

Katzscan Newsletter

Supply Chain Operations & Technologies ~ Vendor Compliance
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I recently saw the 1949 movie *The Fountainhead* based on the book of the same name by Ayn Rand. The story is centered on the character Howard Roark (played by Gary Cooper), an architect who refuses to compromise his radical designs -- and thus he believes his integrity -- to please the mediocre tastes of the masses. Eventually he is accepted by out-of-the-box thinkers who appreciate his unique style and ask him to design their buildings.



There is another story within: it is that of Gail Wynard (played by Raymond Massey) who is the owner of *The Banner* newspaper. Wynard's character is likely typical for the time: having been born into poverty he struggled on the streets and built himself a business empire where he had seemingly unlimited wealth and power, especially the power of his presses. The architectural critic at *The Banner* is Ellsworth M. Toohey (played by Robert Douglas), a rather slimy character whose own self-interests become more and more apparent as he plays Wynard, Roark, and Dominique Facon (played by Patricia Neal) against each other for his own nefarious purposes.

Eventually Toohey acquires such significant power for himself at *The Banner* that Wynard must capitulate to the board of directors and rehire him or face the complete meltdown of the newspaper. Toohey was able to build his power base through his manipulations of the other main characters and by gaining the loyalty of the writing and editorial staff while Wynard was absent and enjoying the riches of his success. Wynard comes to realize that if he once had real power he no longer did, having lost it by losing focus on what was necessary if not important at his business including, in my own analysis, the realization he should have fired Toohey a longer time ago than when he finally did. This hits him especially hard as *The Banner* attempts to take on an unpopular issue -- supporting Roark -- which causes him to lose virtually all his readership and advertising revenue.

The storyline of how Toohey undermines Wynard to the near complete destruction of *The Banner* reminds me of some of the companies I've visited over the years. In conversations with company owners I find that they are suffering terribly because they've lost control of their business to key employees who have built their own power bases. These modern-day fiefdoms are not represented by lands or masses of workers per se, but rather by the control of information and knowledge of how things work. They surround themselves with workers who are kept in the dark and may actually not be qualified for the jobs they are handling, but the key employee knows not to hire a subordinate worker who might discover what's truly going on.

Business leaders must be able to trust their directors, managers and supervisors because they can't be involved in the minute details of every aspect of running a business. But when these same leaders fail to create a culture of transparency they lose the ability to control their business and adapt to changes with more agility. Sadly some of these executives are fearful of firing these same employees because they don't believe that anyone else can figure out what's going on and that the loss of knowledge would be greatly detrimental to the business. I counter that while things might be difficult for a little while they will soon get straightened out and the business will be better for it. While the leaders agree with me they typically lack the willpower to execute what they know needs to be done. The business continues to suffer and the company's heartbeat

becomes fainter with each passing day.

If your organization -- or one that you know of -- is suffering from employees who have built walls around their functional areas then that is a business that needs help, and fast. It's very likely that these rogue employees are negatively affecting other areas of the business too. The cleanup of these functional areas can expose fraud and inefficiencies that are wasting money and hampering growth. It will take the fortitude of the Howard Roark character to make the tough decisions necessary to remove the problematic people but the entire company will be better for it in the end. If you need someone to lead the charge, jump into the trenches, dig for the details, and master the recovery please give me a call.

Thanks.

Norman

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