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ChangeAbility  
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ChangeAbility brings you actionable, hands-on tips and cool resources for starting or building your business on a bimonthly basis.

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**I The Stockdale Paradox: What a Prisoner of War Can Teach Us about Becoming a Great Company**

In his best selling book 'From Good to Great', former Stanford Business School faculty member Jim Collins demonstrates what it takes to become a truly great company. In his thorough research (this is one of the best selling business books that I really like!), Collins discusses the importance of what he calls the "Stockdale Paradox":

+++ "Great companies retain faith that they will prevail in the end regardless of the difficulties and at the same time, confront the most brutal facts of their current reality, whatever they might be." +++

The Stockdale paradox is named after Admiral Stockdale who was the highest ranking US military official in the 'Hanoi Hilton' POW camp in Vietnam. He was tortured more than twenty times during his eight years of imprisonment. He lived without POW rights, a set release date, nor any certainty as to whether he would see his family ever again.

He did everything he could to support other inmates while fighting his captors. At one point, he deliberately beat himself with a stool and cut himself with a razor so that he could not be put on video tape as an example of a "well treated prisoner".

He invented a communication system of taps to help comrades dealing with the isolation. During an imposed silence, the prisoners mopping the floor swept the yard using the code and swish-swashing out 'we love you' to Stockdale on his 3<sup>rd</sup> anniversary of being shot down.

Being asked by the author Jim Collins how he dealt with the seemingly hopeless situation, he replied: "I never lost faith in the end of the story. I never doubted not only that I would get out, but that I would prevail in the end (...)."

Asked about who did not make it out he says: "Oh, that is easy. The optimists. They were the ones who said, 'we are going to be out by Christmas'. And Christmas would come and Christmas would go. Then they'd say, 'We're going to be out by Easter.' And Easter would come and Easter would go. And then Thanksgiving, and then it would be Christmas again. And they would die of a broken heart."

Stockdale goes on saying: "This is a very important lesson. You must never confuse faith that you will prevail in the end - which you can not afford to lose - with the discipline to confront the most brutal facts of your current reality, whatever they might be."

You might consider this more of a personal than a business lesson. However, Collins and his research team show that living the Stockdale paradox is exactly what great companies do.

Ask yourself for your business:

+++DO YOU AND YOUR STAFF RETAIN FAITH THAT YOUR BUSINESS WILL PREVAIL?+++

and at the same time

+++ARE YOU AND YOUR STAFF RELENTLESSLY DISCIPLINED AT CONFRONTING THE MOST BRUTAL FACTS OF YOUR CURRENT BUSINESS REALITY?+++

If you are doubtful as to whether you are living the Stockdale Paradox, consider the following questions about:

Your faith to prevail:

- What is it about you as a business owner that prevents you from having that faith?
- What is it about your business that prevents you from having that faith?
- What do YOU need to do which will enable you to have that faith?
- How does YOUR BUSINESS need to change so that you will have that faith?

Confronting the brutal facts:

- Name 3 things you have been avoiding in your business. What can you do TODAY to bring these issues out into the open?
- What 'red flag mechanisms' (e.g. regular review of your financials) can you put in place to make sure you are confronting reality?

## **II Client Success Story: Top Ranked in a Highly Competitive Industry**

Ever wondered where relentless follow-through, discipline and a striving for a healthy work life balance can get you?

Ask senior loan officer and KoenigCoaching client Liz Newman at HomestreetBank. Liz finished the first quarter of 2003 ranked as # 10 (in terms of loan volume written) out of all 150 US HomestreetBank loan officers (up from being ranked # 27 in 2002).

Despite her super busy schedule due to the record-low interest rates, Liz has been able to rigorously follow-through with marketing activities. She was able to do that by having clearly defined, measurable, weekly marketing goals, a thorough controlling system and great follow through. For example, she tracks and logs her activities daily and is able to take immediate action should she fall behind in one area. She knows: what gets measured gets done! In the same spirit she also takes care of her

physical well being and sets the goal of walking at least three times per week (this too gets logged), which she enjoys immensely!

Liz Newman can be contacted at (206) 389-4401 or [liz.newman@homestreetbank.com](mailto:liz.newman@homestreetbank.com) for your home loan needs.

### **III Notes from the Field: Calculating the Cost of Staff Turn Over**

In the last issue, I discussed the importance of hiring the right people. I specifically mentioned the huge costs of staff turn-over

ChangeAbility reader Michael Brandstetter, an internet recruiter manager for Volt, has extensive knowledge in this field and writes:

"Employee-associated costs account on average for 64% of an enterprise's expenses. Interestingly though, while most executives understand that there is cost involved in employee turnover, they wouldn't put turnover on the top of their lists of efforts to drive up earnings or the value of their businesses. Yet, the collective economic impact of employee turnover is enormous. A study by PricewaterhouseCoopers, for example, suggests that low productivity and high turnover costs employers two to three times more than insurance premiums and medical claims."

Michael has developed a sophisticated employee turn-over calculator (in excel) which estimates how much it actually costs to replace one of your staff members. To learn more about that smart tool, you can contact Michael at: [mbrand@volt.com](mailto:mbrand@volt.com).

### **IV Meet the Coach**

For Australian subscribers:

INTERNATIONAL COACH FEDERATION (ICF) CONFERENCE,  
SYDNEY, AUSTRALIA

I am speaking at the International Coach Federation Conference held August 22-24 in Sydney, Australia. In conjunction with Centerpoint, the Northwest's leading center for life and career renewal, I will be presenting a paper on "The Seasonal Cycle of Change: A New Coaching Model for Working Through Change"

For Seattle subscribers:

BUSINESS PLAN WORKSHOP AT THE U.S. SMALL BUSINESS ADMINISTRATION (SBA)

Starting in August I will be teaching the Marketing Plan section of the Small Business Administration workshop 'Building a Business Plan' in downtown Seattle. For more info on this and other small business workshops see the SBA and the Service Corps of Retired Executives (SCORE) website: <http://www.sba.gov/wa/seattle/>, <http://www.seattlescore.org/index.htm>, or call the SBA at 206 553 7310

BUSINESS START-UP WORKSHOP - "THINKING OF BECOMING YOUR OWN BOSS?"

If you are thinking of, or are in the process of, starting your own business or if you want to learn how to run your business better, please join me for this 3 hour workshop at Centerpoint, the Northwest's leading center for life and career renewal, based in downtown Seattle. For more information, please send me an email or check out:

[www.centerpointonline.org](http://www.centerpointonline.org)

The workshop will be offered on:

- August 5<sup>th</sup> 2003 6pm

The fee is \$54 for non-members and \$45 for Centerpoint Associate Members

+++++LET ME KNOW WHAT YOU THINK+++++  
Simply reply to this newsletter. I would love to hear from you.

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