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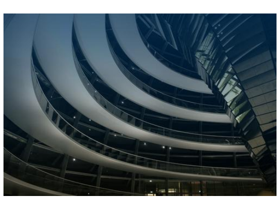

ON THE COVER

The Reichstag Dome in Berlin, Germany - The Reichstag was the site of the German reunification ceremony in 1990 and currently houses the German Parliament.

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Regent
Global Business Review
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May/June 2007 Volume 1 Issue 1

TABLE OF CONTENTS

Regent
Global Business Review
explorationinnovationtransformation

May/June 2007 Volume 1 Issue 1

TABLE OF CONTENTS

To do business in global markets, companies must be flexible and willing to adapt to a host country's culture and practice. But, how do companies function when that environment is vastly different from the values organization and its leadership. This article explores the challenges these Christian-led companies face and the business models they use to be successful.

Scott Riley is an ambitious and astute CFO. His competence has carved a path for unlimited success at his new company, Best Check, Inc. With the implementation of new information system that Riley brokered himself things could only get better for the young executive. That is, until he is faced with an internal struggle to follow his conscience or his CEO's dynamic but misleading direction.

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March / April 2007 Volume 1 Issue 1

FROM THE

E D I T O R

Global business is dynamic. We are already at the precipice of imagining and experiencing what only a generation ago would have seemed too futuristic, perhaps even *unrealistic*. Yet as technology takes us through quantum advances in nearly every aspect of life – let alone business – we must take time to reflect on our progressive aims to make sense of them and apply them responsibly and meaningfully.

Global business is beyond the *flattening* of our world. Rather, perhaps it is more about the *convergence* of our world through commerce. And while myriad cultures and perspectives, political interests and social needs rise and sometimes clash, there becomes a distinct and profound necessity to understand with clarity the potential and promise of good practice in global business.

I want to respectfully challenge our readers – both those of casual and committed interests – to consider the two distinctive elements that will be reflected in the publication throughout my tenure as editor. The first is the enduring and penetrating truth and benefit of Scripture as exegetically applied to business; and secondly, the notion that commerce is not bound to a *Western* perspective alone. That, in fact, its very roots and tradition are far more inclusive of ideologies and viewpoints than what we often see reflected in media and even the academy.

Therefore, join me in this journey. We will learn and explore the emergent practice of global business. We will seek innovative ways to approach commerce that produce holistic and advantageous outcomes for organizations, employees and global constituents. Through it all, we may find our own hearts renewed as we observe and commemorate how lives and societies are transformed.

Julianne R. Cenac
Executive Editor

The Global Leadership Challenge

By Wayne Oppel

The pace of business has changed. Organizations today demand effective, adaptable and committed leadership. This reality presents a challenge to companies who must develop leaders despite the constraints of limited time and financial resources. As a result, organizations are looking to more novel, less traditional ways to identify and train *global* leaders who are dynamic and thrive in complex environments because they possess a repertoire of qualities and skills to be effective.

Noted scholar, Noel Tichy, argues that, "Traditional managerial skills, such as financial acumen, manufacturing expertise and marketing prowess are important ingredients in most organization success stories, but not sufficient for organizational transformation and sustainability. The focus on the most critical element – leadership – is needed as organizations are challenged by an increasingly competitive environment."

The Making of a Global Leader

So, what makes a global leader? I set out to answer this question by interviewing four executives at different organizations. Each unique perspective shared by these leaders revealed significant characteristics about global leaders and the challenges facing their development.

Among the most significant of these qualities was a strong view that leaders must strive to create a more generous society where global organizations have a social responsibility to host nations and international partners. One executive, Rick Snider, directs international resources development for a non-profit organization. He explains, "Our organization has come to recognize the decline of nation states and boundaries and the need to create a more generous society worldwide. We have a moral obligation and a social responsibility to the world at large." He adds that this obligation is a part of his organization's culture, "We, as global leaders, want to make an important contribution and impact both locally and globally. The desire to help people of the world models and reinforces our leadership values."

Beyond social responsibility, global leaders must also be comfortable and effective in dealing with uncertainty. Neal Holladay, oversees training and client relations for an international management training firm focused in South American markets. Holladay believes that by assisting organizations with developing their human assets, they are creating a positive competitive environment through sustained behavioral changes in the workforce.

But, he also admits that the pace and interconnectedness of international events, along with the speed and impact of technology, is challenging. "It requires our organization to develop a business savvy that embraces uncertainty, while managing and leading with integrity in this complex global society," said Holladay.

If global leaders are required to manage through uncertainty, then they must also be flexible and responsive to change. Carla Della Valentina, CEO of Valen Group International, leads a multinational company that manufactures wood drawer component parts in Italy, the United States and Romania. She sees her company as a learning organization and credits this perspective to their success. "The key to our global leadership has been our ability to become more adaptable and flexible in creating, accepting and adapting to change," said Della Valentina. "By seeking opportunities for challenges and learning, we have developed a strategic vision that incorporates both a commitment to the success of the organizational goals and success of our employees."

This view is shared by Kerry Kerr, a senior product manager at another multinational company that manufactures and supplies furniture parts to Europe, Asia and South America. Kerr adds that he is supported by corporate leadership in his ideas of continuous improvement, learning and development. "This creates an atmosphere of a global workforce moving in the same direction for the common good of all of the employees," said Kerr.
In all, these four executives each expressed common factors that influenced their effectiveness and development as global leaders. For them, the essential qualities and attributes include:

- Coping with the speed of inter-related international events and crises, including the speed of technology;
- Managing and leading with integrity in a growing complex global society;
- Managing the instability and gap between world poverty and the upper-income population;
- Becoming more adaptable and flexible in creating, accepting and adapting to change;
- Working previously in international environments or locations;
- Maintaining a vision that incorporates people from different cultures; and
- Recognizing the decline of nation states/boundaries.

But, beyond these traits, global leaders also share a common motivation. They see the importance of making a universal contribution and impact. They have a desire to help people through international public service and genuinely believe that the openness and expanse of international work are more challenging, engaging and energizing than leading within one's own country.

Developing Global Leaders for the Future

The outlook for global leaders is optimistic. With a fast start into the 21st century, the practice of global business is more prevalent than ever. Furthermore, with the pace of development and change, there must be important considerations about the future of global leaders and their development.

Global business in the future will require leaders to be like explorers, guiding their organizations through unfamiliar and turbulent environments. With markets, suppliers, competitors, technology and customers around the world constantly shifting, traditional leadership models no longer work.

In their book titled, *Global Explorers*, Hal B. Gregerson, Allen J. Morrison and J. Stewart Black recognize "every global leader requires a certain set of unique skills and abilities that arise from country affiliation, industry, company, and functional dynamics and from these a core set of global characteristics will arise."

Given the challenges and opportunities that emerge from global business, leaders of the future will need dynamic people skills, perhaps even more than academic and technical competencies. In addition, they will need to be proficient in languages and have exposure to multiple cultures and experiences in other countries. They must also have multidisciplinary perspectives, which are essential for problem solving in complex and changing environments.

Moreover, they must transcend the old ways of transactional relationships and seek more enduring, sustainable and transformational relationships. In other words, leaders must empower their employees and seek to facilitate the employee's development interests. This ideal of transformational leadership is essential if the organization is to evolve, adapt and change to pursue a wealth of opportunities.

When interviewing these four leaders, I found that each had a fundamental sense of passion— a passion for their job, organization and followers. I could see it in their eyes and hear it in their voice, the unmistakable glow of a transformational leader.

Characteristics for Future Global Leaders

- Dynamic people skills
- Proficient in languages
- Experience in or exposure to multicultural environments
- Multidisciplinary perspectives
- Transformational leadership skills

Just as Jesus demonstrated transformational leadership by training and empowering the disciples to go out into the world to continue His mission, these four executives have come to understand the need to be transformational leaders.

Jesus revolutionized our understanding of leadership. First, in a most controversial and striking picture of servanthood, by humbling Himself through obedience he performed a task so seemingly contradictory to His genuine deity (see John 13:4-5, 14-15). Secondly, He equipped his followers and empowered them to continue building from His foundational work (see John 21, Acts 1).

These executives understand that they must equip, and then release those whom they lead. They are savvy to provide followers the guidance and resources necessary to shape their experience, then let go and allow that collective wisdom to help them navigate through uncertainty and complexity.

Are you ready to take on this passion? Are you ready to lead your organization globally? Can you envision an organization that embraces building relationships with people from different backgrounds or thrives in complexity and acts with high ethical standards knowing when and where to initiate change? I leave you with the most important question concerning global leadership in business today:
Are you ready as an individual and an organization to embrace a sense of exploration and a desire to experience innovation in ways you may have previously never imagined?
Be inquisitive and embrace every opportunity to learn. There is an entire world waiting.

Dr. Wayne A Oppel owns the consulting firm, OPPEL Consulting Group in Winston-Salem, NC and serves as an adjunct faculty member at Guilford Technical Community College. He is a graduate of Regent University's School of Global Leadership & Entrepreneurship where he received his Doctor of Strategic Leadership degree. His e-mail address is: drwaoppel@yahoo.com

Notes: **1.** Concepts about transformational leadership and/or global context are found in: Tichy, N. M., & DeVanna, M. A. (1990). *The Transformational Leader. The Key to Global Competitiveness.* New York: John Wiley & Sons, Inc.; Burns, J.M. (1978).*Leadership.* New York: HarperCollins; and Marquardt, M., & Berger, N. (2000). *Global Leaders for the 21st Century.* Albany: SUNY Press. **2.** For more about leaders as global explorers see: Black, J. S., Morrison, A. J., & Gregersen, H. B. (1999). *Global Explorers. The Next Generation of Leaders.* New York: Routledge.

