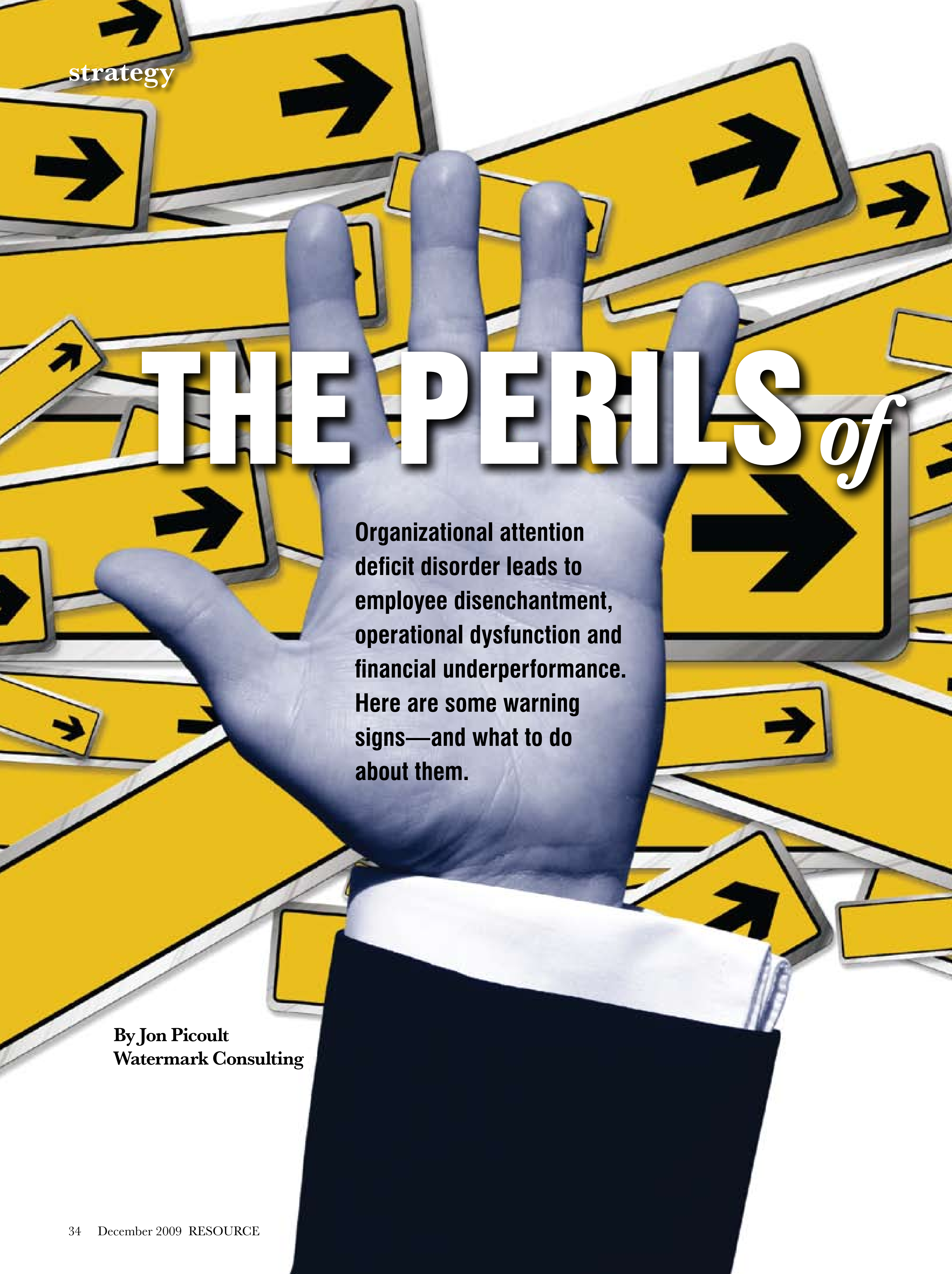

THE PERILS *of*

Organizational attention deficit disorder leads to employee disenchantment, operational dysfunction and financial underperformance. Here are some warning signs—and what to do about them.

