

# Executive Matters

INSIGHTS AND INFORMATION FOR TODAY'S BUSINESS LEADERS

January 2010

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February 4, 2010

## Getting a Handle on Human Risk Management

by Tom McKaig

What is risk management, and how does it apply to the actions of employees? According to Kent D. Miller in the *Journal of International Business Studies*, "risk" refers to variation in corporate outcomes or performance that cannot be forecast ex ante."



The key element here is to recognize that there is true uncertainty about human risk, or indeed any risk. The fact that an organization has survived without major scandal does not guarantee that it is safe in the future.

### Quality Initiatives Can Help

An organization is only as good as its parts—in this case, the human parts. The quality aspect of management can be evoked to work hand in hand with problem prevention, but it is all too often overlooked.

Typically, quality applies to (but is not limited to) reducing or eliminating defects in manufactured products. Beyond this, management also needs to invoke quality principles that smooth the internal environment.

Quality starts with managers. Being an ethical role model is a key function of any leader. But the emphasis on quality alone is not enough. Control mechanisms, including both financial and performance audits, are important for preventing and uncovering potential problems. The really effective tools are punishment and brandishing the legal arsenal available to the company. Swift and fair measures will fill the void of those strategic management initiatives that fail to catch rogue employees and will serve as a heavy reminder to others who may be about to embark on a negative course of action.

To many, the idea of punishment seems to be a return to management's dark past in the days of command and control. This is not the case. Taking corrective action, including negative reinforcements and punishments, is a legitimate function of managers, just as much as positive reinforcements are.

Conclusion

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## FEATURED PODCAST

### [Bruce Tulgan on How to Manage Generation Y](#)

The author of the new book *Not Everyone Gets a Trophy: How to Manage Generation Y* provides a reality check for business leaders, managers, and other so-called grownups who find themselves working with the newest generation of employees.

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## BOOK REPORTS

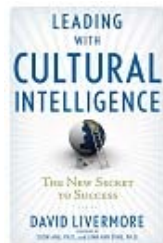
### [Leading with Cultural Intelligence: The New Secret to Success](#)

by David

Livermore, Ph.D.  
(AMACOM, 2009).

What is CQ? And why is it so important? Today's leaders must

compete in a global marketplace, manage a diverse workforce, and keep up with rapidly shifting trends. Cultural intelligence is the "capability to function effectively across national, ethnic, and organizational cultures," writes Livermore. It offers leaders an overall repertoire and perspective that can be applied to a myriad of cultural situations and will help any businessperson gain a competitive edge.



A manager faces many risks—from industry-wide ones such as currency and interest rate risks, to department-specific ones such as accounting and treasury risks. Most of these risks can be quantified, though we are discovering that many of the numbers assigned to these risks are little more than educated guesses.

Unfortunately the identification, measurement, and quantification of human risk are difficult and challenging. In spite of our best efforts, reliable numbers cannot be assigned to human risk. Nor can risk be completely eliminated from an organization. But quality initiatives and control mechanisms can go a very long way to minimize exposure.

Excerpted and adapted from *Qfinance: The Ultimate Resource*, with permission of the publisher, Bloomsbury Publishing. For more information, visit: [www.qfinance.com](http://www.qfinance.com)

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## Tips for Amazing Virtual Meetings

By Mike Song, Tim Burress, and Vicki Halsey

With the economic meltdown, rising environmental concerns, growing apprehension about global pandemics and traveling to high crime-rate countries, and the ever-increasing workload of managers and limited time to travel, companies everywhere are stampeding to virtual meetings—from team sessions to seminars.



But not all managers know how to run effective virtual meetings.

Here are five tips to help you reap the full benefits of virtual sessions.

### 1. Turn on the Lights!

A teleconference is like meeting in the dark. No visuals=boring! Help participants see the light by using charts, slide presentations, and compelling photos to build interest and make your point.

**Quick Tip:** Look for ways to incorporate team photos into your virtual meetings to create a stronger bond with participants. For example, place a professional-looking headshot of yourself on the cover slide of your next virtual presentation.

### 2. Champion the Chat Feature

Invite participants to make frequent use of the public chat feature to provide insights, feedback, and even jokes. While you might think this would distract participants, it actually rivets them.

**Quick Tip:** Use the Chat feature as a rapid polling tool and idea generator. For example, ask participants to list the single biggest obstacle to getting more done on the job.

### 3. Become a Screen Writer

Your audience will be more engaged if the screen is alive with

movement and color. Practice using Web conferencing tools that allow you to draw or type on the Web meeting screen to highlight key points.

Quick Tip: The next time you display a document reflecting a co-worker's great work, draw a smiley face or A+ on the screen.

#### 4. Survey the Crowd

Impress and engage your colleagues with a few well-thought-out survey questions during your next virtual meeting.

Quick Tip: Create questions specific to the meeting's purpose or general questions like this:

What would make our meetings more effective?

- Start and end on time
- Better preparation
- Stay on course
- Complete all action items

#### 5. Avoid Tech Disasters

Create a "Tech Glitch Cheat Sheet" that lists key features, simple fixes, and support and account information for all virtual meeting technology. For example, include instructions on how to mute all phone lines. This is useful when a participant puts you on hold forcing everyone to listen to the extended version of Barry Manilow's Copacabana!

Quick Tip: You can download a [free cheat sheet template](#).

Become a virtual meeting virtuoso, and your coworkers, colleagues, and clients will be happy—and even inspired—to participate at a higher and more meaningful level.

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Mike Song, Vicki Halsey, and Tim Burrell are coauthors of *The Hamster Revolution for Meetings: How to Meet Less and Get More Done*.

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## The Core of Every Successful Company

Many executives spend 80% of their time putting out completely avoidable fires and 20% of their time trying to grow, innovate, and differentiate their business. Business consultant John Spence believes that they can do the reverse.

In his book *Awesomely Simple: Essential Business Strategies for Turning Ideas into Action*, Spence provides six fundamental strategies essential for success in business:

1. Vivid vision—This is an imperative first step for every company. A vivid vision is an exciting, inspiring, and realistic image of what the company wants to accomplish; it gives everyone involved a clear understanding of why the company exists and what each person is working to achieve.
2. Best people—Business success depends on hiring—and keeping—talented employees. It is more essential than ever to build

a strong foundation focused on continuous innovation and superior customer service, which can only be delivered by highly talented people.

3. Robust communication—Communication is complex, whether you're in a company with five or 20,000 employees. However, for a business to be successful, honest, open, and courageous communication is essential, both on an organizational and an interpersonal level.
4. Sense of urgency—Success depends on speed. From your ability to deliver what your customers want the second they want it, to making sure your new product hits the market before your competitor's, business survival depends on your ability to make things happen now.
5. Disciplined executive—Besides speed, success depends on flawless, innovative, and effective execution. Your employees must understand the need to work quickly and the importance of using tools, systems, and processes that allow them to do just that and still produce excellent results.
6. Extreme customer focus. Competitors can copy your products, imitate your offerings, gain access to your distribution channels, and match or beat your prices—the only competitive differentiator left is to create a company with extreme customer focus, provided by your highly talented employees. While many companies still don't understand its importance, providing excellent customer service is the foundation of building a successful company.

Spence has said, "Businesses that create sustained success are sharply focused on a set of core competencies and then relentlessly execute on those competencies better than the competition to create strategic advantage. Businesses that fail might have the best of intentions, good people, great products, and a solid plan for success but cannot deliver results because they are not disciplined in executing on their most important goals day in and day out."

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