



Gleanings

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Wisdom

"Dance with who brung ya"
Darrell Royal
Circa 1970

King Solomon's translation:
He who works his land will have abundant food, but he who chases fantasies lacks judgment.
Proverbs 12:11 (NIV)

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Outlook for 2004

For many, the New Year begins with hopes and dreams for a more prosperous year. However, since April of 2000 the domestic economy has languished. The stock market decline reflected this reality. Many people lost jobs, as companies adjusted to declining or lethargic revenue growth. Recent economic reports suggest that the economy is on the road back leading many to express optimism for 2004.

Despite such optimism, one must remember that the national debt continues to climb. Forecasts by the OMB predict that the deficit for this fiscal year will be \$475 billion increasing the total debt to \$7.2 trillion. Projections through 2008 suggest that the total debt will increase to \$8.2 trillion. To gain perspective on the debt, compare it to the size of the GDP, which is forecast to be \$11.4 trillion in 2004 and \$14.8 trillion in 2008.

With no plan to eradicate deficit spending, the debt burden will increase. What organization can continue deficit spending interminably? For the immediate future, there appears to be no problem. I can't help but think about the dot com days prior to 2000. The NASDAQ index soared to over 5000. Optimism was high and then the bubble burst. The collapse came quickly causing many to lose great sums of money. Now the NASDAQ index is around 2000 and no credible pundits believe that it will be at 5000 anytime soon. Oh, how the mighty have fallen.

I do wish everyone a prosperous and happy New Year. But I can't help but wonder where the domestic economy is going. When will the reality of the burden of the national debt hit us, and what will it be like?

New Year's Resolution - Change

The beginning of each year is a time for New Year's resolutions. Resolutions reflect the innate desire of humans to improve, which presupposes the need for improvement.

After writing ten books on business management over the past two decades, Tom Peters, now 60, is working on his eleventh and perhaps his definitive work – *Re-Imagine! Business Excellence in a Disruptive Age*. This book, detailing organizational transformation, belies Mr. Peter's belief in individual transformation. Writer Jennifer Reingold gives us a glimpse of what is to come in her interview with Mr. Peters published in the October 2003 issue of *Fast Company*. The article is titled "Still Angry After All These Years".

As all humans are, Peters is a man of faith. For example, he believes that every organization is doomed to failure. Also, he believes there is power in diversity. His contention is that excellence can happen when organizations mobilize the "outliers" - the "weirdoes and freaks" that, to some degree, populate every organization. One of his most interesting beliefs is that "you



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don't change people". What makes this both ironic and interesting is that Peters himself is on a personal quest for change. Recently he spent time at Canyon Ranch, "that cult of personal transformation that masquerades as a spa" where he was explicitly told that he needed to "change now".

The author of the article reveals her belief that personal transformation is not real even though Peters is seeking personal transformation. No detail is given as to what is meant by personal transformation. Clearly, there are certain characteristics of people that cannot change such as personality type and aptitudes. However, other characteristics can change. By practice, people can improve and develop skills. Attitudes, perspective, and priorities are, to a large degree, a matter of choice; hence, they can change. To assert axiomatically "you don't change people" is a bit strong. Anytime one improves one's skill, attitude, perspective and/or priorities, there is improvement. Does it not follow that organizational performance should be enhanced when individuals improve? Surely Mr. Peters, a man of faith, would believe this. Perhaps his New Year's resolution is to continue his personal transformation.

First Fruits

Despite the depression in the United States, 1930 was a good year for R.G. LeTourneau's nascent earth moving business. Sales were \$100K+ and profit \$30K+ (multiply these numbers by 10 to get current dollars). The outlook for 1931 was even brighter. On the horizon were two contracts that should propel sales to over \$500K and profit to \$200K. Things couldn't be better, so it seemed.

R.G.'s practice was to give a portion of his profit to Christian causes, not out of obligation, but out of a profound sense of gratitude realizing that his prosperity was indeed a result of God's favor. However, R.G. was so excited about the prospects for 1931 that he felt it would be better to wait until the following year to give the Lord his portion. Accordingly, he told the Lord, "instead of giving you your share now, I'll put it all into expanding the business, and next year you will get a share to be proud of" (R.G. LeTourneau: Mover of Men and Mountains, Moody Press, 1967, pg 173).

Prior to starting his first project of 1931, a road to the remote location of the new Boulder Dam, R.G.'s engineers performed a series of test bores along the route to confirm the subsoil conditions. Amazingly, the engineers missed detecting massive formations of hard rock that would need to be moved to build the road. Because R.G.'s bid not include this hidden condition, he suffered a loss of \$100K+, a massive debt for R.G. Despite the hope that the next project would bail him out, it turned out to be marginally profitable and did not provide him with the cash needed to payoff his debt. Consequently by the end of 1931, R.G. was \$100K+ in debt, a much different picture than the year before.

One Sunday as he was singing in the choir at church, he was reminded of his conversation with the Lord where he told the Lord how he was going to invest the Lord's portion in the business. Conviction filled his soul. What presumption to tell the Lord how to invest the Lord's portion? Deep down, he realized that the calamity of 1931 was, in some way, a consequence of his presumption and failure to honor the Lord with his first fruits.