Middle Market Methods™

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Manners Matter

By John A. Lanier, DSL

Introduction

I am a baby boomer for whom manners were emphasized throughout my childhood as non-negotiable. If we "forgot" our manners, prompt correction was certain. Serious infractions resulted in punishment. Simply put, rudeness was intolerable. The closest analogy I can share for relating how seriously manners were regarded is modeled in a scene from *Lonesome Dove*—the greatest western ever filmed, based on a brilliant Larry McMurtry novel. When Gus McCrae and Woodrow Call sought relief from their travel fatigue through libation in a crude saloon, a "surly" bartender insulted the retired Texas Rangers while providing their whiskey shots. Apparently, this was a pre-gratuity era in the wild west whereby there was no acculturated mechanism for distinguishing poor from satisfactory service. Gus reacted to the disrespect by reaching across the bar with rattlesnake quickness and slammed the bartender's head down on the countertop. While the bartender was regaining his equilibrium—expedited by the advent of the throbbing pain of his bloody, broken nose—Gus volunteered some insights on respectfulness. Not apparently understanding the lesson, the bartender spouted off again. This time, Gus rendered him unconscious. Point made—twice!

Harsh? Maybe. Maybe not. Period and context matter. Let's assume that we have become more civilized about pugilism, perhaps with the exceptions of extreme fighting, boxing, wrestling, hockey, soccer, rugby, and football. However, even violent sports have rules that define penalties for non-compliance. Whether overt or covert, bad manners inflict harm on relationships. Not all behaviors are universally acceptable. Normative manners as defined by one demographic or culture may translate poorly to another. Thus, we need to know our audience.

Manners govern culture and relationships.

I was a late bloomer for grad school—25 years after undergrad. My first MBA course included business etiquette. To my school's credit, they understood that one's intelligence sans manners is likely to hinder realization of personal potential. The phenomenon violates a subset of the marketing P's: product, pricing, placement, promotion, packaging, and people. Polished manners not only facilitate commerce, but they double as insurance policies for Murphy's Law episodes whose resolutions are smoother if goodwill is safely presumed. As imparted by character Harry Hart (played by Colin Firth) in *Kingsman: The Secret Service*, “Manners maketh the man.” The point is gender neutral.

We business professionals may be guilty of poor deportment in our stakeholder encounters across prospects, customers, vendors, colleagues, friends, and strangers. Absent training (or if you prefer, coaching), we may be wallowing in unconscious ignorance, i.e., not knowing what we do not know. Competition is tough enough without getting flagged for “illegal procedure”—especially during the “two-minute drills” of business transactions.

The purpose of this value-creation installment is recognizing the “tax” exacted by bad manners on personal and corporate brand equity. The Socratic method will pose questions to prime the cognitive pump.

- **Who “touches” our customers?**

Salespersons may have the one-on-one charm of Cary Grant; however, many of the stakeholders in the customer-vendor relationship dynamic may never meet in person. That makes the phone, email, snail mail, and text messages the primary communication media. Let’s drill down on the phone. Who is answering it? The receptionist may be the common answer for small business. Was the receptionist trained? Does the receptionist understand “a smile you can hear?” How are the receptionist’s priorities understood, i.e., is the phone a priority? How many times does the phone ring before answering? Is there a coverage path after a maximum number of rings? Are there any standards for how long a caller is on hold?

Everyone who “touches” customers brands their companies through their activities.

Many businesses have automated attendants. How hard are they to navigate? How easily may someone exit the labyrinth to talk to a human? Do personalized greetings follow a content outline? Does the message change when the employee is unavailable, e.g., PTO? Do “secret shoppers” ever test the coverage path to assure that it performs as designed and/or intended?

