



Teamworks Talk

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*"Building a better
workplace"*

INSIDE THIS ISSUE

Leading in a Recession
Causes of the Great Depression
The Florida Real Estate Craze
Upgrade to 360° Facilitated
Crazy times...
Team Snippets: Dave Burton
Our contacts

Leading in a Recession

In order to survive a recession the business needs to cut staff and costs – right? **Wrong!** McKinney Rogers conducted an international survey of senior business executives and found:

- 78% of respondents said the development of their workforce was the key tool;
- 73% agree that moving into emerging markets that are unlikely to be affected by recession is important;
- 67% said that diversifying the business offering was necessary;
- Only 38% of respondents believe that cutting prices to become more competitive is effective;
- Only 34% thought that reducing the number of employees would be effective;
- Only 23% thought that reducing marketing spend would be smart.

At times of economic slowdown it is essential that all staff buy in to the vision and direction of the business. Tough times are demanding and resilience is vital, making leadership even more important now than ever before. Focusing on productivity in the right areas and aligning people, resources and strategies will reduce exposure to the risks of recession.

*"Recession is when
your neighbour loses
their job. Depression
is when you lose
yours."*

- Harry S. Truman



Causes of the Great Depression

It is a common misconception that the stock market crash of October 1929 was the only cause of the Great Depression. Both events were closely related, but together were the results of profound problems in the 1920s.

“There is no cause to worry. The high tide of prosperity will continue.” – Andrew W Mellon, Secretary of the Treasury – September 1929.

Known as the “prosperity decade” or the “roaring 20s”, income in the 1920s was unevenly distributed. The wealthy made hefty profits, many Americans spent more than they earned and farmers faced low prices and heavy debt. Europe struggled to repay debts from the remaining effects of World War I. The Florida real estate bubble in 1926 caused inflated house prices, leading to panic selling and massive financial losses.

These grim weaknesses in the economy contributed to the overall crisis of the times, leading to the disastrous U.S. stock market collapse of 1929. Although the government continued to deny that there was a problem, thousands of investors were financially ruined and confidence in the economy was destroyed. The depression continued through the 1930s, ending only when the massive spending for World War II began.

By Joanne Grey©



Case Study: Florida Real Estate Craze

“Soon, everyone in Florida was either a real estate investor or real estate agent.”

In 1920, Florida became a popular US destination for people who wanted to escape the cold. The population was growing steadily and housing couldn't match the demand, causing prices to double and triple in some cases, which was not unjustified. But, news of anything doubling and tripling in price always attracts speculators. So before long people began pumping huge amounts of money into the real estate market.

Soon everyone in Florida was either a real estate investor or a real estate agent. And the prices were astronomical. Land that could be bought for \$800,000 could, within a year, be resold for \$4 million. The prices were so inflated that to buy an apartment type property in 1926, you would've had to pay the same as you would now have to pay for a luxury home in Miami (\$4,500,000) - without adjusting for inflation!

Eventually, however, there were no more fools to buy the hugely overpriced land, and prices began to adjust. As usual, some smart investors got out of the market early. Then panic selling started. With thousands of sellers and very few buyers, prices came down to pre-boom levels. By Craig Leith ©

Our new **“Leading in a Recession”** workshop includes:

- Exploring how the recession might impact on your business;
- why leadership in a recession is critical and what to do differently;
- how to “recession-proof” the business;
- how to use a recession to your advantage and more.

For more details see http://www.teamworkspacific.com.au/what/leading_in_a_recession



New upgrade to 360° Facilitated

Dylan Forbes at the Leaderskill Group in Sydney is working on an upgrade to 360° Facilitated. It includes:

“Upgrade to 360° Facilitated - A new Emotional Intelligence section.”

- extensions to the profile which will better highlight gaps and similarities between feedback from different groups;
- a new Emotional Intelligence section which will give participants specific feedback on the behaviours which are linked to his area;
- streamlining of the Consultant, Participant and Respondent interface.

This upgrade is due for release in the first quarter of 2009.

Teamworks Pacific has been using an 80-question version of the system very successfully in organisations where more of a tailored business management focus is required. This model covers Personal and Interpersonal Skills, Leadership, Management and Business Skills. The Business Skills quadrant can be customised according to organisational needs.

by Dave Burton©



Crazy times...

- While some struggle with their mortgage payments, Russian precious metals billionaire Mikhail Prokovic has recently purchased a mansion on the French Riviera for \$865 million. Villa Leopaolda, a former royal palace, is now the world's most expensive home.
- 28 million Americans now rely on food stamps to survive.
- Coffee giant Starbucks has admitted to expanding too quickly, after closing 600 of its stores and cutting 7 per cent of their workforce. Starbucks shares have dropped over 50 per cent in the past two years.
- \$700 million worth of fruit and vegetables is left unpicked per year in Australia, due to a lack of labour. The government is providing 2500 work visas to workers from the South-Pacific area over the next three years.



Team Snippets

Dave Burton is our 360° Facilitated expert. He understands how vital interpretation of feedback is and takes the time to work through results with the individual.

Dave is looking forward to the upgraded 360° Facilitated, which is due in early 2009.

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