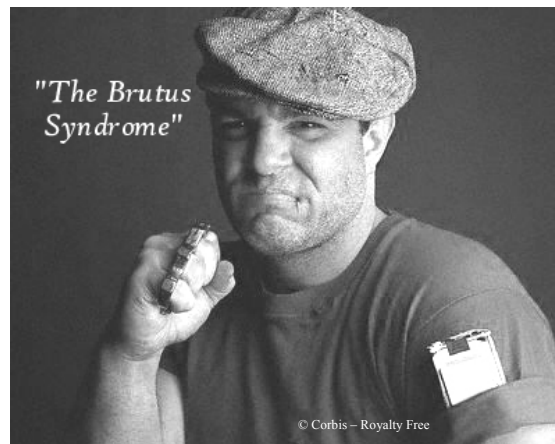

The Center for Human Capital Analytics

A SP@RTACUS GROUP COMPANY

CORPORATE WHITE PAPER

TITLE

The Brutus Syndrome™



“Is Your Bottom Line Being Bullied”

Linking Derailing Behaviors to The Bottom Line

Presented By : Craig B. Clayton, Sr.

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About the Author

Craig B. Clayton, Sr., is the founder and CEO of the Sp@rtacus Group based in Houston, Texas. A global consulting and software firm, the Sp@rtacus Group specializes in providing organizations with analytical tools that measure the connection between the ROI from managing diversity and the organization's bottom line.



He also created the Center for Human Capital Management, which is a Sp@rtacus Group company providing business-focused research and studies in the field of human capital management.

Since 1999, Craig has also been the Director and Diversity Strategist of the International Institute for Diversity & Cross-Cultural Management. The Institute is located in the University of Houston's C.T. Bauer College of Business.

Craig has over 20 years of diverse business experience, including positions as a CEO, COO, board member, and corporate executive. He has worked with Fortune 500 firms in a variety of capacities, from operations to sales and marketing, training to research. Representative clients have included Compaq Computers, Hewlett-Packard, Bank of America, MD Anderson Cancer Center, Shell, U.T. Health Science Center, HEB Grocery, Chevron-Phillips Chemical, Rohm & Haas Engineering, Central Parking System, Coral Energy, Lanier Middle School, St. Lukes Medical Center, and many more.

Craig has a seasoned talent for designing and facilitating executive leadership workshops and creating customized corporate cultural assessments by using focus groups, surveys, and employee interviews. He has designed and developed training curricula; facilitated training sessions; mentored diversity councils, committees, and board members; and designed and developed programs and services to support organizations in their efforts to create and sustain long-term change in corporate culture. To date, his global outreach has spanned 14 countries including Mexico, the Caribbean, and Asia.

In his diversity management work, Craig has created key tools for diversity practitioners, including the Diversity Earnings Per Share Metric™, a measurement tool, and created Project Boardroom, a program to develop women and minorities for positions on corporate boards. He has also launched the Joshua Project, an initiative to help American educators tear down walls through diversity dialogue and education.

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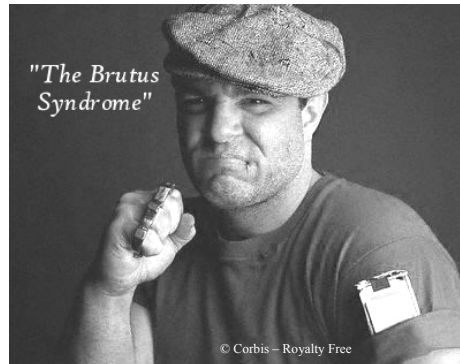
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“The Brutus Syndrome”™

Is Your Bottom Line Being Bullied?



General Motors Corporation’s recent revelation that it spends more on health-care costs than on steel underlines the significance of people-related costs in today’s workplace. Current economic conditions have caused many organizations to focus on finding ways to drive out costs while increasing performance and productivity.

Understanding the return on investment (ROI) in human capital management is a competitive issue of growing importance, yet metrics that link ROI to business processes and workplace issues have been increasingly difficult to find.

To help organizations quantify the ROI in their diversity and human capital management programs, the Spartacus Analytics Group patented and developed the dEPS, or Diversity Earnings Per Share Factor, in 2003. This metric enables organizations to gauge the bottom-line effect of creating and maintaining inclusive workplace cultures. While developing metrics to measure and quantify the impact of disrespectful and demeaning, or “derailing,” behaviors in the workplace, we learned that inappropriate behaviors cover a wide continuum—from subtle messages to repeated, confrontational, ‘in your face’ demeanor.

Let’s consider examples on each side of the continuum. Sarah is the kind of hard worker every manager dreams of—willing to go the extra mile, fully engaged, and taking an ownership attitude about her work. Her boss, Bob, invites her to step into his office, where her coworker Joe is already sitting. Bob says he was just finishing up with Joe and wanted to let each of them know about the next project. During the next ten minutes, Bob explains the importance of the project and the anticipated resources they will have at their disposal. As he is finishing his discussion, Sarah realizes that during the entire exchange, Bob made eye contact only with Joe. In fact, he never once looked in her direction. She leaves the office wondering why was she even in the meeting. She could have read the e-mail and spent the last ten minutes working! These subtle messages can imply to Sarah that she is not as valued as Joe. They are an example of a micro-inequity, as identified in the research of Mary P. Rowe, PhD., Researcher at MIT.

