

Governing Energy

Reaffirmation

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At the start of every new year many make so called New Year's Resolutions. Losing weight, exercise more, stop smoking, be a better person are some of the more common and oft repeated declarations.

Over the next few weeks, we will all be bombarded with weight loss and gym/exercise advertisements. This process begins every January and since advertisers are not in the habit of spending significant dollars year after year on *pitches* that do not work, one would surmise they are effective. This implies that a large number of consumers desire such products and services.

Behavioral economics suggests that the *rational economic actor* may not be as lucid in his or her decision making process as once accepted.ⁱ Societal pressures, organizational culture and other more emotional factors often cloud human decisions.ⁱⁱ Could this be a root cause driving a high rate of resolution failure?ⁱⁱⁱ

How many of you work for organizations that issue New Year's resolutions? One suspects the number is low. Why wouldn't a collection of humans make the same pledges individuals typically aspire to?

Perhaps it is good many firms do not acknowledge such goals since the resolution success rate less than 10 percent.^{iv} However, one can argue that the Chairman's annual Letter to the Shareholders is such an affirmation of the firm's values and goals for the new fiscal year.

The challenge of behavioral change is well documented.^v Not surprising, without ongoing stimulus our good intentions of January fall by the wayside. Whether driven by an individual's wish to improve their life or an organization's desire to pursue a new direction, a continuous energy source is necessary to sustain behavioral change.^{vi}

Reflection on our past efforts coupled with renewed energy to attain new or even previous goals is a worthy effort. January 1 marks the annual milestone in continuing journeys. A periodic review and course correction, if necessary is not only appropriate but is required by the fiduciary responsibility to ourselves as well as our organization.

How does your management energize the reaffirmation process?

About the Author

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End Notes

ⁱ <http://financial-dictionary.thefreedictionary.com/Rational+economic+man>

ⁱⁱ http://en.wikipedia.org/wiki/Behavioral_economics

ⁱⁱⁱ <http://www.statisticbrain.com/new-years-resolution-statistics/>

^{iv} Ibid.

^v http://www.goodreads.com/author/show/476541.Dutch_Holland

^{vi} Shemwell, Scott M. (2012, June). Structural Dynamics: The Foundation of Next Generation Management Science—beta Version of the Construct. Version 1.0. Author.