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Christian Leadership to Change the World

An Intrepid Outlook at Organizational Change

Pragmatic truths to prepare your organization for change

An excerpt from *The Leadership Wisdom of Jesus: practical lessons for today*

By Charles C. Manz

A sower went out to sow. And as he sowed, some seeds fell on the path, and the birds came and ate them up. Other seeds fell on rocky ground, where they did not have much soil, and they sprang up quickly, since they had no depth of soil. But when the sun rose, they were scorched; and since they had no root, they withered away. Other seeds fell among thorns, and the thorns grew up and choked them. Other seeds fell on good soil and brought forth grain, some a hundredfold, some sixty, some thirty (Matthew 13: 3–8).

In this parable, Jesus provides a metaphor that can shed light on one of the most important aspects of leadership: laying the groundwork for positive influence and change. His teaching suggests how important it is to prepare the soil for the seeds of leadership. Indeed, many potential followers will simply not be ready for positive influence, even when serving with the best of leaders. The following reflects on the formidable challenge of preparing others for positive influence and change.

Change is one of the most feared and avoided phenomena in life. Most people simply are not comfortable with change and will resist it in a variety of ways. Consequently, attempting to lead others to positive change is an undertaking that deserves some serious consideration. One of the best models for understanding the challenging process of change was developed by Kurt Lewin. His work on the change process provides some useful guidance to leaders. Specifically, he outlined a very clear and logical three-step process. The most important step for this lesson is the first—*unfreezing*—which involves thawing out the rigid status quo.

The focus is on preparing for the possibility of change. Jesus' teaching emphasizes the significance of the nature of the soil that receives the seeds. Some ideas simply cannot be accepted by some people at a given point in their lives. Surely a rock cannot receive a seed. But Lewin's model suggests that we can think in terms of ice rather than rocks. If current rigid attitudes and resistance can be set free—unfrozen—then positive influence and change is made possible.

This might involve, for example, providing information that shows a gap between current and more desirable behaviors and practices, and allowing those people who are most affected to participate in planning the change. As a consultant, I have encountered this in many organizations. Once management is able to communicate the need for and opportunities of a change clearly and credibly, a formerly resistant workforce often opens up to considering and then supporting new approaches.

Once the unfreezing stage is completed, the second step can be taken—*moving or changing* behaviors, values and/or attitudes. A leader might introduce the desired change with the aid of new organizational structures, procedures or training, for example.

Finally, the third step—*refreezing*—involves introducing factors that lock in the new approach. For example, the leader could rely on incentives, systems, policies, structures or norms to promote the continuation of the desired change.

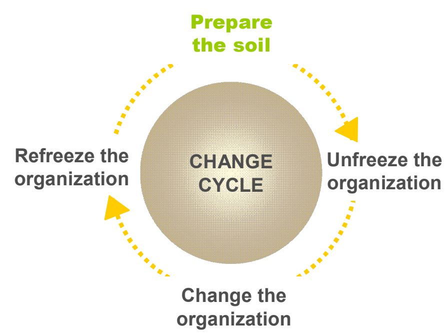
The importance of unfreezing cannot be overemphasized. As Jesus clearly points out, soil that is not ready to receive the seeds in a healthy way will render the sowing useless. Sometimes this reality has been well understood by organizations and their leaders, and careful steps have been taken to assure that the soil is prepared for change. One of the best examples of this, that I have encountered, occurred in the mutual fund operations of IDS, a division of American Express. A decision was made to change to an empowered work-team approach for servicing the division's clients (primarily independent financial planners).

To prepare for the change, eleven people, representing a cross section of the division, were selected from volunteers to work full time on designing and planning for the team system. This design team addressed issues and concerns of the employees and identified ways to be responsive to these needs in a team environment.

The process took more than eight months, and then a pilot team was launched to try out the design and work out the bugs in the system. When teams were finally rolled out across the entire organization months later, performance was excellent: quality indicators immediately shot up, backlogs seemed to disappear and productivity increased significantly.

Many problems were encountered along the way, but the organization's soil had been well prepared. Consequently, the teams seemed genuinely determined to make sure that the system worked well from the very beginning. One of the managers enthusiastically summed it up, "This team concept really works!"

When I was a young boy in Michigan, my friends and I enjoyed building snowmen. We learned that they would last longer if we poured water over them, which froze to a hard coating of ice. This created difficulty later. If we wanted to alter our work (let's say, to make a snow dog), we had to unfreeze the outer surface. Helping people change is difficult, whether they are made of snow or flesh, because they are (we all are) largely struggling, fearful, resistant human beings who have formed hardened outer shells for self-defense. But with careful attention to preparing the soil (to unfreezing), the seeds of leadership can bear good fruit.



Jesus did go on to explain what he meant in his story about the seeds. His explanation provides further insight into the importance of preparing followers for leadership influence to make a positive change. He said,

> *Hear then the parable of the sower. When anyone hears the word of the kingdom and does not understand it, the evil one comes and snatches away what is sown in the heart; this is what was sown on the path. As for what was sown on rocky ground, this is the one who hears the word and immediately receives it with joy; yet such a person has no root, but endures only for a while, and when trouble or persecution arises on account of the word, that person immediately falls away. As for what was sown among thorns, this is the one who hears the word, but the cares of the world and the lure of wealth choke the word, and it yields nothing. But as for what was sown on good soil, this is the one who hears the word and understands it, who indeed bears fruit and yields, in one case a hundredfold, in another sixty, and in another thirty.*
> (Matthew 13: 18–23)

In this passage, Jesus describes three important reasons why people may be unable to respond to constructive influence in working toward positive changes. *Ignorance* is one important barrier. Oftentimes, people just don't see the logic of why something needs to be done or changed. Another barrier is an *unrealistic understanding* of the effort and sacrifice that are involved. As the old saying goes, most things that are worth doing don't come easily, or, more simply, no pain, no gain.

If people are going to respond faithfully and serve with a leader, they need not only to embrace the cause, but also to understand the difficulty that will be faced and be prepared to hang in there when the going gets tough. Finally, Jesus also points to the distractions of *other cares and concerns.* Is the undertaking that the leader is pointing to enough of a priority that it doesn't get lost in the barrage of other endless pressures and priorities? In summary, Jesus' story suggests that leaders need to promote clarity, realistic expectations and the priority of the undertaking.

Maybe the most important lesson overall is that leaders should not expect much of a result from their leadership if they don't lay the necessary groundwork first. That is, we should not expect a very good crop if we haven't prepared the soil. Once again, this view shifts the focus away from the leader and toward others. If a person is sincere about wanting to be a positive force for change—an effective leader—the focus needs to be on the others who are involved.

The leaders at IDS seemed to understand this leadership wisdom. Striking dramatic poses in front of the masses or in front of the mirror will not accomplish much, nor will inspiring rhetoric and captivating visions that don't address the specific needs and concerns of the persons being led. Rather, sincerely trying to help, support and enable others to embrace and pursue worthwhile changes from a solid base of understanding, realistic expectations and priority is the key. From this solid base, the necessary unfreezing that enables change and refreezing may be possible.

Dr. Charles Manz is the Nirenberg Professor of Leadership, Isenberg School of Management at the University of Massachusetts Amherst. He is also a distinguished author and noted consultant in the public and private sectors.

This article is excerpted from The Leadership Wisdom of Jesus: Practical Lessons for Today, 2nd edition by Charles C. Manz ©2005 and reprinted by permission from Berrett-Koehler Publishers, www.bkconnection.com.

NOTES: **1.** See Kurt Lewin, *Field Theory in Social Science* (New York: HarperCollins, 1951) and Kurt Lewin, "Frontiers in Group Dynamics," *Human Relations,* 1947, *1,* pp. 5–41. **2.** For a more detailed description of this case see Henry P. Sims Jr., Charles C. Manz, and Barry Bateman, "The Early Implementation Phase: Getting Teams Started in the Office," in Charles C. Manz and Henry P. Sims Jr., *Business Without Bosses* (New York: Wiley, 1993), pp. 85–114.

Why EMPLOYEES DISLIKE PERFORMANCE APPRAISALS

By Gary Roberts & Michael Pregitzer

OLIVIA IS A HIGHLY SUCCESSFUL SOFTWARE TRAINER AT BX CORPORATION. HER FIVE-YEAR PERFORMANCE RECORD IS EXEMPLARY. SHE IS THE HIGHEST RATED INSTRUCTOR IN HER TEN-MEMBER TEAM. When it came to performance appraisals, Olivia enjoyed the complete confidence of her former manager. Appraisals were informal and collegial – a yearly housekeeping matter that lasted less than 30 minutes from start to finish. But, all this changed when Olivia's manager retired.

Face time with her new manager was minimal, but Olivia remained unalarmed given the absence of negative feedback and complaints. Even when the new performance planning and review system was announced, Olivia was at ease. She had no cause for concern. Her past performance and reputation were impeccable.

Entering into her new manager's office the day of her appraisal, she felt secure at first, knowing she dutifully completed her self-evaluation and performance goals. After a few opening pleasantries, he handed Olivia the completed appraisal and began to *sell* his assessments on each performance dimension without inviting Olivia to comment or provide input.

There was no mention of her self-appraisal or her development goals. She received an overall satisfactory rating with two documented incidents by disgruntled trainees for poor course organization and delivery.

Olivia sat in stunned silence as the remainder of the appraisal was read without mention of her past years of loyal service and successful job performance. He assigned new performance goals and standards, including a 25 percent increase in classroom contact, and recommended a three percent raise – the lowest of her five years with the company.

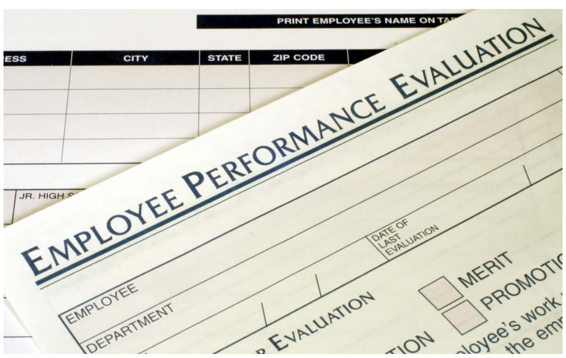
Reasons Employees Dislike Performance Appraisals

Performance appraisal is a yearly rite of passage in organizations that triggers dread and apprehension in the most experienced, battle-hardened manager. Employees on the receiving end of appraisals do not always look forward to them. In fact, research and practice demonstrate that employees enjoy performance appraisal about as much as a trip to the dentist, but at least the dentist gives them something for the pain! Consider the reasons why employees dislike performance appraisals.

