

WHAT PRICE MAGIC?

BY THEODORE KINNI

Vacationing mobs are morphing into conga lines at the Magic Kingdom's ear-splitting Move It! Shake It! Celebrate It! Street Party. Advance tickets for the most popular attractions at Hollywood Studios and Epcot are gone by 10 a.m. And Animal Kingdom's winding paths are jammed with more people than Mumbai. I keep expecting Mickey Mouse to nudge me and slyly squeak, à la Alfred E. Neuman, "What, me worry?"

In the midst of global recession, Walt Disney World, family-vacation mecca and perennial leader of the global theme-park industry, is still hopping. In fact, in the first half of fiscal 2009, ending March 28, the company's hotel occupancy rates—for more than 22,000 rooms—were within a point or two of 90 percent. Tom Staggs, Disney's CFO, predicts that 2009 reservations will be virtually flat compared to 2008, a happily counterintuitive result at a time when more and more families must think long and hard before committing to an expensive vacation.



Disney World, the crown jewel of the company's \$11.5 billion Parks and Resorts division, isn't immune to recession, but it has responded to this one quickly and effectively, with the kind of tactics that consulting firms such as Booz & Co. have been recommending to companies with strong brands and sound cash positions: Pare costs without slicing into muscle; reduce prices to keep customers coming; and capture market share from weaker competitors.

It helped that Disney World—occupying a chunk of central Florida about twice the size of Manhattan—was already in the process of restructuring when the recession hit. The company simply accelerated job cuts, reducing its 55,000-plus employee base by about 1,400 people. The average visitor won't miss them. Many of these lost jobs belonged to highly paid managers and executives, whose positions were consolidated with similar positions at other hotels and parks within the resort and at Disneyland in California. "They actually laid off a lot of the executives," said one Magic Kingdom cast member with a touch of pleased disbelief.

More notably, the resort has been using aggressive promotional discounting to keep its hotels, restaurants, and parks crowded. My brother's family of five and my wife and I succumbed to a "7 nights for the price of 4" deal. If we had applied for a Chase Disney Visa card, we could have paid for the trip over six months same as cash. Since then, the company has begun offering free meal plans to guests who stay five nights.

As a result, the revenue generated by Disney's parks-and-resorts business has held up surprisingly well. In the first half of fiscal 2009, segment revenue dropped only 8 percent to \$5.5 billion—a figure that includes harder-hit resorts and operations, such as Disney's Vacation Club timeshare sales, and so is probably even lower in Disney World itself. Predictably, however, operating income took the brunt of the impact of discounting; it was down 34 percent in the same period. Yet the division still delivered a profit of \$553 million and at the same time improved its position relative to its major competitors, especially NBC Universal.

S
O
O
N
D
I
N
G
S

As Richard Greenfield, co-head of Pali Research, wrote in an April report, “[A]ggressive promotions have allowed WDW to outperform its peers through market share gains.” Nevertheless, Greenfield has a sell on Disney stock: Aside from the company’s struggling studio business, he thinks that the recession will hobble the theme-park industry through 2010 and that Disney’s deep discounting will set up the company for exaggerated year-to-year declines.

To be sure, small cracks are visible in the resort’s relentlessly cheerful façade. After a long week of stroller bumping, it’s hard for an infrequent visitor like me to believe that park business is “slow,” but that’s what cast members claim. And when my wife was able to walk into the salon at the Grand Floridian Resort & Spa without an appointment, she was informed that it was an “unheard of” event. Further, Disney’s discounting has probably attracted thrifty vacationers who are at least slightly less willing or able to completely empty their wallets; per-capita guest spending in the domestic parks was down 6 percent in the second quarter.

But even if the recession continues to drive down results in the theme-park industry, when recovery comes—as it surely will—the ultimate outcome for Disney World may well be magical. Historical studies show that companies that invest in building market share during downturns reap outsized rewards when conditions improve.

By offering discounts that enable recession-hit families to get away from it all, Disney World is not only filling its parks and generating cash—it is positioning itself squarely on the customer’s side and building loyalty. Its promotions are also luring new customers onto the property, more than a few of whom will go home with the same stars in their eyes as my brother’s three kids—who, after being captivated by one of corporate America’s most compelling customer experiences, are already wishing for their next trip.

THEODORE KINNI, a freelance business writer and editor based in Williamsburg, Va., has written thirteen books. He ghostwrote *Be Our Guest: Perfecting the Art of Customer Service* for the Disney Institute. His last article was “Now What Shall We Call This Widget?,” in the May/June 2007 issue.

