

The Physiology of Tenure

Congratulations. You have read the title of this month's missive and you are still with us. Well done. A less engaged reader would have switched off immediately and grabbed a copy of Who weekly. Surely more entertaining to learn that Brad and Angelina are splitting, and Prince Harry is in fact an alien. You couldn't make that stuff up.....!

But I digress.

Back in the day I worked for a bank and from time to time had the dubious pleasure of managing teams of people. I also had the even more dubious pleasure of being managed by a range of more senior but, in some cases, no more competent senior managers. In those less troubled times sales targets were all the rage with one's performance judged more or less on how much money you could lend and how many other bank products you could flog in the process.

The idea was that those who could sell the most made the most money and could look forward to at least a year's worth of job security, until the next annual performance review. The poor souls who couldn't sell to save themselves were placed on performance management. This process was meant to help them focus on the task at hand and achieve the results expected of them. That is, sell more product. In many cases the senior manager overseeing the process couldn't sell water to a dying man and as a result was of no mentoring benefit whatsoever.

The result in most cases was that the employee was placed in a highly stressful situation and feared for their job security. It doesn't take a genius to work out that people who are stressed out of their minds and facing the prospect of losing their livelihood don't always perform particularly well. The end result was often the self-fulfilling prophecy. Performance under the performance management model deteriorated and no one had a win. The staff member leaves (or is asked to leave) and the organisation loses a person they have invested heavily in. The ripple effect on other staff is poisonous in terms of morale and loyalty.

This whole experience had led me to question the competing merits of competitive stress versus job security. On the one hand there are those who will argue that having to meet targets annually or lose your job leads to high performance. Others will say that offering job security first is the more likely driver of positive outcomes for both employees and organisations.

A large and growing body of research suggests that high pressure cut-throat organisational cultures result in lower productivity and that a positive work environment and security of tenure are key contributors to improved outcomes and bottom line results. Research undertaken by the Queens School of Business and the Gallup Organisation reflects quite startling falls in productivity and profitability in organisations with low job security and employee engagement. A key statistic is the fall in loyalty that results from an insecure workplace. The University of Warwick found that happy employees result in a 12% spike in productivity.

My personal experience is that staff with a strong sense of job security, a clear understanding of their role and responsibilities and a positive relationship with management simply perform better than those on the "only as good as your last 12 months" treadmill.



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fresh ideas...





Here's the mystery for me. The research confirms that security of tenure, combined with clear performance expectations (and clear remedies), together with a positive management relationship leads to better outcomes. So why do some Body's Corporate seem so determined to create the opposite dynamic.

Yes, I know resident managers are contractors but that's just semantics. Ultimately an employee/employer relation exists in all but name and the same lessons apply. Want your resident manager to be stressed, inefficient and distracted? What them to charge for every little thing they can get away with? Want them to feel financial pressure from their bankers? Simple. Just say no to that next top up request and the ugly outcomes will take care of themselves.

And it gets better.....as the agreement term drops the business value follows suit and the business becomes less appealing to high performing managers. Only the fringe dwellers and vultures will be interested so once the manager's nervous breakdown takes hold the business will doubtless be sold with a few years left on the agreements and a new manager in a hurry to recoup capital will take over. Sounds like a great plan !

Here's a better idea. Set expectations from the outset, ensure the agreements have appropriate remedies for poor performance and give your manager some long-term job security. Yes, you will add value to the business if you approve a term extension and there are certainly people out there who will vote No just out of spite. I'd like to think those owners are in the minority and most would have the business nous to understand the value add that a manager with security of tenure provides to a scheme. It's a two-way street.

In closing a word of advice to resident managers. When I worked for the bank, I would occasionally raise the courage to ask for a pay rise. I always made sure I was shooting the lights out in terms of my performance and attitude before making the approach and I made that performance a consistent behaviour. If you are going to ask for an agreement top up may I suggest you do the same. Too many managers report that a top up has been declined because they didn't try hard enough to lobby owners. In my mind the lobby process is ongoing and should be reflected in everything you do, every day.

I'll leave you with this quote from Ha-Joon Chang, a South Korean economist who is well worth looking up for his insightful observations on the relationship between economics and self-worth.

The feeling of insecurity is inimical to our sense of wellbeing, as it causes anxiety and stress, which harms our physical and mental health. It is no surprise then that, according to some surveys, workers across the world value job security more highly than wages.

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