Rating Bias

Employees dislike performance appraisal because managers do not always rate them on objective criteria. Experts call this problem *rater bias*. When managers include nonperformance factors like race, gender, hair color, etc. into an appraisal, the contaminated appraisal ratings produce fruit of perceived and genuine unfairness in the rating process and its outcomes. Employees react with reduced job satisfaction and turnover. These various forms of appraisal bias serve as a major source of EEO complaints and court cases.

Rating bias occurs with the contamination of appraisal ratings by non-performance related factors. Prime examples include person characteristic bias (race, gender and age), personal relationship contamination (liking or disliking), and failing to gather a representative sample of performance.



Recent research suggests other well-known sources of bias include the negative affect of employee and rater impression management. Managers often feel resentment toward the pandering employee, affecting their ability to rate fairly.

Another factor confirmed by research is the influence of mood on performance appraisal ratings. When the manager or supervisor is in a bad mood, he or she is a much more conscientious performance rater and more attuned to employee mistakes and problems. When in a good mood, the manager is more likely to overlook poor employee performance. Given that the manager's frame of mind is often beyond the employee's control, it adds another frustrating uncertainty to the appraisal process.

Hypocrisy

When managers do not follow stated policies and procedures – when they don't practice what is preached in the organization – the visible contradiction generates disappointment, distrust and cynicism among their subordinates. It reduces the employee motivation and organizational citizenship behaviors that contribute to vibrant, productive and healthy work environments.

Jesus reserved his harshest criticism for hypocritical religious leaders, and for good reason. Followers must respect and trust the veracity of their leaders. Employees will not go out of their way to provide the extra effort and creativity needed to solve problems and make necessary changes when they lack trust in the integrity of management.

The most problematic situation occurs when raters manipulate feedback to *game* the performance appraisal process to support their favorite employees (in-group) and punish the least favored (out-group). As was the case with Olivia, when managers promote employee participation through self-appraisals, but then ignore that input and instead, adopt the proverbial *tell and sell* approach employees rightly perceive that traditional *command and control* values dominate. This managerial hypocrisy occurs frequently among least favored employees contributing to higher levels of appraisal unfairness.

Poor Informal Feedback

In general, employees like to receive feedback; they want to know how they are doing! Quality performance feedback on an ongoing basis is the lifeblood of the performance appraisal process. Research and practice demonstrate a consistent disconnect between employee and manager perspectives about the degree and nature of performance feedback. As servant leaders, communication is the building block of trust. Employee surveys consistently show that employees desire more frequent, specific and timely feedback than the typical manager provides. Olivia felt misled and betrayed when she did not receive direct feedback regarding her alleged shortcomings. In fact, research indicates a large number of employees do not believe that managers have the requisite skills to provide appropriate feedback. More so, employees can be aggravated when feedback sessions are superficial, rushed or even interrupted. Employees seek direct feedback, not the sandwich approach managers try to hide the negative feedback in between a couple of slices of general compliments.

Poor Communication During Formal Feedback Sessions

With competing priorities, managers can be unprepared or insufficiently trained for the inherent challenges to providing candid informal and formal performance feedback. For example, employees are often victims of the report card syndrome. This occurs when managers save up examples of poor performance for the performance appraisal interview and surprise employees with poor ratings.

This type of rater behavior diminishes employee satisfaction with the appraisal process, creating the opposite effect of eroding the appraisal system's intended benefit of motivational and productivity improvement. Conversely, the report card syndrome is the absence of performance documentation. When this occurs, low performance ratings, unsupported by clear and specific performance evidence, frustrates the employee and creates a perception of unfairness, a prime motivation for grievances and lawsuits.

Rater Errors

Employees often realize when managers are not giving them accurate ratings. Many managers don't want to deal with conflict, so they often give employees undeserved high ratings (researchers call this leniency tendency). Another mistake managers make is to give employees average ratings (central tendency). Sometimes managers impose unreasonably high performance standards, which can demoralize and discourage employees. So, while consistently high ratings rob employees of the intrinsic achievement and satisfaction for a job well done, harsh ratings reduce motivation by setting impossible performance standards. The major cause of these rater errors is a lack of training. Untrained raters are more likely to commit more performance appraisal mistakes, thereby eroding employee confidence in the performance appraisal system.

EMPLOYEE APPRAISAL AVERSION FACTORS

1. Rating Bias
2. Appraisal Hypocrisy
3. Poor Informal Feedback
4. Poor Communication During Formal Feedback Sessions
5. Rater Errors
6. Rater Appraisal – Self Appraisal Mismatch

Rater Appraisal – Self-appraisal Mismatch

Before a manager sits down with an employee to discuss the performance appraisal, there is a good chance that the employee has rated his or her own performance already. One of the most damaging rating systems to employee morale is the forced distribution or grading on a curve system. This approach requires managers to rate a percentage of their employees as below average.

Research demonstrates that employees, on average, rate their comparative job performance at the 78th percentile; that is, better than 78 percent of the other people in the office. Therefore, an *average* performance rating conflicts with the supervisor's assessment, creating a serious discrepancy. When employees face a performance difference like this, most cope by discounting or dismissing the feedback and its source (i.e., the manager). Others become demoralized and withdrawn. In either case, grading on a curve lowers overall satisfaction with the performance appraisal process.

From Appraisal Aversion to Acceptance

Accurate performance appraisal is foundational to ethical managerial practice. Proverbs 11:1 addresses the importance of accurate measurement "The Lord abhors dishonest scales, but accurate weights are his delight." The remedy to Olivia's situation requires coordinated action at both the micro (supervisor and employee) and the macro (organizational culture, values and policies) levels. The pervasive influence of erroneously administered appraisals is not worth the impact of damaging high performing employees. Rather, the goal is to cultivate a system that facilitates development and growth among your employees. Embedding this perspective within your organization's culture requires a systematic and long-term integration of values, action and an enduring commitment to fair practice.

Technical skills, influence strategies and emotional intelligence, absent an authentic commitment to Christ-centered love, promote superficial adherence to employee justice principles. Employees are very perceptive in discerning the difference between a bona fide dedication to employee interests or more self-serving ideals.

So, what are the elements for an effective organizational approach to cultivating servant leader performance appraisal? There are five global keys: (a) servant leader managerial selection practices; (b) performance appraisal ethics and skills training; (c) employee friendly performance appraisal attributes (participation, coaching and fair treatment); (d) employee coaching and (e) organizational performance appraisal quality control.

Servant Leader Managerial Selection Practices

Effective performance appraisal begins by developing a servant leader culture by selecting managers that exhibit desirable character traits such as honesty, humility, forgiveness, transparency, commitment to excellence and accountability. From a managerial selection standpoint, this entails adopting a balanced portfolio assessment that includes performance appraisals, personality tests, assessment centers and character references, among others.

Companies such as United Parcel Service (UPS), Men's Wearhouse and Southwest Airlines employ sophisticated character assessment practices in their selection process and reap the benefits with lower turnover and higher productivity. For example, UPS utilizes a set of 37 ethics-based principles to govern management decision making to reinforce the importance of integrity in all areas of company operations.

Performance Appraisal Ethics and Skills Training Elements

Training managers on the ethics of just and God-honoring performance appraisal stressing the moral obligation for honesty and truth telling is an essential trust building component. The foundational element is emphasizing that accurate performance appraisal is another manifestation of *agape* employee love that balances support and accountability in order to promote the best interests of the employee and the organization. An honest assessment of capabilities makes it less likely that employees will think more or less highly of themselves (in relation to their job performance) than they should.

Managers have a moral obligation to avoid withholding recognition (a form of theft, as noted in Proverbs 3:27) or corrective feedback (as referenced in Proverbs 29:21). Both recognition and corrective feedback are necessary to the employee development process. Scripture tells us that the Lord disciplines those he loves (Hebrews 12:6).

Furthermore, research clearly shows that a major contributing factor to employee incompetence is ambiguous performance feedback. When managers fail to provide honest corrective feedback, underperforming employees impose costs on coworkers through higher error rates and elevated work demands, thereby increasing resentment and job stress.

When managers withhold praise, it demoralizes, discourages and frustrates employees, leading to ill will and rebellion. A realistic performance appraisal preview should emphasize that accurate appraisals may increase short-term resistance and conflict but eliminate the bitter fruit of biased appraisals.

To develop appraisal skills, provide foundational and ongoing training of managers in the basics of performance appraisal including identification of rating errors (halo, central tendency, harshness, etc.). Also, develop strategies for overcoming rater errors including coaching, performance feedback skill development, documentation tools (diaries, critical incident systems), employee input initiatives and interviewing skill development.
For example, the Rehabilitation Institute of Chicago instituted a two-day performance appraisal training program to remedy the serious deficiencies in their existing system. The result was a dramatic increase in user acceptance and adherence to administrative requirements.

Employee Friendly Appraisal Attribute – Participation

Research clearly demonstrates that a transparent and verifiable performance management system in which employees understand the criteria, standards and process is imperative. Vigorous and sustained employee participation in the development and administration of the appraisal system facilitates transparency. This only enhances employee acceptance and commitment to the appraisal process while lowering their stress and apprehension.

Participation is promoted by self-appraisals, joint development of performance goals and standards, and active solicitation of employee input in performance appraisal counseling and interview sessions. Self-appraisals are themselves problematic, as employees do have a tendency to inflate performance, especially if used for administrative purposes, but they are critical for enhancing appraisal system acceptance and satisfaction given that they provide a means for interjecting employee voice into the appraisal process. For example, at General Electric Corporation, what began as a successfully pioneered initiative in the late 1960s to implement the use of self-appraisals, led to the now standard practice across the private, public and nonprofit employment sectors.

