company successful in external communications – marketing, driving need, capturing business and generating good will?
- Hierarchies – How effective were the leaders? Were there business rules in place to bring order and efficiency? Were there processes that would survive the people to keep the business viable?
- Environment – Were there environmental factors that impacted the business? These might include: economics, geo-political forces, population, physical limitations, technology requirements, nature and or social acceptance.
- Culture – Was the culture of the business cultivated and nurtured for growth or did it feed on itself to the point of destruction. Was their respect, teamwork, mutual reward and something worthy of commitment and work?
- Mechanics – Did the structure and machinery of the business make logical sense, employ efficiencies, and utilize resources well. Did it have the ability to produce the product with the necessary return on investment required for financial viability? Did it employ state of the art methods for sales growth and customer retention? Were the components maintained and retooled as needed?
- Future State Objectives – Was the company viable for a point in time or business requirement or was it built to morph as needed to continue long into the future. Were there business continuance plans to survive challenges and succession issues?

As I am writing this I am thinking of many businesses, some which are no longer in existence and some that are in decline. I can see industries that must change to be viable. The power of branding has changed considerably becoming stronger in some consumer goods and weaker in service oriented businesses that attract primarily by product rather than provider. In each case the elements of infrastructure tell the story. Infrastructure is the DNA of business, bringing definition, life and elements that will be a part of generations of business to come. The archeologists will enjoy learning about us at some point in the future, may we all build business infrastructures that stand the test of time are held in high esteem and awe of our accomplishments.

We hope that you enjoyed and found value in the series. Our December series is a fun one for the end of the year focusing on Strategic Initiatives.

The Authors and the Company



The primary author of the Brand Change series is Pat Soltys. Pat has a long business and consulting history helping companies not only through tough times but more frequently in achieving their objectives. She understand the mechanics and structure of business as well as the challenges. Her writing aligns with a philosophy of content, communications and commerce. For more information see Pat’s bio on our web site.

<http://www.soltys-inc.com/psoltys.htm>. You may contact Pat directly at psoltys@soltys-inc.com



Mallie Dein shared some of her insight in social media in the post “Infrastructure Unseen”. As the Director of Online Initiatives for Soltys Inc., Mallie brings expertise in maximizing the impact of social media, websites and more to our clients. She is able to help from strategic concept through delivery including “ghost posting” for clients. Her consulting helps clients realize the elusive ROI of Social Media. For more

information, see Mallie’s bio on our website <http://www.soltys-inc.com/bios.htm>. You may also contact Mallie directly at mdein@soltys-inc.com.

Soltys, Inc. is a business and operations consultancy offering consulting services through many formats of engagements from retained services to help desk. The company has built expertise, a resource library and many long term clients over the years. We are entering the next phase of our company’s growth with a newly designed web site offering better ways to serve our clientele and give access to our work. We publish blogs at least three times a week and also offer a newsletter for updates of products and services. Please visit our website where you can subscribe to our blog postings, newsletter and access information. www.soltys-inc.com. Our general email for questions is info@soltys-inc.com or call 770-573-9715 (O) • 800-588-0578 (TF in the US).