Barbara is interviewing to transfer to a new job. She discovers that Sherri, the manager she will report to who does seem a little gruff, had replaced three administrative assistants in the last two years. The last person quit and didn't even have a job waiting. She figures it must have been a personality clash. After all, she can get along with anyone. Little does she know what's in store—from being yelled at to dealing with such degrading comments as, 'If you had an education, you could have figured out what I meant when I said that.' Realizing the path to promotions and advancement is directly through Sherri, Barbara practically stands on her head, but nothing seems to work. Her input is ignored in meetings, even belittled and laughed at. Her boss talks through her presentations and tells her co-workers what a waste she is. During her performance feedback, she is told she is lucky to have a job. These behaviors go beyond being 'subtle' and are a distinct example of 'corporate bullying.'

We typically associate the term 'bullying' with the schoolyard behavior of those who are insecure and feel compelled to use their size or temperament to control others. Most baby boomers remember the cartoon, *Popeye the Sailor Man*. Popeye's nemesis was the ever-present bully, Brutus. He took every opportunity to intimidate Popeye, and didn't care who saw him! Studies from the Houston-based Center for Human Capital Analytics (The Center) find Brutus lurking in many corners of today's workplace—in behaviors that can be totally derailing. In fact, most companies today are losing money due to the 'Brutus Syndrome' **bullying the bottom line!**

Corporate bullying takes many forms. Yet its overall definition is a pattern of repeated, unwelcome, and often unwarranted behavior, including being excluded, isolated, criticized, and singled out for different treatment. These behaviors can escalate to shouting at and humiliating an employee. Specific examples of corporate bullying include:

- Repeatedly yelling or abusing
- Consistently criticizing
- Making someone the ongoing brunt of teasing, pranks, or practical jokes
- Tampering with personal effects

Managers can bully also by:

- Setting impossible deadlines
- Constantly changing targets
- Deliberately withholding work-related information or resources
- Continually giving tasks that are meaningless or beyond a person's skill level

Definition: Corporate bullying is demonstrated by a pattern of unwelcome, unjustifiable, unreasonable behavior that is **intended** to create feelings of humiliation, hurt, embarrassment, and degradation. It is exhibited by peers and managers and can be linked to relationships of informal and formal forms of power in the workplace.

BULLYING IMPACTS THE BOTTOM LINE

In 2004, The Center completed a study quantifying the link between these bullying behaviors and the bottom line. The foundation for this research was the US Hostile Workplace Survey conducted, in 2000, by the Campaign Against Workplace Bullying. Their study linked employer costs resulting from bullying to:

- Increased rates of:
 - Staff turnover / use of sick leave
 - Suspension and other disciplinary procedures
 - Dismissal / grievances
 - Early retirements
- A culture permeated by a lack of cooperation and fear
- Reduced productivity
- Increased liability for health- damaging employment practices

In quantifying the fiscal impact of these behaviors, we defined the different types of bullying that occur in the workplace, measured the extent to which they occur, linked them to business performance indicators, and identified solutions.

*57% of Respondents Had Witnessed or Experienced
Disrespectful or Demeaning Behaviors in the Last 12 Months at Work*

Based on the 'bullying behaviors,' respondents identified the impact as follows:

- 10% have reduced the effort they give at work.
- 12% have considered leaving to avoid the bully.
- 14% have decreased their commitment to the organization.
- 16% have lost time worrying about the person.

These data clearly indicate the Brutus Syndrome has permeated organizational culture in ways that directly impact effectiveness, employee commitment, and ultimately, the bottom line.

TYPES OF BULLYING

Corporate bullying falls into several categories. The most prevalent form is back-stabbing, defined as unfairly criticizing a person behind his or her back to gain *personal advantage*. The second most prevalent form is psychological bullying—repeated rude, intentional disregard of a person’s opinion or presence or selective, unwarranted exclusion of a person from particular activities that has the effect of embarrassing, devaluing, or annoying certain people. According to the study, both forms of bullying have been observed by as many as one in three employees.

Other forms of bullying include but are not limited to:

1. Repeated, confrontational, in-your-face demeanor
2. Verbal bullying—severe criticism designed to demoralize
3. Excessive profane language used to intimidate or demean
4. Physical bullying—offensive gesturing or moving close enough to intimidate

DIVERSITY LINK

When measuring the perceived reason for the disrespectful and/or demeaning behavior:

- 54% of the respondents perceived the behavior to be based on **gender**
- 43% perceived the behavior to be based on **race**
- 41% perceived the behavior to be based on **age**

Managers commit as much as 80% of the corporate bullying!

Center for Human Capital Analytics

FISCAL SNAPSHOT – R.O.I. LINKAGE

PARTIAL QUANTIFICATION

The example below applies the preliminary results from our research. It demonstrates the extent to which these derailing behaviors impact lost productivity.