Wanted: Inspirational Leaders

BY JOHN BALDONI

Some people I know work for large organizations that are faced with fiscal challenges, but few doubt their employers’ ability to survive long-term. What these organizations do not have is good leadership. Those at the top of the pyramid are effective managers but lack vision and the ability to inspire others that good leaders possess.

And I suspect that many organizations, both public and private, are in the very same spot. Their financials are acceptable, but their leadership is lacking. What is missing is the ability to see possibilities over the horizon and then mobilize others to action to fulfill those possibilities. Employees are drawn to leaders who have imagination and energy. The reason, as historian and leadership philosopher James McGregor Burns postulates in his fine book *Leadership*, is that they see in the leader the potential to fulfill their own ambitions and ideas.

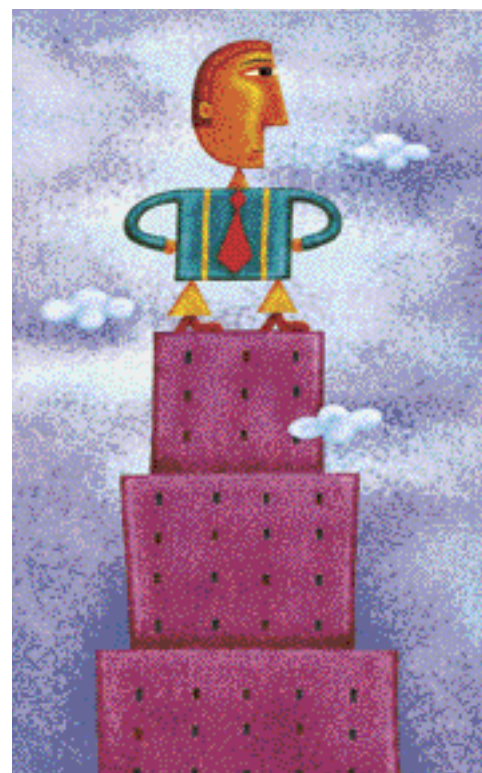
Needed in this downturn are men and women who can inspire—not simply with the power of their personality but with the power of their imagination. Such vision need not be reserved solely for those at the top of the pyramid—rather, it can be recognized and nurtured by those who are in a position to groom and promote the next generation of leaders. Here are three attributes to look for:

Realism. Inspirational leaders are rooted in reality; they know the facts but remain undeterred. This sense separates them from fools who are quick to rush into things before con-

sidering consequences. Inspirational leaders are keenly aware of what could go wrong and are honest about it. It is this honesty that draws capable contributors. They sense the leader knows the facts but is willing to experiment as well as persevere.

Improvement. Wanting to make things better is essential to inspiration. Therefore, inspirational leaders value innovations. They are inherently creative because they are not satisfied with the status quo. Very importantly, they seek to open doors for people who can innovate in their function, be it product development or logistics. They encourage employees to think for themselves.

Optimism. Leaders must believe in a better tomorrow. This is easy to do when the economy is rising but more difficult when it is shrinking. For the inspirational leader, optimism is not merely inherent—it is contagious. Others feel it and want to feed off it. This is essential



to getting the work done now and to developing next-generation initiatives that will position the organization for success over the long term.

Inspiration is more than an emotional reaction. While inspirational leaders are often charismatic, as John Kennedy and Ronald Reagan were, leadership inspiration comes more from the power of possibilities. Bill Gates is an exemplar. Gates does not warm to the spotlight the way celebrities do—rather, it is the power of his ideas, first at Microsoft and now at the Bill and Melinda Gates Foundation, that draws bright, capable people to him the way moths are drawn to flames. As

James McGregor Burns teaches us, people want to work for projects that Gates shepherds because they will be able to achieve their own goals, too.

Leaders who can inspire others to achieve are a rare breed. But in times of crisis, they are necessary to help their organizations past the dark times and, more importantly, to shine a light, and help show others, how to follow that light to prosperity. Leaders are not futurists per se, but they are people who can see potential where others see roadblocks. And they can surround themselves with very capable people who can make the impossible possible.

JOHN BALDONI is a leadership consultant, coach, speaker, and author of six books on leadership, including *Lead by Example: 50 Ways Great Leaders Inspire Results*. From his Harvard Business Online blog, at <http://blogs.harvardbusiness.org/baldoni>.