Why do these questions matter? Suppose your best customer has a MAJOR service issue and CANNOT easily reach anyone to resolve the problem. Further suppose that your largest competitor happened to have an appointment with your disgruntled customer shortly after the irritating incident. Are you vulnerable? Of course, you are. I was focused on business development for the first half of my career. I can attest to both the pain of losing a customer after a service mishap, as well as the gain of exploiting a competitor's mistake. Businesses should profile their contacts in their customer relationship management systems—and we should assure that our employees who "touch" our stakeholders are trained in how to use the tool effectively to understand those contacts. This skillset is akin to emotional intelligence, or EQ, whereby we are obliged to understand those with whom we must effectively engage to create mutually beneficial value.

A potent "customer touch" impression occurred for me at the "happiest place on Earth." As young parents, our family made the pilgrimage to Disney World with our first child. She was particularly focused on character autographs. Some were easy; some were comparative unicorns—Snow White in particular. My wife crafted a brilliant strategy. We patiently waited in an excellent position at the opportune time. Just as Snow White appeared, so did a rugby scrum, disguised as obnoxious parents and their unruly progeny. Before I could conjure a Plan B, Snow White ever so delicately and skillfully became Moses parting the Red Sea as she made her way to our daughter, stooped down, and autographed her book. No one in the boisterous mob protested. Our daughter was jubilant. Snow White earned an Oscar from us that day. Thirty plus years hence, this remains one of the most impressive feats of decorum ensconced in my customer service archives. Remember brand equity via behaviors? Snow White's employer understood the importance of this dynamic. Snow White was well trained in navigating the risky maneuver. Somehow, you just know cameras capture such moments at the park for analysis, kudos, and coaching. Mickey Mouse is the consummate CEO.

- **Do our employees honor action item deadlines?**

Deadlines are important to internal and external customers and vendors—especially in Lean "manufacturing" models. M3 helps many clients codify descriptors for their aspirational culture, which is anchored in the performance management system. Among these descriptors are values. For example, living the values is integral to acculturation.

In recent years, I have observed four dominant, single-word descriptors emerge from these exercises: trustworthiness, accountability, teamwork, and excellence. Each one of these maps to honoring commitments, which may be discretely measured by whether we meet established deadlines. May we be trusted to do what we say? Do we hold ourselves accountable for honoring our commitments? Does our teamwork backstop miscues so that our deadlines are met even if we are unable to personally meet the obligation? Can we call ourselves excellent if we are directly or indirectly culpable for failure to meet customer expectations? Organizations who take these things seriously reinforce their claims with metrics to substantiate execution. This has both offensive and defensive attributes.

Among M3 clients' challenges are too many #1 priorities. The predictably common consequence is missed deadlines. The proper antidotes are supplemental resources and/or engaging stakeholders to reconcile the prioritization conflicts. In fairness to stakeholders, their line of sight is a subset of the whole. Calling their attention to overallocated limited resources is the first step to problem solving.

Honoring deadlines is a litmus test for accountability.

A closing thought on deadlines regards surprises. Stakeholders typically loath surprises. Notifying stakeholders *after* missed deadlines is discourteous. Indeed, they probably already know and may be wondering if they are going to have to tell us that we missed the deadline.

We have an obligation to alert our stakeholders as soon as we know a deadline cannot be met. They deserve an opportunity to explore alternatives. We should assist in identifying such alternatives.

- **Do we communicate closure?**

Capacity management is not limited to machinery. Consider a diligence vendor who is asked to block out specific dates two months out. One month out the deal vaporizes, BUT the diligence vendor is not told until three days before their scheduled departure. The impact to the vendor is likely 2X. There is no billable engagement and the scheduled resources may not be redeployed on such short notice (i.e., opportunity cost).

Walter O'Haire of Stout (evaluating services) posted pithy observations on LinkedIn. O'Haire's article title telescoped the axiomatic punchline: "In Sales, Silence Does Not Mean 'No.'" Silence is problematic in multiple stakeholder scenarios. For example, "vendor abuse" can come back to bite customers. Over many years I have encountered numerous off-hand comments that approximate "we give them (the vendor) a lot of business, so it doesn't matter that we did not let them know." I have also witnessed a subset of these same people go nuclear if on the receiving end of an analogous incident—and without recognizing the double standard. Suppose the vendor is the exclusive provider for the customer. Further suppose the vendor is very good at

A quick "no" is more polite than an indefinite "maybe."

what they do. Customers are often top-graded (i.e., fired) for harming margins by disrupting asset utilization. Are we prepared to explain to our chain of command why our vendors don't want to do business with us anymore? In short, a quick "no" is more virtuous than a protracted "maybe"—or worse, silence.