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The five year plan that fizzles out after 18 months. The transformational, multi-year information technology (IT) strategy that evaporates overnight. The company mission statement that changes as frequently as the weather. Organizational structures that repeatedly centralize and decentralize like a crazed accordion.

If none of these situations sounds familiar to you, then consider yourself lucky—you've obviously never witnessed the fickle nature of many corporate institutions and their leaders. Because far too often, companies (and the executives steering them) lay out grandiose long-term plans and projects that never come to fruition.

Organizational ADD

I'm not talking about the endeavors that fail midstream and are gracefully put to rest—in those situations, there's a conscious, deliberate, fact-based decision made to adjust course. What's far more jarring to an organization are the initiatives that are launched with great fanfare and then suddenly disappear into the woodwork—leaving everyone guessing what happened.

This comes about from something called organizational attention deficit disorder (OADD), a term used by a number of management consultants and academics to illustrate the impact of today's frenzied work environments on the average individual.

You've probably heard of attention deficit disorder (ADD) to describe certain behavioral conditions in children and adults. People afflicted with ADD are unable to prioritize activities and focus on a task at hand. They're easily distracted and often appear to others as being chaotic and disorganized.

Difficulty prioritizing. Prone to distraction. Apt to lose focus. Does this sound like some places you've worked? If so, then you've probably experienced organizational ADD first hand.

OADD describes the propensity for organizations to be frequently distracted, diverting their attention from long-term endeavors or principles that could have been very valuable if seen through to their natural conclusion.

In my experience, OADD arises from three types of sources:

- **Institutional.** An organization's institutional "character" can spawn OADD. Examples include companies that don't have a clear sense of their purpose (depriving them of any solid foundation on which to shape their focus) as well as those serving stakeholders with a decidedly short-term, haphazard mindset (public companies catering to the whims of stockholders and/or analysts).
- **Organizational.** A company's structure and mechanics can drive OADD behavior. Examples include far flung and/or highly siloed organizations where it's difficult to keep key players on the same page. Plus, if the players change frequently (search firm SpencerStuart recently reported a 23-month average tenure for chief marketing officers), that can further complicate efforts to keep an executive team focused.
- **Individual.** Even the most seasoned business executives can't help but be human. When new leaders join an organization, they usually want to put their mark on it—even if that means departing from a prior path that served the business well. Veteran company executives sometimes succumb to the urge to chase the next hot management trend, diverting focus from more prudent (but perhaps less glamorous and buzz worthy) initiatives.

Warning Signs

In the insurance industry, perhaps the poster child example for OADD is insurers' Sisyphean efforts to extract themselves from the curse of their legacy systems. Many of those projects play out in five easy and predictable steps.

First, a business executive proclaims that the company is being suffocated by its legacy systems.

Then, the IT executive identifies an exciting, new technology platform to which all legacy administrative platforms can be migrated.

Business and IT kick off a joint multi-year, multi-million dollar effort to move off of their legacy platforms (with the requisite promise of unparalleled cross-division collaboration).

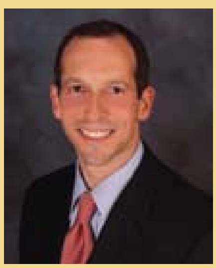
About 12-24 months in, one or more of the following happens. Executive sponsor(s) change and new players question the strategy. The business executive loses his/her appetite for the hoards of business resources needed to support the project (given other priorities). The IT executive realizes that the project will take much longer and cost far more than originally projected.

The project fizzles out after one legacy system is partially converted to the new platform. The organization has succeeded not in reducing its systems inventory, but rather increasing it by one.

This is how sprawling inventories of legacy systems are accumulated over the course of decades. A noble idea turns into a large, long-term endeavor from which the organization is all too quickly distracted.

Another common manifestation of OADD, both inside and outside of the insurance industry, is an endless parade of initiatives du jour. Buzzwords and acronyms are a good tip off here, as well. These are the in-vogue "shiny objects" that catch the attention of OADD afflicted companies, leaving them sprinting to embrace a new concept without regard to what gets left behind.

OADD is not just an amusing dynamic to observe; it exacts a real cost on an organization.