PICK ON THE CONSULTANT

BY CHARLES S. JACOBS

Early in my career, I was invited to give a presentation of my company's capabilities to a division of Citigroup. This was an opportunity to sign up an extremely desirable client. It was *the* bank at the time, with a reputation for being far more aggressive and cutting-edge than other banks. There was also a touch of arrogance that went along with their success, and they were known for being tough people to do business with. But my work with them would not only be lucrative—it would be a great reference to use with other prospects. I must admit that I was both nervous and a little awed when I entered the division's posh offices on Park Avenue.

As I was waiting in a reception area while the staff attended to other business, I spent the time going over my presentation. I wanted it to be as crisp and polished as possible. I had worked hard to make sure the materials were the best they could be, and I'd invested a lot of time practicing it to ensure that I would come across just the way I wanted to. Finally, after what seemed an eternity, I was invited into their conference room.

Even before I had a chance to sit down, one of the executives expressed his conviction that I couldn't possibly be of any use to their division. He asked what kind of experience I could have that would be of value to a business as complex as theirs. But I never had a chance to answer that question—or any others, for that matter. It didn't seem to make much of a difference, because the questions were just rhetorical and nobody seemed interested in what I had to say about anything.

They were much more interested in what they had to say, and most of it had to do with how inexperienced and incompetent I was.

Every time I tried to get a word in, I was interrupted. The copies of my carefully produced presentation sat in front of me, never used. The abuse went on and on, until finally there was a pause when they appeared to have run out of steam. It was now my turn, but I knew that I'd get nowhere arguing against them. I wondered if it wouldn't be better to do the opposite of what they expected and agree with them.

So I began with, "Gentlemen, if you'll give me a minute, I'll explain why you're right and I'm absolutely not the person to do this work for you." As soon as the words were out of my mouth, they were on me again. Only this time, they were arguing that I *was* the one they needed to do the work for them, and they were no less insistent than they had been before.

Perhaps they were enjoying a game of Pick on the Consultant, or maybe they just wanted someone to take their frustration out on. Whatever the cause, they were ready to counter anything I was going to come up with. Because I acted counter-intuitively and cooperated rather than competed, I leveraged the relationship effect, and they ended up making my argument for me. It didn't hurt that their self-images demanded that everyone had to be seen as eager to work with them. It marked the beginning of a long and lucrative relationship.



CHARLES S. JACOBS is managing partner of the Boston-based consultancy 180 Partners. From *Management Rewired: How Brain Science Is Revolutionizing Business* (Portfolio). ©2009

BY LAURIE RUETTIMANN

HR: YOU'RE DOING IT WRONG

No Consultants Required



LAURIE RUETTIMANN is an HR professional based in Raleigh, N.C. She blogs at punkrockhr.com.

YOU ARE SITTING IN YET ANOTHER MIDWEEK MEETING, and a consultant shows you a PowerPoint slide with three circles, two triangles, and a box. Here's a quiz:

- A. Are you examining the three-dimensional arrangement of the molecular structure that will cure malaria?
- B. Are you reviewing a process-development plan that will infuse green chemistry into your supply chain to improve efficiency?
- C. Are you gazing at Picasso's *Portrait of Daniel-Henry Kahnweiler*, an example of the avant-garde Analytical Cubism movement, being used as a clever metaphor for the current business climate?
- D. Or are you looking at a PowerPoint slide, developed by a faceless Human Capital Consulting Firm to make the case for implementing an overarching and expensive leadership competency model so you can finally teach your employees how to act like leaders?

Unfortunately, the answer is D—and you've sat through enough of these meetings to know that the consulting firm is there for one reason: to charge you a boatload of money, based on geometric shapes and slides, to develop well-rounded, self-actualized employees who are allegedly focused on the mission, vision, and values of your organization.

If you're doing HR correctly, you know that consulting firms that tout "leadership competencies" as a tool for managing and developing employees rarely take the time to link their solutions to your revenue streams and profit projections. Furthermore, there is no concrete proof to demonstrate how the psychological alignment of an employee's *attitude* with your mission, vision, and values will result in higher productivity or increased competitive advantages. There is only the soft science of psychology, rooted in the paternalistic and pseudoscientific realm of Jung and Freud, to make the case for cultivating employees who are therapeutically enhanced and dedicated to your organization.

There is no concrete proof to demonstrate how the alignment of an employee's *attitude* with your mission, vision, and values will result in higher productivity or increased competitive advantages.