Employee Friendly Appraisal Attribute – Coaching

Another key element is the adoption of a performance coaching model in which managers help employees develop present and future job skills and employ a joint problem solving approach to performance problems. A very powerful coaching tool is the adoption of a 360-degree appraisal system, which provides a balanced assessment of employee performance.

The use of multiple sources enhances reliability and reduces the negative influence of biased raters. Performance coaching entails ample formal and informal performance feedback that is specific, behavioral, timely and from an accepted and credible source. Ongoing communication is the key to successful appraisal.

Men's Wearhouse is a best-practice performance coaching company that holds managers accountable for subordinate development. There is little outside training. Instead, managers use coaching as an opportunity to communicate key company values and provide clear and specific performance feedback to increase employee self esteem and competence.

Employee Friendly Appraisal Attribute – Fair Treatment

To avoid discouraging employees, avoid penalizing employees for factors beyond their control by taking into consideration contextual factors that impede performance. Strive to encourage motivation, innovation and creativity, by avoiding penalizing employees for good faith mistakes and stressing the necessity of learning through trial and error. AES Corporation drives fear out of the workplace by forgiving good-faith mistakes, even errors that cost the company a considerable sum of money.

For example, an operative made a $150,000 contracting error, but was not fired and subsequently rewarded the company for their patience and grace by designing a company-wide safeguard to prevent repeating the error. Another important element is to enable an independent appeals process to provide an avenue for addressing biased appraisals. Or, create a formal documentation process (e.g., a performance diary or critical incident system) to provide detailed information to support ratings.

Quality Control Procedures

Effective performance appraisal requires a high degree of organizational oversight. Tools such as subordinate evaluations hold managers accountable for performance appraisal system administration effectiveness and fairness. The importance of effective appraisal is reinforced by developing metrics and standards for employee development, retention and linking those metrics to managerial rewards and other administrative decisions.

In one case, the Pittsburgh Department of Public Safety supported the development of a new probationary police officer performance appraisal system with a complete quality control procedure (completed appraisal audits and psychometric analysis) to successfully overcome user opposition and skepticism. The quality control procedures convinced raters that the city was serious about improving performance management and supporting supervisors who take adverse employment actions against employees.

In implementing these procedures, human resources departments should conduct ongoing audits of performance appraisal system effectiveness to:

- Assess adherence to administrative procedures, documentation requirements, and employee input mechanisms and
- Conduct a psychometric analysis to identify patterns of bias in terms of rating errors (e.g., leniency, severity, halo, race, gender or other nonperformance factors).

Concluding Thoughts

Performance appraisal systems that model servant leadership promote outcomes consistent with the Great Commandment principle of loving our neighbor (in this case, a subordinate employee) as ourselves. This is both an individual manager and a collective organizational responsibility.

Managers must make an enduring commitment to their employee's development by shaping and supporting performance appraisal system design and administration that truly benefits the employee. The principles and techniques discussed require extensive resources and time commitment, but they reflect another vital Kingdom principle: *that we must count the cost before we begin to build the temple.* Servant leader performance appraisal can be likened to a key spiritual discipline. It is a task that must be approached with great humility and patience.

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The Role of Christian Led Companies in the Global Market

By Sergio Matviuk

Recently, I had the opportunity to serve as a judge in a business case competition. Several teams of MBA students were participating. The teams had to analyze a case and propose alternatives for a company facing the reality of moving part of its operations to a foreign country to reduce labor costs and remain competitive. The team that provided the most rigorous analysis and solid business strategy won the competition.

The case was about a Christian-led company that – from its inception – cultivated and developed a Christian, value-based culture. The dilemma for this company was that businesses in the country where its new operation would be located widely practiced child labor and bribery. The countries laws were also not favorable to outside religions including Christianity.

Most of the teams agreed that the company had no options but to move some of the operations to the foreign country if it wanted to survive. The question then was, if the company wanted to maintain its Christian values, what kind of relationship should the company establish with the new business and social environment overseas?

The situation experienced by this company challenges us to think about the kind of relationship Christian companies have to establish with the social and cultural environment of the foreign country in which they need to operate to maintain, at the same time, acceptable level of profits and the integrity of their Christian identity and testimony. The result of such relationship will determine the role of Christian companies in the global market.

Mercenaries, opportunists or missionaries?
Companies can take different approaches to establish relationships within society and culture of a host country. One such approach might be what C. Wilson calls the *mercenary approach*. Mercenaries do a job for profit without being concerned about the people and society in which they operate, focusing only on efficiency. A company uses the mercenary approach when the main concern is profit and there is not necessarily an interest on the transformation of the people or society in which the business operations occur.

As a management consultant, I worked with a Christian-led company on a two-year engagement in a country providing technical support to local mining companies. The business environment of this country was so overregulated and bureaucratic that encouraged non-ethical behaviors. This company decided to avoid any kind of engagement beyond the strict technical support. The leadership decided the company will remain separated from the local community and only make an effort to provide the highest possible quality services while optimizing revenues.

These Christian leaders understood that the company involvement in the foreign community and culture could compromise its values. When the contract concluded at the end of the two years, the company returned home, having registered very good levels of profit. However it was unable to generate any substantial spiritual or societal impact.

Another potential approach is the *opportunistic approach*, which looks for immediate advantage or benefit of a business opportunity regardless of long term well-being and development of the society in which the business is conducted. The opportunist differs from the mercenary in that the latter is interested in the business environment – at least temporarily. However, such an interest lasts only as long as benefits can be obtained. There is not a genuine interest for the people or the society in which the company operates because such an interest is transactional in nature.

For example, a company established its operations in a foreign country, making a multimillion dollar investment to develop alternative, vegetable-based fuel. The business opportunity was unique because of the country's abundance in natural resources to produce the fuel and qualified low cost labor.

However, the company found it difficult to receive favor from local government administrators to obtain the necessary permissions for operating a new production plant. To improve the relationship with local administrators, the company then made several investments in educational programs for disadvantaged youth. That strategy worked and the local government officials began supporting company operations by assigning more personnel to work with the company's new venture.

Three years later, new government officials were elected who were very favorable towards the company operations. Thus the company believed that no additional or sustained investment in youth education was needed. After all, its operations were politically guaranteed by the new government administrators. Or were they?

The educational program for disadvantaged youth was liquidated and never re-established. Until today, the company continues operating in the country, but the local community does not receive any reciprocal benefits other than local jobs created. This company uses an opportunistic approach because its focal strategy is to optimize the business opportunity and development of the local community only as long as it produces some benefit for business operations. Investment in the development and growth in the local community is considered a business expense, and as such can be reduced at any time to improve profitability.

A third potential consideration is the *missionary approach*. Companies using this approach are not only concerned with the profit or benefit of business operations, but are also purposed to help with societal and spiritual development. The missionary approach can be understood "*business as a means*" for missions or "*business as missions*."

A potential strategy for companies is to use this concept as a platform for missionary work. Missionaries and professionals use their business and professions to support for their mission's endeavors. The objective of doing business is to financially support the spiritual work of a missionary. Those who use business and professional practice to support their own missionary ministry are what author Grant McClung calls "tentmakers" in allusion to Apostle Paul, who made a living by making tents.

Ken Eldred comments that tentmaking is a legitimate strategy to combine business with missions, but has some limitations. Those who use this strategy to do missions are mainly focused in witnessing Christ and business is practiced only as a means to make a living, therefore limiting opportunities for economic development. Eldred adds that tentmaking is a job *taking* rather than job *making* approach. It would not likely contribute to the economic development of the community in which the missionary develops his or her ministry.

Another variation of *business as a means* occurs when business is used by missionaries as an instrument to obtain a visa to live and minister in countries in which Christian witnessing is prohibited. As Steve Rundle and Tom Steffen indicate in their book, *Great Commission Companies*, this strategy uses business "merely as a 'cover' for people who, quite frankly, have little interest in business except for its usefulness as an entry strategy into countries that are off-limits to traditional missionaries."

These authors suggest this strategy "has little to commend" and poorly reflects Christianity and Christian testimony. Furthermore, people using business as a cover often become associated with clandestine activities or at a minimum are viewed as untrustworthy.

More than 30 years ago Gary MacEojn wrote how missionaries were associated with the CIA work in foreign countries, particularly because they live in foreign countries without having a traditional job to make a living, which raises questions about who supported their activities.

More recently, Alford Deann affirmed that old suspicions and accusation of the relationship between missionary work and CIA's espionage activities are still present in some people's mindsets in many countries. These accusations and the negative values connected with using business as a disguise of Christian missionary strategy, make this concept unacceptable and counterproductive from a business perspective.

On the other hand, *business as missions* is a concept that integrates business and missions in a single activity. In his book, *God Is at Work,* Ken Eldred indicates Christian companies that see business as missions constitute "Kingdom

Business" (KB). Kingdom Business, affirms Eldred, "has several objectives…it is about missions, successful business practices, the integration of work and faith, economic development, spreading the gospel, transforming nations and transforming lives." He defines Kingdom Business is "for-profit business ventures designed to facilitate God's transformation of people and nation." God's transformation of people and nations is facilitated though kingdom business practices aimed at (1) profitability and sustainability, (2) local job and wealth creation and (3) advancement of the local church.

Rundle and Steffen offer a similar perspective on the role of Christian companies in the context of the global market. In their book *Great Commission Companies,* these authors identify Christian companies as "Great Commission Companies" (GCC), which have a "humanitarian and transformational purpose."

GCCs bring good news in word and deed to the neediest parts of the world by conducting exemplary business, which includes job and wealth creation. It stimulates value-based business practices aimed to open doors to present the spirit of the Christian testimony. The concept of Great Commission Companies involves the idea of doing business and by doing so, witnessing Christ in the marketplace.

Business as Mission. Whose Mission?