Data Points:

Based on \$40,000 / Average Salary / 40 Hours a Week / 52 Weeks = \$20 Per Hour

ROI Example:

Company “A”

58,000 Employees

n = 58,000

n times 57% = 33,000 Employees (x)

57% Of Respondents Have Witnessed
Disrespect or Demeaning Behaviors **

x = 33,000

x times 50% = 17,500 Employees

17,500
x 15 min.
,375 Hours

50% Of Respondents Report Having Lost
Avg. 15 Minutes of Productive Time Per Day
Worrying About or Avoiding the Bully **

Average Number of Days Per Week Spent Non-Productive Per Incident!

- 3 Days -

Average Number of Weeks Spent Non-Productive Per Incident –Before It was Resolved

- 6 Weeks -

Average Number of Days = 18 Days
(3 days a Week for 6 Weeks)

18 x 4,375 Hours = 78,750 Hour of Lost Productivity
@ \$20 Per Hour = **\$1.6 Million Dollars**

Based on 57% of employees experiencing one incident of bullying a year!

MOST BULLIES ARE REPEAT* OFFENDERS

* Key Part Of The Definition

** dEPS Factor Database Study, 2004: The Center for Human Capital Analytics

ADDITIONAL LINK TO ROI: IMPACT ON EMPLOYEES

Studies by the Center have linked the effect of these behaviors on employees in measurable ways that have a detrimental impact on the individual's health and well-being—and on the organization's bottom line.

Employees

The effects of bullying are psychological and physical. According to the US Hostile Workplace Survey, conducted by the Campaign Against Workplace Bullying, bullying leads to these symptoms in employees:

Psychological Impact:

- Anxiety, insomnia, and clinical depression
- Self-destructive habits, such as increased use of alcohol, drugs, and food
- Suicidal thoughts and thoughts of violence to others

Physical Impact:

- Panic attacks, heart palpitations, and increased heart rate
- Exhaustion and chronic fatigue syndrome
- Weight loss or gain and skin changes
- Headaches and hypertension

** Source: US Hostile Workplace Survey- 2000*

MEASURING THE IMPACT

The link to bullying and corporate business indicators demonstrates a clear case for including the impact of these behaviors on the bottom line. Yet many organizations have no metrics in place to determine the extent of bullying nor links that demonstrate its fiscal impact. The US Hostile Workplace Survey found that as many as 50 percent of the incidents involving corporate bullying, reported to HR, were met with no action to assist the person reporting these behaviors. Alarming, in as many as one in three cases, the response of HR was a negative reaction to the victim!

Organizations clearly have a fiduciary obligation to eliminate these derailing behaviors in the workplace. Yet if as much as 80 percent of the bullying is coming from managers, systems and procedures must be in place to remove the stigma and retaliation employees fear if they identify a bully.

Those seeking to quantify the ROI in diversity and human capital management programs must understand the links to disrespectful and demeaning behaviors. The Center has found that:

73% of employees would leave the company if a better job were available.

78% believe they could be more effective at work than they are now.

65% feel the factor that would cause them to give more effort is:
“A Manager Who Treats Me With Dignity and Respect”

ELIMINATING BULLYING FROM THE WORKPLACE

With so much bullying occurring, organizations are rightfully concerned about the impact on their organizational effectiveness. Many organizations assume they are immune from bullying because they have a zero-tolerance policy intended to create or maintain a threat-free environment. Yet studies show these behaviors are widespread. In fact, in one organization, 95 percent of employees stated they had witnessed or experienced bullying behaviors in the last 12 months!

For many people, being short-tempered in times of stress is a natural reaction. When, then, do such behaviors become bullying? When they are a consistent pattern!

Often these CONSISTENT behaviors are dismissed as being part of the ‘drill sergeant’ mentality or a logical symptom of a strong management style. However, if these behaviors are considered integral to organizational culture—part of the ‘way things get done’—they won’t be identified for what they are and then targeted, measured, and ultimately, ‘managed out’ of the business.

The first step, is understanding what corporate bullying is, then measuring the extent to which it is occurring and ultimately developing and communicating strategies that hold people accountable for eliminating these acts of incivility from the workplace.

ROI in Diversity or Human Capital Management is a business necessity. Determining how to measure that ROI, often begins with quantifying the impact through ‘risk’ mitigation including reducing the likelihood of lawsuits, identifying the ‘cost’ per diversity hire and reducing turnover for women, immigrants and people of color. The Center for Human Capital Analytics is quantifying the links to ROI in ways that affect performance, productivity and profitability.

“We spend too much time measuring ROI by the impact of those who quit and leave, instead of those who have already quit. . .and stayed.”

Written by Craig B. Clayton, Sr. , Founder & CEO of the Spartacus Analytics Group, Executive Director of the Center for Human Capital Analytics, and Director & Diversity Strategist with the University of Houston’s International Institute for Diversity & Cross-Cultural Management in the C.T. Bauer College of Business. Craig is available for speaking engagements, radio, and television interviews. craig@craigclayton.com