The savvy HR professional out there knows that searching for a psychologically sound, well-rounded employee who leads your company to profitability is like searching for the Holy Grail. Consulting firms know this, too, but they're willing to use convex polygons and animated octograms in a PowerPoint presentation to convince you to buy their leadership-competency models. Once you buy the first product, it's only a short time until they sell you Phase II of their program: a software package that embeds their leadership philosophies into your HR management systems, succession-planning modules, and total-rewards programs.

Phase III of their program? You never make an executive decision without calling and consulting with one of their leadership gurus.

I am here to tell you that basic values, such as leadership and accountability, are not as foreign to the global workforce as one might imagine. When you hire for your organization, from the mailroom to the boardroom, start by hiring an individual who meets the requirements of the job. You can't go wrong with basic aptitude. From there, demand that all employees show up mentally and physically and ask them to work hard—as part of their job description—without an intervention from an industrial psychologist. While you're at it, model those basic behaviors so that your employees see how performance is part of your culture.

And hey, if you hire someone who is both humble and bright—and someone who is open to learning, growing, and mentoring a new generation of leaders—that's gravy.

So I challenge you, corporate executives and HR leaders, to employ a level of common sense before traveling down a road of implementing an overarching leadership-competency model at your company. If you hire for a strong mix of knowledge, skills, and abilities—and demand ethical behavior from everyone associated with your brand—leadership will not be an elusive, complicated concept. It will be a natural way of living, operating, and reaching profitability. It will become part of your company's culture, and you won't need to pay consulting fees to achieve it.

Thinking Out of Control

BY JIM STROUP

The actual phrase is “thinking out of the box.” Unfortunately, it has lost much of the impact it was intended to have, and it may have been a bit off the mark to begin with.

The purpose was initially to serve as a caution against an overreliance on habitual thinking. We naturally develop patterns of thought and behavior over time. These are a sort of survival technique, enabling us to deal with what life has taught us can be classified and dealt with by recourse to routine approaches. As a result, our reservoirs of intellectual energy are freed from being drained by repetitive solutions to the same problems, and are available to be alert to new developments and to devise stratagems to deal with them.

The problem is twofold. We sometimes erroneously classify the countless cues that assault us each day, and wind up well down dysfunctional paths to addressing some of them before we realize, if we ever do, what is happening. Second, we begin to accord undue status to the patterns we have created, evaluating data according to how they fit our theories, rather than the reverse. We need to periodically redirect our newly liberated capacity for espousing new information back onto our old solutions in order to reassess them—and our use of them.

We have to break out of the rut we lower ourselves into with use. That is the meaning of the phrase: It suggests that we have placed what become increasingly artificial boundaries around our comprehension of and responses to events.

A problem with that is that by focusing solely on the thinking process, it promotes what is likely to be equally dysfunctional—or, at least, unhelpful—alternatives. It may seem obviously useful to find ways to generate unconventional thinking in order to uncover new perspectives and approaches. But the focus here is on method, not purpose.

As always, the first thing to do before solving a problem is to be sure you’ve framed it properly. You want to be sure you have posed it in a way that meaningfully illuminates both your purpose for addressing it, and all relevant elements in the environment that will influence your ability to do so.

Once you’ve done that, your thinking process becomes rather obvious, as you work back from what you really want to do, through the terrain and situation in which you must do it, to how you will in fact get it done. The question is no longer whether your thinking is in or out of the box. It is whether it is in control—disciplined to negotiate realistically appraised assets through frankly assessed threats and opportunities to advance you toward carefully determined goals.

Don’t try to rectify thought patterns that no longer serve their purpose by developing new ones divorced from that purpose. If your structure no longer works, don’t build a new one before you have examined the foundation upon which you build it.



JIM STROUP is a management consultant specializing in organizational leadership. From his blog, at <http://managingleadership.com/blog>.

When Women Don't Tell the Truth

BY SHARON MEERS AND JOANNA STROBER

WE HAVE OVERSEEN MANY FEMALE EMPLOYEES as both managers and board members. In our experience, most moms do remain committed to their jobs, especially if the workplace accords them the respect they had before becoming parents. But many men seem to think that women want to leave their jobs because they enjoy work less and love their babies more. (What do these guys tell their *own* kids—“Sorry, I love you less than your mom does—I’m a man”?) Motherhood, in their opinion, has these workers hankering for home, and they are less ambitious and more risk-averse. With these views, men aren’t surprised and don’t look for more answers when female colleagues downshift or stop altogether.