If we accept the concept of business as mission, we also need to define whose mission we are talking about. Georg Vicedom affirms that when we discuss mission from a Christian perspective we are talking about *mission dei* or God's mission. Thus, Vicedon indicates, mission is "the continuation of the redemptive activity of God, through the demonstration of salvific acts. This is His highest authority and His supreme commission." From this perspective, God continues working toward the redemption of humanity and that fact constitutes the essence of mission.

However, God also uses the Church to fulfill His mission. Along with the concept of *mission dei*, there is *missio ecclesiae* or the church's mission. Paul Bergsma affirms that *missio ecclesiae* is the participation of God's people in the *mission dei*.

However, the church as an institution has limitations. The church cannot constitute a political party, or establish a university or run a business. But, as Bersgma says, the church is also understood as an organism composed of believers who represent Christ in all activities of their life. These believers are the missionaries, who do missionary activity outside of the institutional boundaries of the church. The believers are those who do mission by teaching, participating in public service, or doing business, among other activities.

In this context, *business as missions* are conducted by Christian professionals, who have received a call from God do to this kind of missionary work and have the skills to run a business with a missionary purpose in mind. Eldred calls them Kingdom Business Professionals. Kingdom Business Professionals, defines Eldred, "Are authentic, skilled business people who use their talents to further the worldwide mission of the Church through Kingdom business. They are called and equipped to use their spiritual gifts in a business context."

According to Eldred, kingdom business professionals have the knowledge, passion and skills to grow not only business, but also the Church, and they are committed to meet the spiritual, economic and social needs in any place in the world. They are willing to live and work in these locations, representing what David Bosch, in his work *Transforming Mission*, calls an *incarnational* model of missions. These kingdom business professionals are the missionaries who express the *missio ecclesiae* and contribute in this way to the *missio dei* by influencing employees, partners, suppliers, customers and the local community with the compassion of Christ. Some aspects of business as mission can also be framed as part of the *missio hominum*. Gergsma calls this form an expression through "humanitarian actions on behalf o the neighbor, aimed to the social good, reconciliation, liberation of oppression, justice and people's rights in each human society."

These actions, Bergsma affirms, reflect the Creator's image in society and give indications of a Kingdom of God in a redeemed people that fulfill the great commandment "love your neighbor as yourself" (Mark 12:31).

Mission hominum represents the social responsibility of Kingdom business in the context of the global market, particularly in places where Christian-led companies have the influence to make a difference and bring justice, peace and prosperity over exploitation and injustice.

Characteristics of the Great Commission Companies (GCC)

Rundle and Steffen define Great Commission Companies (GCC) as those Christian-led companies that understand business as mission and operate under that assumption. These authors state that GCC are:

- **Socially responsible:** GCC are profitable to reflect sound management and operations practice. Yet, they are equally concerned about fair wages, acceptable working conditions, concern for the environment and observations of local laws. At the same time GCCs demonstrate concern for the general well being of the workers and the community in which they operate by investing back in education, healthcare and general societal development.

- **Income-Producing business:** GCC create wealth. They are legitimate businesses offering valuable products or services."

- **Managed by kingdom professionals:** GCC are led by Christian professionals committed to excellence and to God's mission to serve in key positions of leadership. These professionals become role models in the decision making process and witness in matter of faith for their collaborators and subordinates.

- **Bring glory to God:** "A GCC draws attention not to itself, but to the Lord and Ruler of the company- Jesus Christ."

- **Promotes the growth and multiplication of local churches:** GCCs support the development and growth of local churches. As Rundle and Steffen state, usually GCCs establish formal alliances with local churches and Christian ministries in the area they operate to help these congregations and organizations to strengthen their ministries.

- **Main focus is on the least-evangelized and least-developed parts of the world:** GCCs main goal, like the apostle Paul's, is to bring the gospel where the Christ is not known (Romans 15:20).

Conclusion

Christian companies that take the missionary approach to conduct and regulate their business operations understand business as mission. These companies have a integral role in the current global market because their business activity is not only aimed to profit-making but also the spiritual and societal transformation of the countries where they conduct business.

Great Commission Companies exemplify the non-institutional aspect of the mission of the church by witnessing Christ in words and deeds, particularly in places of the world where the Christian testimony is not known yet. They are led by kingdom business professionals who are not only concerned with profitable business, but also use their knowledge, experience and gifts to run exemplary, Christian value-based businesses as a way to present the Christian testimony and open doors to spread the gospel of Jesus Christ in cooperation with local churches and ministries.

In summary GCC are authentic businesses that create wealth and jobs, pay taxes and make a contribution to the social and spiritual development of the community where they operate – a role precisely intended for its unique transformational capability.

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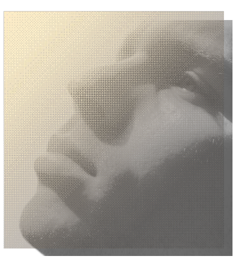

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C A S E   S T U D Y

Best Check, Inc.

By Randolph Case

Scott Riley, chief financial officer of the International Business Group, Ltd. (IBG), surveyed the tumultuous scene before him. Housewives with small children hoisted bags of sweet potatoes into grocery carts already brimming full. Househusband's squeezed turkeys and examined bunches of broccoli. Although it was not yet mid-day, on the busiest shopping day of the year—the day before Thanksgiving—Dallas' Galleria Super Foodway was already packed. With the milestone he and his colleagues at IBG had dreamed of for months only moments away, Scott glanced down at his watch. His clinched fist surprised him - why was he so tense?

Trying not to be conspicuous, Scott eyed several customers who were queuing up in front of two new Best Check terminals near the front of the store. Best Check, Inc., a wholly-owned subsidiary of IBG, leased these terminals to Foodway to approve customer checks for purchases and cash. A few minutes from now, Best Check's computer upgrade would go live. When it did, it would bring online for the first time, not only these terminals, but hundreds of others in supermarkets around the city.

With the milestone he and his colleagues at IBG had dreamed of for months only moments away, Scott glanced down at his watch. His clinched fist surprised him - why was he so tense?

He had barely flinched when Charlie Volare, IBG's CEO, had dispatched Scott and the other members of the executive team to marquis Foodway stores like this one. "To hold Foodway's hand," Charlie had put it. Scott did have to admit it was good to be out of the office. And it would certainly be welcome: the sweet sound of Best Check finally whirring and clicking to life, the moment of *justice* when the torrent of bad checks that had caused such havoc of late at IBG was choked off at the source. Was that all that had him on edge, just anticipation of the resolution of an annoying computer systems problem? With all its flaws, the Best Check system and its perky, red terminals seemed secondary to a larger, leering presence.

Scott had certainly felt it before, but never so palpably as early that same morning at IBG Headquarters. His boss, Charlie Volare, had been waiting for him when he arrived at work slightly before 8:00 a.m. Charlie had waived him into his office and closed the door behind them. He began speaking before either man had found a seat. His words were uncharacteristically terse: Find a buyer for Best Check, Inc. – as fast as possible.

Company History

For the first decade of its existence, Best Check was a marginally profitable, but highly visible check verification service to consumers and retailers. Their tremendous growth helped Dallas Bank and Trust become the largest retail bank in Dallas. After the bank divested its Best Check division to Teleco Inc., Best Check continued to suffer the gradual sales decline that had begun several years earlier. This decline accelerated when Foodway – the largest supermarket chain in Dallas and Best Check's largest customer – cancelled the Best Check service for all of its 170 Dallas area stores. Having owned the company less than two years, Teleco sold it to IBG.

At the time, IBG, a diversified holding company headquartered in Fribourg, Switzerland, was looking to make strategic acquisitions in the fast growing sun-belt of the United States. IBG's principle shareholder was Sam Breen, a Texas-born ex-entrepreneur. Sam had begun his career as a programmer for IBM, but had made his millions by founding a highly successful software company that had gone public. He brought in a new management team and exploded the value of his founders' stock. Ultimately, Sam had sold his stake in the company, moved to Switzerland and semi-retired to a picturesque hillside chalet in Fribourg to enjoy life with his wife and manage various corporate interests. Over time, Sam realized he needed someone with more time and energy than he had to run his holding company, IBG. He met Charlie Volare on a trans-Atlantic flight to Atlanta. Sam was immediately taken by Charlie's creative mind, his obvious flair for marketing and his varied background that included a stint as a top salesman for IBM. Soon thereafter, Sam hired Charlie to run IBG.

IBG's largest holding was in a heating conduit manufacturing company, Gyro-Suisse, traded publicly on the Swiss market. IBG also held controlling interests in a Swiss industrial park and several large U.S. heating and cooling contractors who were major customers of Gyro-Suisse. An investment banker hired by Teleco introduced IBG to the Best Check opportunity. Charlie and Sam felt this was a business that complemented their shared background in information systems and could be purchased for a reasonable price. They also saw it as one Charlie might be able to grow aggressively.

IBG bought Best Check for $2.1 million in cash. Along with computer and office equipment, furniture, fixtures and service vehicles, IBG booked approximately $1.7 million of goodwill in accounting for the Best Check acquisition. At the time, sales revenues for the acquired company were slightly more than $200,000 per month. These were roughly matched by expenses – for several dozen employees, computer and computer terminal leases, office space and expenses, insurance and advertising. The bulk of the purchase price was financed with a 10-year bank note at nine percent, borrowed against Best Check's assets with Gyro-Suisse stock pledged as additional collateral. The remainder of the purchase price was provided in cash: $200,000 from IBG and $50,000 personally from Charlie Volare in exchange for, respectively, 2 million shares and .5 million shares of Best Check common stock.

The Best Check System

Retail stores throughout Dallas leased check verification terminals from Best Check and located them near the front of stores where customers could access them easily. By inserting their Best Check card and a personal check in the terminal, customers could have their checks stamped "Approved" before proceeding to the checkout lane. Any Dallas adult with a driver's license could obtain a Best Check card by mailing in credit information and a $25 annual fee. The card enabled "members" to approve up to two checks per day, each for up to $300 of groceries or $75 cash. Retailers paid Best Check a transaction fee ranging from 10 cents to 50 cents per check verified plus a monthly lease of $100 to $150 per terminal maintained in their stores. At the time of its acquisition by IBG, Best Check had a customer base of approximately 80,000 members and roughly 290 terminals installed in 200 plus retail locations. These numbers were down significantly from their peak several years earlier.