As a refresher, we might reflect on the Porter Five Forces model to analyze our ecosystem before adopting perilous assumptions about cause and effect. The articulating covariant components of the model are (i) buyer power, (ii) supplier power, (iii) substitution threats, (iv) new entrant threats, and (v) competitive rivalry. All five forces are relevant to the point.

- **Are we respectful of others' time?**

This question may be a corollary to the previous question. The angle for this question is punctuality. I make a point at the offsites which I facilitate about the scale of investment the company is making by taking key people off-line. I first take a stab at the fully loaded compensation of the offsite days for the attendees, plus the prep time. Then, I explain the multiplier effect for being inaccessible to their teams, something that is an even bigger point for attendees who do not empower/delegate effectively. The number is an attention grabber.

Wasted time is lost productivity.

We may apply the same principle to office meetings. Beyond the opportunity cost of tardiness, there may be a more telling message by people being late—the very people who must be present to accomplish the objective of the meeting. The non-verbal message is that the tardy person's time is more valuable than that of their colleagues' time. Moreover, inconsiderate behavior damages morale and may be in functional contradiction of stated values.

John Templeton imparted that "it's nice to be important, but it is more important to be nice." Ground rules which teams may adopt include starting the meeting on time irrespective of a missing member, plus refusing repeat content covered before the arrival of the late teammate. As food for thought, I have encountered some companies which lock the door at the scheduled start to galvanize the message. Good meetings should also have agendas and end times to preclude their becoming a convention.

- **Are we managing in 3D?**

According to Peter Post in *Essential Manners*, putting people down, described as haughtiness and condescension, is lethal to conducting meaningful business. This does not work so well anywhere else either. A popular leadership development tool is the 360-

degree assessment. However, the 360-degree metaphor may be deficient because it implies a two-dimensional, length by width plain. By contrast, three-dimensional, or 3D, management includes up, lateral (front, back, left, and right), and down. There is also a fourth dimension: time. Assuming we are tempted to think time is a nerdy dimensional concept, then consider how long we may harbor a slight which was inflicted years in our rearview mirror. Does anyone have an ancient axe to grind with us for similar reasons?

A reliable litmus test for how people manage “down” is their deportment with servers at restaurants. Everyone comes from somewhere. Many of the celebrities we patronize with movie, theater, and concert tickets waited tables to make ends meet until they earned their big break. Are we limiting our success by putting down the rising stars in our midst?

The lower middle market private equity ecosystem is ripe with 3D dynamics. For example, a private equity deal team typically has three levels of professionals: senior, mid-level, and junior experienced persons. The workloads tend to be in reverse respective order. The heavier workload for junior deal team members fosters proficiency concurrent with accountability. As the career paths progress through midlevel to senior positions, responsibilities transform to teaching and delegation.

Vendors who support private equity firms are commonly impressed by the intelligence and work ethic of junior deal team professionals, a subset of whom have the additional “it factor.” For those “it factor” persons, the frequent prognostication is not if they will go raise their own fund, but when. Sometimes the “when to start their own fund” decision for “it factor” professionals is catalyzed by how they are treated within their firms.

Manners matter in all navigational directions.

Many among the founding entrepreneurs within the portfolio company ranks have similar “it factor” pedigrees. They may have learned valuable skills in larger companies but grew weary of the stifling bureaucracy. Accordingly, these professionals determined that personal fulfillment and economic rewards could be derived in a better atmosphere. Even so, they may be repeating the hazing ritual, thereby training their future competitors. This is one of the reasons leadership diligence is essential to new investments.