Randy worked for a start-up and had her first child two years into her job. “While I was on leave, I had a sense that I’d never get back on the fast track—the only track I wanted—and it made me depressed. And I was mad at all the men from my business-school class who weren’t dealing with that problem. I had not expected any of these feelings,” she told us. “My boss told me, ‘We need to change your responsibilities, since you probably want to work part-time.’ He just assumed this because his wife stayed home. So I said yes to part-time, less status, and less pay. I ended up miserable and not being taken seriously. Then, a headhunter called me

about a more intense job, full-time, and I took it. If I was going to go to work, I wanted to have a job I enjoyed and felt passionate about." Not wanting to burn bridges, Randy never told her boss that his assumption was wrong—and a key reason that she left.

We understand her reasons, but it's a big problem that women aren't candid when they quit. It means employers may never catch on. A large consulting firm hired Stanford researchers to solve what seemed to them a mystery. Top-performing women were quitting in high numbers, saying in their exit interviews that they wanted to spend more time with their kids. But the employers later learned that these women had returned to work, some starting their own firms and working longer hours. In anonymous interviews, the women who had quit explained the disconnect: Most said they'd left their jobs because "they could not see a future for themselves there." The "more-time-with-kids" story was just cover—so they could maintain good relations with their former bosses.

In another study, recruiting firm Korn/Ferry surveyed 425 women and found that women's desire for "opportunity" was the primary reason they left traditional firms and started their own. Although half of them were mothers, these women reported working an average of fifty-five hours a week. You can't blame women for wanting a smooth exit. However, their failure to be honest and state the real problem, that they want more respect and upside, leaves employers holding fast to a bad old saw—that women (particularly moms) won't put in the hours.

It's going to take a lot more straight talk to help men over another hump: Men often *want* to believe women leave voluntarily. It's more convenient to believe that it's all OK, that women gladly depart, so nothing needs to change. The Stanford researchers found that some men had a hard time with the results of their study. Interviewing men, both old and young, they found that men embraced the belief that women "choose" home over work for reasons of both comfort and competition. "When older men hear from a woman that she is leaving 'to spend more time with my family,' they are relieved," the researchers wrote. "Their notions of what is 'proper' for women are reinforced and they need feel no guilt. . . . Younger men, despite their different upbringing, often have much the same reactions. . . . They have learned from these older men the value of the male systems of segregation. Many are pleased that, by leaving, senior women have helped lessen the competition among remaining men." Note: It's not just the dinosaurs—it's the guys you went to college with too.

We *do* have to work harder than men to get ahead, whether or not kids are in the picture. You've heard the old saying about Ginger Rogers: She did everything Fred Astaire did, but backward and in high heels. But don't expect sympathy from all your male colleagues—they often don't see it. In surveys, women consistently say they need to "work harder" and be "smarter" than men to get the same respect—in a 2007 poll, 71 percent of women felt this way while only 36 percent of men agreed. Yet the more we persevere, despite those bosses who think no working mother can produce at the level she used to, the further we'll travel.

SHARON MEERS is a former managing director at Goldman Sachs & Co. JOANNA STROBER is a managing director at Sterling Stamos, an investment-management firm. From *Getting to 50/50: How Working Couples Can Have It All by Sharing It All* (Bantam). ©2009



THE FACE OF CORPORATE BANKRUPTCY

BY ROBIN L. SMITH

Before leaving for work, I headed into the kitchen for one last cup of coffee, and glanced at the television. The "Big Three" CEOs were once again appearing in front of Congress to ask for financial support. Listening with half an ear, I heard business and government commentators discuss the pros and cons of avoiding bailing out the automakers and simply moving forward with a bankruptcy filing. Chapter 11, most insisted, was the best solution to stop the bleeding: It would allow the companies to restructure their debt and reduce current liabilities, creating more competitive and viable business models in the future.

Makes sense, I thought. As a fifteen-year HR veteran of a major corporation, I had heard my share of business analysis. And surely these companies could use the bracing dose of reality that a bankruptcy filing would offer. I continued listening to

the comments, most of which focused on broader corporate and economic issues, and agreed that, when viewed through the cold, hard lens of business reality, the choice was clear.