Best Check terminals approved checks by verifying a customer's credit status through an online connection to the computer system at Check Point headquarters. When a check that had been approved by the system "bounced" due to insufficient funds, the bank clearing system returned it, not to the retailer, but directly to

Best Check headquarters. The system immediately blocked that customer from obtaining further approval at any Best Check terminal city-wide. Then, an in-house team of collection agents at Best Check contacted the customer seeking payment equal to the face amount of the check plus a $30 service fee. Once this was paid, the customer's "approved" status was reinstated in the Best Check System. Regardless of their success at collecting on the check, Best Check was bound by contract with the retailer to remit to it the face amount of the bounced check seven days after receiving it from the bank clearing system.

Turning Around Best Check

No sooner was the ink dry on the acquisition closing documents than Charlie Volare began visiting customers to find out how the Best Check system could be improved. Most of the retail locations that leased Best Check terminals were supermarket chain stores, with several local restaurant chains also participating. Charlie was encouraged to find that many supermarket store managers who used Best Check genuinely valued the service. They appreciated the fact that Best Check removed the hassle and expense the store would otherwise have to bear to collect on bad checks written by their customers, with whom they preferred a less adversarial relationship. Most retailers he spoke to actually preferred checks to credit card transactions. Credit card companies charged what they felt were exorbitant transaction fees as a percentage of the purchase amount. Although Dallas consumers appeared to be increasing their use of credit cards, some still preferred writing checks, especially for groceries. Most store managers Charlie spoke to said they planned to retain the Best Check terminals at their stores as a service – and even a slight incentive – to check writing by their customers.

The retail consumers Charlie met had a different perspective. He interviewed dozens of shoppers who were less than complimentary of Best Check. For them, a Check Point membership meant one more annual fee to pay, one more card to carry, one more technological device standing between them and what they wanted to get done. Although some found Best Check terminals relatively convenient, many said they subscribed to the system simply because a favorite retailer wouldn't accept checks without it.

The Foodway Relationship

In early 1995, a conversation between Charlie Volare and Garrett DeNiro, Southwest Regional President of Foodway Supermarkets, showed Charlie what he thought was a way forward. Charlie managed to get DeNiro on the phone during the week after New Years, but the Foodway executive at first declined Charlie's request to meet with him. DeNiro assured Charlie, on the phone, the decision to cancel the Best Check contract nearly a year earlier had been made for valid reasons, and he saw no need to discuss it further. Ultimately, Charlie persuaded him to grant a single half-hour meeting, after which Charlie promised to trouble him no further.

In DeNiro's office, the two executives faced each other, both loaded for bear. DeNiro stated curtly that he'd grown tired of hearing his store managers' complaints about Best Check. There were costly delays in the check-out lines, good customers made angry whenever someone wanted to write a check but had no Best Check card. Or they had a card, but had lost it. Or they were rejected by Check Point, but they were positive they had made good on that other check a week ago. Or the terminal was down for some reason, or it was working but was out of ink. When these things happened, store managers often approved the check

themselves, even though this was, strictly speaking, against the Foodway policy. Inevitably, some of these checks bounced. Since they weren't approved by Best Check, the bank returned them directly to the store, and store managers had to make their own collection calls. The worst offenders didn't use Best Check, so they *used* Foodway instead.

As far as DeNiro was concerned, Foodway had been paying for a Best Check system utilized by the patrons who didn't bounce checks anyway. Most of Foodway's customers were happy to use credit or debit cards; it was obvious to DeNiro that soon, everyone would be. In any case, he had cancelled the Best Check contract himself and was glad he did. He was creating his own, in-house check approval system, which would eventually be implemented in 1,000 stores throughout the entire Southwest Region. It wasn't perfect, but it was better than forcing customers to use credit cards, which charged Foodway outrageous fees; and it was better than a Check Point system his customers wouldn't join.

Charlie Volare listened intently, nodding his head, agreeing, occasionally interrupting with a brief affirmation. When DeNiro's rant finally petered out, Charlie asked him about the new system he was creating. Would he mind sharing its most important features? IBG was new to the check verification industry, but was committed to being one of the nation's leading transaction processing companies. DeNiro said that his in-house system was very rudimentary at present, it consisted today of regularly updated lists of the names of habitual bad check writers and their driver's license numbers. These lists were photocopied and sent to all store managers. When he had time, he would completely re-design an in-house, computerized system and implement it consistently across the region.

Charlie interrupted DeNiro and asked him to describe his "fantasy system" for approving good checks and stopping bad ones at Foodway. When DeNiro was finished, Charlie had written three pages on a yellow tablet. He asked how much DeNiro would be willing to pay for such a system, adding "and you've got to tell us the truth because we both know what a system like this costs." DeNiro said a system like he had described, implemented in every Foodway store in the city, would be worth $1 million per year to him. Charlie wrote that figure at the bottom of his last note page, drew two lines and signed the top one. He handed DeNiro the note pad, saying, "This describes the system you want, there's my signature. If you will sign on the line below it, we've got a deal. We'll deliver your fantasy system in six months."

The New System

Although negotiations between Foodway and Best Check extended beyond this first meeting, the contract eventually drafted by the attorneys and signed by both parties was not dramatically different from this first handwritten agreement. Garrett DeNiro was persuaded that the new system was the best way for large retailers like Foodway to handle check approval. Also as the "anchor" retailer in the new system, he had negotiated a price that Charlie assured him was at a significant discount to what Foodway's competitors would pay.

For his part, Charlie Volare recognized that a new system endorsed by Foodway, the largest food retailer in the nation, was critical to Best Check's long-term success. He believed other Dallas retailers would soon embrace the new system, as they had other innovations in which Foodway had been the first mover.

More important, however, Charlie was convinced that Best Check's success would always be limited by the number of members who were enrolled in the system. The more Dallas consumers in the Best Check database, the more effective it would be at stopping bad check writers and the greater the advantage to all Dallas retailers to join the Best Check system. More retailers meant more terminals, more checks through the system and more fees. The critical constraint, Charlie concluded, was the number of consumers who would enroll in the Best Check system.

The way he and Dickey had agreed to remove this constraint was brilliant in its simplicity. Best Check would *give* memberships to every local resident with a driver's license. Since it would no longer be collecting an annual fee to defray the cost of issuing cards, Best Check would no longer require the card. Customers would simply key their driver's license number into the Best Check terminal. The Texas Department of Motor Vehicles (DMV) had recently decided to make the names, mailing addresses and phone numbers of residents with driver's licenses publicly available. Best Check's collectors would use the DMV information to contact shoppers who bounced a check; and use the driver's license number to block that person from further check approval until they cleared up what they owed.

Based on this concept, Foodway committed all of its Dallas area supermarkets – now over 300 stores – to the new Best Check System, once it was operable. Foodway would require every check writer in every store to use Best Check, no exceptions. As Charlie had predicted, Foodway's competitors soon followed suit and signed similar contracts to Foodway's. By July, 1995, Best Check had an exclusive agreement to guarantee every check in every store in five of the six largest supermarket chains in Dallas, more than 1,200 stores in all. The new system required a comprehensive upgrade of Best Check's computer hardware and software which, scheduled for completion by August 1. When this date proved too aggressive, it was first pushed back to September 15, and then finally set in stone at noon on November 22, the first and biggest day of the holiday shopping season.

New Initiatives

Buoyed by his dramatic success in signing almost the entire Dallas grocery industry to long-term check verification agreements, Charlie Volare began to make plans for the future. Where others had seen Best Check as a dying business model, Charlie Volare now saw an opportunity to re-engineer a valuable business and take it national. If IBG could revitalize the check verification business in Dallas, Charlie figured he could leverage this success in other parts of the country as well. His vision was to become a dominant transaction processor at the national level. The first order of business was to begin building the organization to support and expand the new business model he had created. A rapid fire hiring initiative quickly raised, by about 40 percent, the number of employees at IBG/Best Check headquarters in Dallas to more than 50 full-time staff. At the same time, Charlie quickly assembled a corporate executive team for IBG that would give it the expertise and clout he felt was needed to implement his bold ideas. Les Yager, a friend of Charlie's and former independent marketing consultant, was brought on as the new director of marketing. Charlie's personal attorney, Arn Ruminoff was hired as director of operations. Following these two, Scott Riley joined IBG as chief financial officer.

Scott came to IBG in August of 1995 with a background in corporate finance. He had been an M&A specialist at a struggling private investment bank when his firm was acquired – and his position eliminated - by a larger entity. Charlie brought him on board not only to upgrade the financial systems commensurate with the company's expansion, but to facilitate further expansion. In particular, Charlie asked Scott to begin seeking acquisition candidates among other regional check and credit card verification companies. Charlie's longer term vision was to "roll up" several regional companies, build a national presence, and then take the combined entity public. This would provide the investment capital necessary to transform the company from a narrow focus on check verification to what Charlie saw as the future: transaction processing.

Charlie explained his vision to Scott this way:

> *What everyone said when we bought Best Check was that check verification was an outmoded, declining service. They said checks were being replaced across the marketplace by credit cards and debit cards. But the real value I saw in Best Check was the consumer database and the depth of experience the company had in putting it to use for retailers. Now we have a lead client, Foodway, who has paved the way for us to upgrade our capabilities. We have expanded our computing*

capacity and capability more than ten-fold and developed customized transaction processing software that opens up exciting new businesses for us. We have negotiated contracts that make us the largest processor of retail checking transactions in one of the nations largest MSAs. Handling credit cards and debit cards is an obvious opportunity for expansion. But so is tracking and motivating consumer purchases. Today, if you use a Best Check terminal we know who you are, where you live, how to contact you, where and when you shop. From there, it's a very simple step to offer the capability to print a coupon at the terminal or mail you one that gives you an incentive to buy a particular product from our retailers. The obvious next step is to integrate with the cash register so that we know when you use that coupon, how much you spent and what else you bought. If you bought pie shells, then maybe we issue you a coupon to buy pie mix. There are a lot of people who will pay us a lot of money for this kind of thing.