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Do you know a company that waved the total quality management (TQM) banner back in the 1980s? And then the reengineering banner in the 1990s? And then the Six Sigma banner in the 2000s? And then, perhaps, the Lean banner? Maybe the company also had a side order of embedded value or total cost of ownership?

In the insurance space, an even timelier example is the miraculous, overnight proliferation of enterprise risk management (ERM) programs. When risk issues took center stage as the financial sector imploded, ERM became in vogue and companies scurried to establish ERM programs and name chief risk officers.

Now there's nothing wrong with a company that didn't have robust risk management practices learning from the current turmoil and launching a bona fide ERM program—that's good business. But where it becomes just another OADD shiny object is when ERM is implemented as window dressing. As Max Rudolph, the 2009 ERM Symposium chairman, said recently, "companies are using ERM more for show" and as for chief risk officers, "they maybe saw the CEO in the cafeteria one time, but that's as close as they get."

Will these companies even remember what ERM was, once the next hot management topic captures the collective conscience of the industry?

OADD is not just an amusing dynamic to observe; it exacts a real cost on an organization:

- **Employee morale**. OADD is jarring for employees. Without any consistency and clarity of direction, employees are left confused and cynical—just waiting to roll their eyes at the announcement of the next transformational project or initiative du jour.
- **Customer satisfaction.** Employees that are skeptical and scornful of their workplace will not be the best ambassadors for your brand. It's inevitable that some of their frustration will (consciously or unconsciously) seep into their interactions with consumers, compromising a company's ability to deliver positive, memorable customer experiences.
- **Vanishing returns.** Whether it's legacy system remediation efforts or some other worthwhile business endeavor, the OADD start-stop-move-on dynamic can perpetuate existing inefficiencies and costs, as well as create entirely new ones.

Smart Moves

While there are many individual and institutional drivers behind OADD, leaders can protect their businesses from the affliction in a variety of ways.

For starters, be attuned to the pitfalls. Perhaps the best medicine is just being aware that OADD can easily rear its head in any business setting. By knowing the contributing factors and warning signs—buzzword envy, chronic false starts, endless reprioritizations, for example—executives are in a much better position to steer themselves (and their teams) away from OADD behavior.

In addition, be sure to articulate an overarching purpose. The most compelling company brands are grounded with a strong sense of purpose—the firm's reason for being. Crisply define this true North for your firm and it should help to identify and control OADD transgressions. Furthermore, a consistent overarching brand purpose will make it easier for employees to look beyond more tactical starts and stops.

Finally, embrace incremental improvements. Big, hairy, audacious initiatives are most susceptible to the OADD curse. If your organization requires "man on the moon" type inspiration, choose instead to articulate a big, hairy, audacious goal that can be gradually and pragmatically realized with a series of smaller, incremental initiatives. Incremental improvements have two key benefits: they're less vulnerable to OADD, because they usually have a shorter duration and quicker return on investment and their collective impact can be truly transformational, without subjecting an organization to all the risks of large, transformational projects.

The companies that deserve the most credit are the ones that stay focused on a core set of principles, regardless of which way the prevailing market winds (and management gurus) might nudge them. These are firms, for example, that promoted the benefits of applying manufacturing discipline to service operations long before the Six Sigma buzzword even entered the business lexicon. Or those that had robust ERM programs well before it was ever in fashion—because prudent, rigorous risk management was always central to their beliefs.

Yes, great businesses and great leaders sometimes have to chart new courses. Yes, a company's priorities must evolve with its environment. And, yes, change is the only constant in today's business world.

But executives must be careful not to mistake normal change efforts, shifting priorities and new initiatives with the more pathological OADD manifestations of such behavior. The former merely constitutes good, sound business practice. The latter is a recipe for employee disenchantment, operational dysfunction and financial underperformance.

About The Author:

Jon Picoult has held senior executive roles in service, technology, sales and marketing at Fortune 100 financial services companies, most recently serving as senior vice president at MassMutual Financial Group. As founder of Watermark Consulting, he now helps businesses grow by creating distinctive and efficient experiences for their customers, employees and distribution partners—turning everyday people into loyal brand advocates. Learn more at www.watermarkconsult.net.