Just a few weeks later, my job was eliminated. I felt both apprehension and relief: The company had been experiencing difficult business challenges for years, and I was excited about moving on to new opportunities, even considering the uncertain economic environment. Over the last twenty-plus years, I had held numerous challenging and rewarding roles that I felt would position me well in the external market. I had a master's degree, great director-level experience, and a reasonable severance package that would carry me through nine months of the job-search process. I was ready.

Two days after my last day in the office, I was cheerily putting in my kitchen, ready to enjoy a leisurely cup of coffee

and review of the daily paper. What a different start to my morning than over the last few years! The TV was turned low, with the morning business news serving as background noise . . . until I heard a voice mention my company. My ears perked up, and I listened in shock as I heard the announcer state that the company had filed for Chapter 11 bankruptcy protection.

I was shocked, sad, confused, and a bit angry. I felt sorry for my colleagues who remained in such a difficult environment. I also felt a bit guilty, because I was secretly thankful that I and the company representative had signed and officially submitted my severance agreement just the day before. I would be OK.

Or so I thought. Over the next few days, I learned that the bankruptcy process would eradicate what I thought was a commitment to employees. The severance on which my colleagues and I were counting to help carry us through our job searches immediately ceased; medical and other benefits vanished. Confusion reigned as everyone tried to determine the process for employees to access their 401(k) accounts and asked tough questions: What about our vacation pay earned

the prior year? How much does COBRA cost? Do we need to sign up immediately? Are our pensions secure?

And I wondered: Had my agreed-upon nine months of pay and benefits just turned to dust?

As I spent hours on the phone in the coming weeks trying to navigate the challenging waters

of a company unprepared to deal with the volume and type of questions they were receiving, I remembered listening—with a detached ear—to those televised discussions of the Chapter 11 option. The commentators had dispassionately discussed “restructuring debt,” and I had nodded assent without a second thought. Now that restructured debt had a face: mine and those of my co-workers. All of us—along with our severance, insurance, and other benefits—were collateral damage.

From 2007 to 2008, business Chapter 11 filings rose 49 percent, and the numbers continue to climb: As the economy continues on its volcanic slide, more and more companies seem to be resorting to bankruptcy to avoid the last gasp. Indeed, business seems to be booming for bankruptcy attor-

neys, even as firms specializing in other areas have recently resorted to layoffs or even their own bankruptcy filings in this challenging economy.

Now, I recognize that in some cases, Chapter 11 reorganization is not only the best way but the only way for a company to move forward with any hope of survival. But I wonder if in this rush to reorganize, companies have lost sight of the real impact on the hundreds or thousands of people affected. Do the executives of these companies and the representatives sitting on the creditor committees take time to visualize the faces of the employees and families whom their decisions affect, or are we just names listed on page after page of unsecured creditors? Do they think about employees such as me—those who regularly put in sixty-hour weeks, who listened to their senior leaders’ encouraging words and hung in there through tough times? What about the current employees? How can they be expected to stay engaged and productive when they know more layoffs are coming and that all severance and benefits have been eliminated for them?

I tried to become more knowledgeable about Chapter 11 and what my company’s filing really meant to me and my family. But information about the impact on employees was scarce. News reports and commentary invariably focus on larger business issues rather than employees, much less their families.

But I did learn exactly where we stood, in a feature on the SEC website explaining, “How Are Assets Divided in a Bankruptcy?” Secured creditors are paid first. Listed next are unsecured creditors such as banks, suppliers, and bondholders. Listed third are stockholders. My colleagues and I are unsecured creditors with little influence—and almost zero chance of getting even a small percentage of the severance and other monies due to us. We don’t even seem to be important enough to warrant a mention in the SEC’s unsecured-creditor list.

I don’t mean to imply that executives and boards look to Chapter 11 specifically to cut out employees and weasel out of paying severance and providing long-promised benefits. And the bankruptcy option is undeniably critical in freeing companies, and the market in general, to take risks and make key moves. But as companies weigh and carefully evaluate bankruptcy alternatives, we must ensure that business needs are balanced with the fair and ethical treatment of employees and their families.

The last decade’s rampant downsizing and outsourcing have left us all a little numb to the burdens our people shoulder. While taking into consideration secured creditors, bondholders, shareholders, and banks, we need to keep in mind those for whom bankruptcy represents more than numbers on a balance sheet. We may be the invisible faces at the table, but we are there nonetheless.



ROBIN L. SMITH is president of Richardson, Texas-based RLS Coaching and Consulting, a company focused on career coaching and corporate diversity consulting. She can be reached at robin@rlscoachingandconsulting.com.