As soon as he was hired, Scott Riley hit the ground running, intent on doing his part to make Charlie's vision a roaring success. He immediately set about contacting other regional players in the check verification industry to see if they might be for sale. In his first months on the job, he paid a visit to the chief executives of two companies that expressed particular interest: Digidata Corporation in Nashville, Tenn., and Lexington Computer Corporation outside of Boston, Mass. Both were public companies. Both provided, among other services, check verification service to large grocery chains and other retailers in their local area. Both had diversified into related transaction processing businesses with a variety of retail and wholesale application. However, neither company seemed to be genuinely for sale. Indeed, the CEOs of both Digidata and Lexington Computer let Scott know, each in his own way, that if Best Check was ever for sale, his company might be interested in acquiring it.

Conflicting Concerns

Like other new hires at IBG/Best Check, Scott was attracted to Charlie's vision, inspired by his energy and dazzled by his obvious skill with people. Charlie had rolled the dice with the acquisition of Best Check and he was obviously winning. Scott could feel the energy surge at IBG when he arrived at the office in the morning - a welcome change from the negative atmosphere he had recently left.

Having graduated only a few years before from the MBA program at Harvard Business School, his work experience since then had, at times, been frustrating. A short stint during a depressing winter at a bureaucratic Wall Street firm had convinced him to head to the exploding Sunbelt and join a much younger, more entrepreneurial investment banking firm. There, Scott was immediately charged with significant responsibilities for his age and experience level, and he learned rapidly. The firm struggled, however, from the inexperience of its management and a poorly defined business model as much as from a lackluster economy. Ultimately, its partners sold out to a larger investment bank and Scott's job was eliminated. Somewhat shaken, Scott phoned Charlie Volare, whom he had met as a potential client some time before. Within a few weeks, Scott accepted Charlie's offer to join IBG as its first CFO. Once there, he was determined to put his unsavory experiences behind him and become the excellent manager and leader he had always wanted to be.

Scott immediately set about learning as much as he could about the organization that was his new employer and trying to carve out a role. His comptroller and direct report was Jean Volare, Charlie's wife. Scott had wondered, at first, if he would be able to manage effectively someone who was married to his boss. From the beginning, however, he found her to be an ally with a kindred concern for doing things the "right" way. In the loose, fast-paced culture at IBG, this did not seem to be everyone's first priority. Jean was very different from her husband: a stickler for details, while Charlie painted with a broad brush; conservative and humble while he came across as super-confident. Jean was what one of Scott's professors in business school liked to call an *other-oriented* person with strong moral convictions. By contrast, her husband prided himself as a bit of a maverick with the pragmatic flexibility necessary to first provide, then survive – no matter what – then, profit as much as possible and have fun along the way.

Jean often mentioned her church in conversation. Scott, who had made a decision to become a Christian less than two years earlier, welcomed these discussions. He was committed to the concept of living his faith at work. True, he seldom seemed to find the opportunity to acknowledge his faith verbally at the office except in discussions with Jean about church or children. As far as he knew, few of his fellow employees at IBG/Best Check were interested in such matters, and Scott did not want push his faith on them. The other principle managers in the company, Charlie, Les and Arn – as well chairman of the board, Sam Breen, whom he rarely saw - seemed to avoid spiritual issues in conversation and did not attend church. This bothered Scott, but not for the "right" reasons, he thought. It bothered him because he looked up to Charlie. He admired his skills and wanted to learn from him, but felt, somehow, guilty about it. Charlie might not be a *man of God* but he was an inspiring and gifted leader and, in particular, a skillful risk taker.

Scott was convinced that one had to take risks, significant ones, in order to be successful in business. It sometimes seemed, however, that his own commitment to Christ had dampened the flame that had fired his natural propensity to take risk. It was not at all clear to Scott that his new-found security in the Lord had reduced the pain of his last two job changes or the anxiety he had sensed developing in this, his current job. But it had changed, to a certain extent, what he valued, how he defined success. Since his conversion experience, the financial success he had long craved seemed less important. Replacing it was a much less well-defined yearning, but yearning for what? For heaven, perhaps; for serving the Lord, loving others, growing His Kingdom. But though these were certainly more than buzz words to him, though he occasionally felt their importance at the deepest level of his soul, Scott was frequently unsure of how to translate them into concrete goals. In truth, Scott saw in himself both some of Charlie's maverick opportunism and some of Jean's convicted, caring conservatism. These seemed, at times, to pull him in opposite directions. He wondered if that tug of war didn't sometimes compromise his ability to make effective decisions in the face of risk.

A Problem

In early September, less than two months after he had joined the company, a draft profit and loss statement Jean Volare prepared monthly appeared on Scott's desk. He was surprised to see, on August sales of over $450,000, a loss of some $39,000. Perhaps, a small loss was understandable given the building stage the company was in. But monthly sales were already more than twice what they had been nine months earlier, when IBG acquired Best Check. Were expenses growing even more quickly than that? Scott walked the report into Jean's office and asked her to walk him through the various expense categories. She spread the report out on her desk, comparing it to July's P&L. Jean was glad to have finally gotten the new accounting software up to speed to produce these reports, but had not really thought much yet about what the final figures meant. Among the big numbers in the expense column, all seemed to make good sense to Scott when she talked through them. Where, then, was the discrepancy between July's numbers, which showed a small profit on somewhat lower sales, and August's significant loss?

One category in the revenue section was unfamiliar to Scott: "Net Collections Revenue this month were $41,000," he muttered. "What is that? Last month this was less than a thousand dollars."

"Oh.'" Jean responded. "Those are the $20 fees people mail in when they clear up their bounced checks. No, wait, that's actually a *negative* $41,000. What's going on here?"

"How can you have a negative $41,000 in fees people send us?" Scott asked.

"Well, you can't, that's really a net number. Ok, it's not really just the collection fees that go here, I just think of it that way. Every month I book under 'Net Collections' the money people pay us to clear up their bounced checks – the face value plus the $20 fee. Those go in as debits to this account. In the same account, I book as a credi,t the payments we make to the retail stores seven days later for the face value of the bounced checks. Usually, the cash inflow from the $20 fees we collect more than matches the cash outflow when we pay a store for a bounced check we never collect on. So the Net Collection account is almost always a positive number, even if it's small. That's why I put it up here in the revenue section."

"So why is it a negative $41,000 this month?

"I don't know, maybe I made a mistake. Or, it could be that the collection team is just behind processing checks. There's a lag we have to deal with, because sometimes our members won't clear up their bad checks for weeks, but we have to pay the retailer in seven days, sharp.

These seemed, to Scott, reasonable explanations. In any case, a $39,000 loss was not a terrible number. The manager of the collection team said they were, indeed, way behind in processing the increased volume from the new stores they had added. He couldn't analyze it further until they reached a steady state. Scott mentioned the loss to Charlie, who seemed not at all concerned.

In any case, Charlie, and to some extent Scott, were distracted by other matters. The stock market had slumped recently and this had undercut the value of IBG's large holding in Gyro-Suisse of late. Scott was thinking of following Charlie's lead and buying Gyro stock at its depressed price. He couldn't help fantasizing a bit about the money that Charlie believed could be made simply by being on the "inside" of opportunities like this. Another stock both men had considered buying personally was that of Lexington Computer Corporation, the putative acquisition target Scott had visited recently. John Houston, the CEO of Lexington Computer, had told them that his company's stock price, which had dropped some 40 percent, recently, represented a serious *under*valuing of his company at present. Lexington's sales and profitability growth were apparently hitting, just now, a significant up-spurt and Houston, who had reason to know, expected the stock price to follow suit soon, in dramatic fashion. Scott felt opportunities like this to multiply what he considered his somewhat "meager" income were part of the justification for leaving the security of a large corporation for the rough and tumble, entrepreneurial world of smaller businesses.

But he was also distracted by other matters. Unexpectedly, the night after his conversation with Jean about the August financials, Scott's wife gave birth to their first child, 11 weeks ahead of the due date. Throughout the rest of September, his focus reeled between his concern for a very sick child in neo-natal intensive care, adventures in the stock market and his challenging new responsibilities in a fast-growing company.

The Undertoad

A few days into October, September's draft P&L statement appeared on Scott's desk. The Net Collection amount this time was a negative $108,000, the bottom line loss for the month was $114,000. Jean had circled these numbers and surrounded them with question marks. Scott picked up the report and strode purposefully into Charlie's office, the alarm showing plainly on his face.

Charlie appeared completely unsurprised. He had known for weeks about the “up tick” in bounced checks, had even expected it. He explained that the collection team was behind in processing the higher volume of checks resulting from the new stores on the system. They had hired two new collectors but were still working two shifts instead of one until they got caught up. When they did, the cash deficit would come down.

Scott wasn’t satisfied. “Is there any reason you know of that the Collections Team might be having trouble, besides the increased number of stores on the system? Our revenues have gone up two and a half times what they were when we bought Best Check, but our disbursements for bad checks are up one hundred fold?”

Charlie seemed confident about this as well: “The cashiers at Foodway probably aren’t doing their job correctly. I have already talked to DeNiro about that; it’s just a matter of their being trained to do it properly.”

Charlie paused, waiting for Scott to nod his understanding. But Scott did not understand. He had no idea what the Foodway cashiers needed to be trained for. Charlie continued his explanation, one bite-sized, upbeat, unconcerned morsel at a time, gathered impatiently by Scott’s relentless questioning. Earlier in the summer, when it became clear that Best Check’s computer system upgrade wouldn’t be completed on schedule, Charlie had gone to visit Garrett DeNiro at Foodway. He had explained that it was not unusual for computer system upgrades to be delayed, that IBG’s software vendor had simply fallen behind in writing and debugging the new software. DeNiro “pretended” to be shocked. He had a contract, he said. He had trusted Charlie and he expected Charlie to deliver, or compensate Foodway for his failure to deliver. Charlie had had no choice but to settle on a compromise solution. Accordingly, Best Check had begun providing service to Foodway on August 15. But that was “not a problem” since Foodway had begun paying for it at the same time. At the time, Charlie had still hoped the system would be up by August 15. Since it was not, Foodway cashiers had been, since mid-August, simply following the provisional agreement in their Best Check contract: if the system was “down” for any reason, the cashiers were to make sure that the customer’s drivers’ license number, address and phone number were written on the check, and then accept it. Best Check, by contract, would guarantee that check as if it had been approved by their system.

