

Ease and Do[©]

*A Publication of E & D Associates
Ed Drozda, MBA
Sounding Board for the Successful Business Leader*

**March 2009
Volume 5, Issue 2**

Before You Cut, Take A Good Look Around

Get your head out of the sand. Now!

Paul Levy, CEO faced an over-whelming challenge. In the wake of a declining census, strained reimbursement structure and rising costs, the prestigious Beth Israel Deaconess Medical Center of Boston projected a near 20-million dollar deficit. Tough decisions had to be made; Mr. Levy knew he could not avert some unsettling actions but then again he wasn't about to give in to the academic 'cutting' routine either.

In preparation for a critical staff meeting Mr. Levy took a good close look at the people working in his institution; he made particular note of the lower wage folks. When Mr. Levy stood before the assembled employees he said "I want to run an idea by you that I think is important, and I'd like to get your reaction to it. I'd like to do what we can to protect the lower-wage earners - the transporters, the housekeepers, the food service people. A lot of these people work really hard, and I don't want to put an additional burden on them.

"Now, if we protect these workers, it means the rest of us will have to make a bigger sacrifice. It means that others will have to give up more of their salary or benefits."¹

You won't believe what happened next.

The audience erupted in applause and appreciation. But this meeting was just the beginning; collectively, senior management accepted 25% reductions in pay, physician groups made generous contributions and staff far and wide flooded Mr. Levy with ideas and action aimed at reducing lay-offs. When all was said and done, the projected lay-off of 600 employees had been scaled back to less than 150 and in excess of 12-million dollars had been saved. It's very clear that Mr. Levy values his employees. Perhaps that's why in part there are two things he chose not to do: put his head in the sand and the other, try to fix it on his own.

Once an ostrich...

Leaders cannot afford to put their head in the sand, but that doesn't mean it isn't done. Knowing what's going on in your business and the world around it is essential. But for some, the burden becomes over-whelming and 'looking the other way' provides temporary, yet misguided, relief.

Mr. Levy knew that big changes would be needed; so he took stock of the who, what, why and how of his business. By observing lower-wage earners for example, he recognized not only the integrity of their work ethic but also that their services are essential to the efficient and effective operation of his business. As a result of his fact-finding efforts he was better equipped to make appropriate decisions regarding staff reductions and cost-savings. Had he chosen to put his head in the sand and go through this exercise out of the public eye it's likely that far more people would have received pink slips.

Rally the troops

Mr. Levy's address was surely but one example of his efforts to rally the troops. A true leader knows that he or she cannot achieve success single-handedly. Success is the product of an often complex series of events, processes and outcomes that is mediated and conducted by a host of people working in concert. Rallying the troops is of particular importance in times of duress and this action enhances the success process. The ability to rally the troops hinges on a long-term investment in your people; inspire loyalty, build trust and form a common sense of purpose. Having done this, rallying the troops can be initiated using a few simple tools:

- Share the reality- just as you shouldn't put your head in the sand, so too it is important that your employees do the same. Don't treat them as if it hurts to know the truth. The rumor mills are vicious and often ill-informed. So tell your employees what's going on. Don't expect them to like all of it, but be honest. They deserve nothing less.
- Ask for their help- once they know what reality is, it is your employees that can provide some of the best advice as to what to do next. Ask them for their help; not only does this engage them in the outcome but chances are they have information you can't afford to miss.
- Put your skin in the game- if you must ask for sacrifice, lead by example. If salary cuts are needed, let them start with the leaders first. If a reduction or modification in benefits is needed, be sure yours are the first to change. What's good enough for your employees should be tested and vetted by the very leaders that prescribe it.

To say the current economic climate is worrisome is an understatement. The jobless rate is at its highest in more than 25 years, the Dow at its lowest in more than 12 years. Yet, it has been worse in our lifetime and cycles such as these will recur. This too shall pass; it's what you do between now and when the sun shines brightly again that's critical to the success *and* the sustainability of your business. It seems we have a lot to learn from the Beth Israel-Deaconess experience. Thanks Mr. Levy.

¹ Source: A head with a heart; Kevin Cullen, [Boston Globe](#); 3/12/09