



Gleanings

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Did you know?

"Airplanes are interesting toys but of no military value."

Marechal Ferdinand Foch,
Professor of Strategy,
Ecole Supérieure de Guerre.
(Circa early 1900s)

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A Culture of Distrust

American Airlines is struggling to stay out of bankruptcy court, the preferred venue for many of its competitors. Why is it that the airlines are having such a difficult time? Typical reasons that are cited are the change in travel habits since September 11, 2001 and the escalating price of oil in recent months. But September 11, 2001 was a year and a half ago. The risk from the fluctuation in oil prices can be managed in the futures market. So what is the root cause of this current crisis?

One might argue that the labor contracts with the various unions are onerous. Certainly American's management makes this case. The unions were put on notice that unless cost cutting agreements were negotiated with each of the unions, then American would file bankruptcy. Cost savings are wonderful. Every organization has to be concerned, to some degree, about cost. But is American's cost structure the real issue? Could it be a symptom of something more fundamental?

The Online edition of the Wall Street Journal dated April 19, 2003 reported the following; "The (flight attendants) union called for a new election after American belatedly disclosed bonuses for seven top executives and partial funding of extra pension benefits for 45 executives. The perks were approved last year but not disclosed until the end of regular voting by employees on the concessions, which include deep wage and benefit cuts." Clearly this disclosure raises more trust and integrity issues between management and labor.

Given the incredulous environment between management and labor, it is no wonder that American is having difficulty. Agreements are rooted in trust. The best agreements are those where both parties feel that they are winning. No one can feel good about an agreement, if all the pertinent facts are not fully disclosed. Cloak and dagger negotiations, filled with self-serving lies and deception, breeds contention and distrust.

If the culture among American's employees is filled with distrust, can they see beyond the distrust and do an excellent job? Or are they so consumed with questions and doubts about the company and its management that American's ability to deliver safe efficient service is compromised?

Giving Facilitates Growing

Peter Drucker points out that knowledge is different from other commodities in that it is not subject to the scarcity theorem (*The Essential Drucker* by Peter F. Drucker, pg 85). The scarcity theorem postulates that there are limited supplies of valued resources. To clarify his point, Drucker notes that if you give away a book, you no longer have the book. On the other hand, if you give away knowledge, you still have the knowledge. This is a fascinating reality. But there is more.

To impart knowledge, you articulate that knowledge in some way either orally or in writing or both. The process of articulating knowledge forces one to wrestle with the understanding, which frequently presents the giver with an opportunity to deepen his/her understanding. The end result is that both the giver and recipient benefit. What a wonderful mechanism that is built into creation. Therefore a tool for helping anyone gain understanding is to give away what one knows. In any exchange of knowledge, the giver has the opportunity to be blessed as much if not more than the recipient. Perhaps it is better to give than to receive.

A Lesson in Misinformation

Since mid-March, many of us have been glued to our televisions watching war in real time. Seeing the impact of superior technology applied to military conflict was at times “shock and awe”. The Iraqi military was reportedly one of the most formidable in the world. But in the end, the coalition force of less than 100,000 decimated the Iraqi military reportedly numbering nearly 200,000. Even more impressionable was the reality that the coalition suffered fewer than 1000 casualties (killed and wounded). The Iraqi army casualties were so great that the count has not even been determined.

So, you ask, how did this happen? Well, technology of course must be the answer. From the beginning of the war, the coalition military enjoyed air superiority. The Iraqi Air Force never launched a single air craft. The coalition effectively used missiles, while Iraq’s efforts were hapless and helpless. Morale among coalition forces was high as they enjoyed ample supplies, superior equipment, and outstanding leadership. The Iraqi military did little that was expected. Few oil wells were set ablaze and few bridges were destroyed. Dams were not blown and chemical munitions were not used. There were few coordinated attacks against coalition forces. So what is one to make of all this? Was our superior technology the reason for this stunning and overwhelming defeat of a reportedly well trained and equipped military?

I suggest that we look deeper. Yes, there was a huge imbalance in technology. But there was also a huge imbalance in truth. The Iraqi Information Minister made it a daily ritual to deny the very reports that all of our embedded reporters were conveying. In fact, the Minister asserted that the Iraqi military had the coalition forces on the run and was winning the war. Soon, the Minister became incredible as no independent media reports were corroborating his claims. Perhaps in this unreality of lies and deception is a clue to what happened to the Iraqi military.

What soldier wants to serve in a military where truth is not valued? A military that uses words simply as tools to manipulate and control. In this environment, there can be no veracity as there is no integrity. Nothing can be believed. So what would an Iraqi soldier be fighting for? He cannot believe anything that he is told. Wars are about conflicts in worldviews. Worldviews are embodied in value systems. An Iraqi soldier must surely be internally conflicted about why he should fight. After all, who wants to die upholding the right of the government of Iraq to lie and deceive to accomplish its purposes?

Your comments and questions are invited!!!



Serving clients by providing business and financial advisory services with wisdom, skill, and integrity.

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Since 1987, Dr. Gerald R. Chester has been providing business and financial advisory services to clients. After receiving his Ph.D. in physics, Gerald moved quickly from the research lab into management. From 1978 to 1985, he managed his family’s business, which prospered while growing at an average annual rate of 20%. As a business and financial advisor, Gerald utilizes his rigorous technical education and hands-on management experience to serve his many clients with seasoned balanced judgment. His clients recognize and value his expertise in both business and financial matters. Gerald’s focus includes strategic planning, business analysis, business valuations, business plans, mergers and acquisitions, financial planning, investment strategies, investments, and personnel assessments. The Newsletter, *Gleanings*, is intended to provide a venue to share the insight and wisdom gained over the years working with dozens of organizations.

Gerald is a registered investment advisor.