

Hello, this is Wayne Rivers at The Family Business Institute. Thanks for tuning in. Please click on our social media icons. We appreciate that. And give us the benefit of your thinking in the comment section below.

This week I want to talk about expectation setting, and something happened at my house not long before Christmas last year, that really got me thinking about the importance of expectation setting. Now, why is this important? Okay, first of all, why should you even care about my weird story from home about expectation setting? Well, when people's expectations are not met, that's when they become angry, disappointed, disillusioned, let down, frustrated. It's all about meeting people's expectations.

And so, what happened to us was this. So, my wife is very involved in a local charity and each year, maybe early December, they do a big event. And Lisa has been in charge of providing meals. And sometimes she's even prepared the meals, huge pots of chili, in our kitchen. But this is 60 to 100 people that she's feeding. So sometimes she just writes a check and sometimes she actually prepares the meals herself. And it's a big undertaking. Well, this year the email came, "Lisa, are you going to help us this year, 60 to 100 people?" She says yes. And then about a week before the actual delivery date, another email comes and said, "Oh, we're actually expecting 350 people."

That's a big delta. Whether you're writing a check, whether you're preparing mass quantities of chili, that's big. And my wife was upset. As a volunteer in this organization and a member of the board, she felt like she was being taken for granted and even taken advantage of, because, I mean, 100 to 350, more than three times the number of people? That's a massive undertaking. So she... You don't need to know. She did what she said she was going to do and took care of it, but still, she was pretty upset and did not feel good about that interaction with the organization.

So now, how does this apply to you and your business? That's a fair question. Well, if you think about it in terms of your customers, there are times in your career, hopefully not now anymore, but there's times that you've over-promised or either under-delivered. Maybe it was on price. Maybe it was on quality. Maybe it was on schedule. Maybe assigning different personnel than what you had originally said you were going to do. And people's expectations aren't met. Things may turn out fine in the end, but it's that whole thing of simply not meeting a customer or a vendor's expectations. You had that happen.

A second way that it affects you in your business is promises or even perceived promises. And where I've seen this come up the most with our clients is people in the organization who are either promised or think they heard they were promised a more responsible position, for example. Or, this comes up sometimes, equity. They've been promised a shot in the future at ownership. And year after year after year passes and it doesn't materialize, and they feel very let down. And that has even resulted in lawsuits from employees. They quit. They say, "They promised me X, Y, and Z." They sue the former employer and ultimately you end up having to settle if you don't... I mean, you could win, but you still end up settling and paying legal fees and all that. So, we've definitely seen that happen any number of times. Just be careful what you say about future advancement, future stock ownership. If the pathway isn't crystal clear, just let that sleeping dog lie. Don't go there until you're absolutely sure you have a pathway to make it happen.

And then the third way is failures to communicate. Employee meetings, for example. You have a series of regular employee meetings, maybe a company picnic in the summer and then a company Christmas party. And then for some reason you break that rhythm. You cut out the picnic. Maybe it was a decision that had to be made because of the press of work, who knows? But people had gotten used to that rhythm of meetings and that rhythm of getting together, even if it's only once or twice a year, and suddenly that's not there anymore. And tongues begin to wag. They begin to gossip and makeup the truth as they see it. So that absence of communication can hurt you.

The way we saw it in the most explicit way was there was a family that had done a really good job of having quarterly family business meetings. And they had lots of non-employee shareholders and they did a really good job of keeping them informed until the recession hit in '07, '08. And they were scrambling to keep the doors open as we all were, but they cut out the meetings. They went from four meetings a year to zero. And the real reason was, I think, the CEO didn't want to be the bearer of bad news. He didn't want to tell them that they were vulnerable and maybe even in danger of going out of business. He just didn't have the heart to tell them. But in the absence of that communication, they made up their own stories. They made up their own truth. They began to gossip among each other, and things got way out of proportion. So, they felt very let down and very disappointed that that open channel of communications suddenly shut down just at a time when they had the most questions about the company and the economy and just what was going on in the USA at that time.

So those are definite business occasions where we've seen the failure to live up to expectations come back to bite people. Now, my suggestion here is watch your tongue. Be careful of the expectations you set, whether explicit or implicit. As leaders in your company, you've got to be careful of what you say, actions you take, that may create implicit expectations in people's minds. And if you do set explicit expectations, then you've got to make sure you follow them.

So, I'd like to hear stories maybe where you had a little slip at one time in your career in setting expectations, how it came back to haunt you a little bit, and then ultimately how you rectified the situation. Please respond to us in the comments below. This is Wayne Rivers. Thank you.