For a large portion of the supporting vendor community, we delight in working with junior members of organizations—private equity firms and their portfolio companies. These “worker bees” tend to be more familiar with how things work at the granular levels at which root causes are commonly verified in pursuit of sustainable solutions. We vendors emphasize knowledge transfers which help junior people develop their careers. Many project teams maintain contact long after deliverable completion. These “circle of life” phenomena are at least partially enabled by good manners. Anecdotes from these experiences—some of which are punctuated with humor—are fondly recalled when paths cross at airports and trade shows.

- **Do we own and resolve our mistakes?**

Customer satisfaction research consistently reports that owning a mistake correlates highly with customer retention. Prompt resolution is even better. Arguing with internal or external customers is, in a word, stupid. Borrowing from Thumper the rabbit in Disney’s *Bambi*, “if you cannot say something nice, don’t say [anything] at all.”

We might have an opportunity to mitigate the potential for such conflict. Especially in complex customer-vendor dynamic relationships, distilling expectations to service level agreements with substantiating metrics is advisable. The first thing that this helps us understand is context for the problem. Indeed, it may be that the customer’s perception of our obligations is incorrect. Even so, it might be wiser to fix the problem, then circle back later to conduct a post-mortem on the issue relative to the rules of engagement. We might have an opportunity to demonstrate our commitment to “above and beyond the call of duty” service, coupled with a request for more business (that by inference we have earned the right to request). We may have an opportunity to clarify expectations. Obviously, there are other scenarios. The point is to think, plan, and execute based on the discoveries of the scenario.

Owning and resolving mistakes is a form of politeness.

Points from the Pros

Several luminaries and authors make corroborating points about manners, although the points are not necessarily packaged as such:

- Stephen R. Covey’s *The 7 Habits of Highly Effective People* should be required reading for everyone. While all seven habits may be directly mapped to the objective of this article, the exercise commences with Covey’s “think win-win” habit.
- Daniel Goleman’s *Emotional Intelligence* imparts that ability to empathically calibrate our relational dynamics to our counterpart is more highly correlated with success than intelligence as measured by IQ.

- Patrick M. Lencioni identifies “humble” as one of the three key characteristics of *The Ideal Team Player*. Humility makes problem solving easier.
- In *Influence: The Psychology of Persuasion*, Robert B. Cialdini establishes that likability is a potent enabler.
- Michael Bungay Stainer posits “How can I help?” for connecting with people in *The Coaching Habit: Say Less, Ask More and Change the Way you Lead Forever*.
- Bill Campbell’s *The Trillion Dollar Coach* substantiates that leadership is determined by the way one relates to people.
- *Crucial Conversations: Tools for Talking When Stakes Are High* is a trove of wisdom for resolving critical issues. Kerry Patterson, Joseph Grenny, Ron McMillan, and Al Switzler argue that establishing a safe environment for sharing pertinent information is core to the success formula.
- Brené Brown’s *Dare to Lead* emphasizes vulnerability, empathy, and integrity as key to connecting with others to drive results.
- *In Principles: Life and Work*, Ray Dalio shares career insights on perpetuating a winning business culture, including the importance of meeting deadlines.

Conclusion

Ralph Waldo Emerson shared that “manners require time, and nothing is more vulgar than haste.” We have only one opportunity for first impressions. Wouldn’t it make sense to follow Emerson’s advice to take enough time to demonstrate good manners and prevent a bad first impression—an impression which may not afford a second chance in this lifetime? “Thank you” and “please” are strong currency. Eudora Weldy said, “beware the [person] with manners.” For us businesspeople, was she imparting that good manners are differentiable? Hmm.

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Middle Market Methods™ offers a value-creation toolbox of growth, productivity, and cultural solutions to portfolio companies of private equity firms. The premise is that best practice adoption correlates with a smoother investment hold period, resulting in higher exit multiples. Additionally, deal team time is liberated from operational surprises to invest in new transactions.