“So we have been guaranteeing unverified checks for almost two months?” Scott was incredulous.

Charlie reiterated his former, matter-of-fact assertion: the cashiers probably weren’t doing their job correctly. Foodway was still providing the cashiers with lists of the driver’s license numbers of notorious bad check writers. Perhaps the cashiers weren’t checking the lists, or weren’t making sure the information on the check matched the customer’s driver’s license. Or maybe the lists weren’t even correct. He would ask Foodway to tighten up their procedures. This might be expensive for a few weeks, but it was the kind of thing “good companies did to keep good customers.” The new computer system would come online next month, by Thanksgiving or perhaps before. When it did, the bad check problem would be effectively shut down.

“What about the payments from Foodway,” said Scott? “You said they began August 15. I’m not aware that Jean has received any of those.”

Charlie seemed surprised that Scott didn’t know. Best Check had given Foodway 60-day payment terms, since that’s what they were used to getting from their other vendors. The first of these payments was due in a few days, but since “we owe Foodway way more than that,” Scott shouldn’t expect a payment from Foodway any time soon.

Scott returned to his office, stared out the window from the 20th floor. He let his mind drift to a story in a novel he had read in college: *The World According to Garp* by John Irving. The narrator of the novel, Garp, recounted his first trip as a small boy to the seashore with his mother. She had warned him about something terrible in the water, the undertow. He must be very careful lest it suck him under the water and drown him. Garp had misunderstood his mother's word for this terrible thing, had heard it as the "Undertoad," picturing an ugly, green, creature lurking beneath the waves. Long after he was grown, whenever uncontrollable forces threatened his fragile sense of security, Garp claimed he could still feel the lurking presence of this malevolent creature. Back in his office now, Scott pressed his face to the window, stared down, down, through the brown Dallas smog and imagined the Undertoad, smiling back up at him.

Roll Out

During the ensuing weeks, the volume of bounced checks received by Best Check grew alarmingly. It was increasingly clear that a small number of Foodway shoppers were making big money at Best Check's expense. One shopper had written the same (bogus) name on over a *thousand* bad checks in a few week's time, personally receiving over $50,000 in cash ($75 at a time), not to mention thousands of dollars of groceries. Jean's October P&L, drafted in mid-November, showed a Net Collection figure of negative $232,000. To cover the rapid cash drain, Sam Breen had wired a large infusion of money from Switzerland. A week later, he had been forced to wire another, even larger sum. The steep losses, once they were fully accounted for, would doubtless dwarf what had been processed so far, since the Best Check collectors were hopelessly behind in handling the torrent of bad checks arriving daily. By November, Scott estimated that Best Check was hemorrhaging at least a $100,000 per week. He had no way of knowing if Sam could bankroll that much, for he found himself increasingly out of the financial loop – Charlie and Jean managing the cash situation themselves, daily. The rest of the organization held their breath and awaited Thanksgiving Day, by which time the new system was promised to come online and the nightmare would hopefully be over.

On that morning, Scott found himself in the Galleria Foodway, contemplating the Undertoad and awaiting the stroke of noon. Perhaps his boss's pithy instructions to "find a buyer for Best Check" were simply precautionary, but Charlie had looked uncharacteristically grim that morning.

Scott's thoughts were interrupted by the anticipated sounds coming from the two terminals, a full thirty seconds *before* noon (not quite compensating, he thought, for being months late). Now Best Check, himself – his caricatured visage beaming from under a clownish stovepipe hat – flickered into view on the video display. Though he was turning flips inside, Scott put on his best flight-attendant-like (would you care for a snack?) smile and addressed the bespectacled woman at the head of line: "Would you like to verify your check?" Twenty-some shoppers in line craned their necks to watch. The woman with the spectacles deftly slid her check into the machine. Without missing a beat, she typed in her driver's license number. Scott couldn't help pressing ENTER for her. The Best Check logo appeared on the screen for a moment. Then, with a long, low croaking sound from within the bowels of the terminal, the logo image flickered and was gone, replaced by the flashing red words: SYSTEM ERROR.
Scott nearly lunged at the keyboard. He pressed the RESET button, then the CANCEL button, hard, several times. Now he jabbed fiercely at both terminals, at once, but to no avail. Any words he might have spoken under his breath were overwhelmed by the angry mutterings of the shoppers in line who forgot, at least for the moment, the things they would be thankful for tomorrow. With an embarrassed smile, a store manager hurried over, beckoning the shoppers to the checkout lanes: "We will be happy to cash your checks in the way you are used to," he assured them, "and you will *not* have to use these infernal machines."

Driving back to the office, Scott noticed his clenched fists on the steering wheel. He wondered again, almost disinterestedly, at the obvious tension throughout his body. The delays in the computer system upgrade were certainly not his fault. Whatever glitches remained, he knew, would eventually be worked out. What *was* he so worried about?

Scott reflected again on his conversation that morning with Charlie. He had asked his boss what to say to potential acquirers about the volume of bad checks. "Nothing," had been the reply. Charlie had a more subtle strategy. "Call Lexington Computer. Then call Digidata. Don't be too eager. Chat with them each for a while. Then let it drop - casually - that you think, if they're still interested in Best Check, we might be willing to talk. Say something like, "We've turned it around, but realize now might be a good time to sell it to a larger entity and move on."

Scott asked one more obvious question.

"If they're interested in buying Best Check, won't they eventually find out?"

"Probably," Charlie said. "But let's get them interested first."

Prior to this one, Scott's last acting assignment had been his sixth grade Christmas play. Whatever his limited experience, his performance on the phone and in person over the ensuing weeks seemed, for the most part, effective. In delivering the line that started "We've turned it around, but…", it helped Scott's conscience that the new computer system was crashing less and less, sometimes staying on line for all but the busiest periods of the day. Yet the volume of bad checks being processed daily by the collection team was still enormous. Regardless, the CEOs of both Lexington Computer and Digidata were *definitely* interested in discussing an acquisition of Best Check, and each promptly made arrangements to fly to Dallas in December.

Then, the Undertoad leered up at him again. This time, Scott was in the Data Processing department, congratulating the systems vice president on two days straight without the system crashing. Were they getting regular updates of the driver's license information from the Department of Motor Vehicles, Scott wanted to know, now that the new system was up and running?

"No. The tape we've got from them is almost a year old."

"Then how do you know when someone gets a driver's license for the first time, or someone moves to town?" Scott asked. "Won't our system automatically reject them and keep them from cashing checks?"

"No, no one is automatically rejected by the system the first time. The DMV tapes are full of junk – social security numbers, typos, made up numbers, no numbers at all. So, to satisfy our contract with Foodway, we accept any number the first time a customer uses the system. If he bounces a check, that's when he's rejected by the system."
"But what keeps him from making up a new number?" Scott held his breath.

"Nothing. Nothing at all."

John Houston, the CEO of Lexington Computer Co. arrived first, alone. After his first long day in Dallas, he sat with Scott in a restaurant booth, poring over year-end financials, dated September 30, 2000.

"I visited some supermarkets on the way from the airport this morning. You must have a huge bad check problem. But I don't see that it shows up here," he said. "How bad is it?"

"It's not good," Scott said quietly.

"Don't you know how much it is costing you?"

"It was upwards of $100,000 per week. I think its dropping now." Scott looked down at the table.

"That makes sense."

Houston flew home to Boston early the next morning. From the airport, he called Charlie Volare and said he had enjoyed his visit but didn't think Lexington Computer and Best Check were a good fit.

A few days later, the CEO of Digidata arrived in Dallas with an entourage of four subordinates. Though they studied reams of files, spent many hours with Charlie and interviewed dozens of managers from top to bottom of the organization, they did not appear to "catch" the critical flaws in the new Best Check system. No one volunteered this information. On the second day in Dallas, they began to talk turkey with Charlie. The men argued that the purchase price Charlie suggested was far too high, Best Check's new system, though apparently up and running, was still not fully proven. At one point, Charlie, appearing exasperated by the negotiations, claimed to have an important out of town meeting and left the Digidata executives his office to use for the rest of the afternoon in his absence. In plain view on Charlie's desk was a letter from the CEO of Lexington Computer, written less than a week before, expressing strong interest in acquiring Best Check.

Upon Charlie's return the following day, the CEO from Digidata seemed markedly more amenable to a deal. That afternoon, he sat down with Charlie in the conference room and reached an agreement in principle to buy Best Check, Inc. from IBG. The purchase price was to be three million shares of Digidata common stock, currently trading on the NASDAQ stock exchange for approximately $2.25 per share. During the days these negotiations took place, Scott was never interviewed by Digidata's CEO out of Charlie's presence, and only in a somewhat cursory manner by the other Digidata executives. Scott took this as confirmation he would not be offered a job by Digidata going forward. That afternoon, shortly after the deal was struck, Charlie indicated that the same was true for IBG. Sam Breen was apparently retrenching. The cash drain of recent months having reminded him why he left high tech a decade before. Without Best Check, he was no longer in need of a CFO. Scott's last paycheck would be dated December 31, the same day the purchase of Best Check by Digidata was to close.

Anticlimax

Scott drove home slowly from IBG headquarters, watching his hands gripping the wheel. His mind shifted between the thoughts of all that had occurred those last few months. A heavy, thundering dread rolled and heaved against the inside walls of his stomach. Every possible path, every dark vista that stretched before him – whether Best Check was sold or not – seemed to point inevitably to his own, very personal, failure.

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