



Tech Notes

A Suggested Evaluation of Corporate Philosophy

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Have you ever wondered why some companies continue to introduce market innovations, dominate markets and are highly profitable, while other companies in the same business continue to struggle, with success eluding them? Since both companies are in the same business, one can rule out strictly external factors, like market conditions. This leaves one with the realization that the lack of success is caused directly by the corporation and the decisions it makes. This realization should force corporations to rethink their positions and philosophies and ask themselves "Is our company programmed to lose?" In answering this question, one needs to address each of the disciplines that go into running a successful business.

- Corporate Culture

One person or, more commonly, a few key people in a company devise a corporate philosophy or value system based upon their notion of what the company is about and how its activities should be conducted. This philosophy is the corporate culture. In cases where success is attained, that philosophy generally comes from the top and permeates the entire organization. It generally includes elements of clarity, cooperation and commitment. In a healthy corporate culture there is no reason to let oneself be put down, nor is there a reason to build oneself up. Successful companies talk about "our accomplishments" and "my failures." Unsuccessful organizations generally have as the three R's in their corporate culture "resistance", "resentment" and "revenge". A corporate culture in which these three R's dominate is a destructive environment in which everyone is a loser. The corporate culture is immediately visible in workers attitudes and work ethics and impacts heavily upon our ability to make decisions and respond to customer needs, workers satisfaction and ultimately the bottom line. Simply put, it is much more fun to work for a winner than a loser.

It must be understood that the corporate culture can be independent of corporate policies and may well be different than management's concept of it. Corporate culture can come from the corporation's leaders, and most commonly does, but it belongs to all employees collectively. It cannot be legislated and must be lived by all employees, particularly upper management, who are the principal and most highly visible role models for the culture. One particularly poor corporate manager used to boast "My company does a million things

right." This may have been true, but success kept eluding him since he was not doing the right things! Doing the wrong things well does not result in success despite hard work.

Successful companies have a customer driven corporate culture. They realize that it is customers that make a company successful and all employees who contribute to that goal are important. The other incidentals that make up the nuts and bolts of delivering customer service are merely vehicles, the means to an end, and not ends in themselves. Too many companies spend their time working on the vehicles and forgetting why they exist. When the system fails to provide a sufficient level of service to the customer, the company will begin to falter. One way in which the system can be overhauled to be more effective in the service of customers is to redefine the activities making up the jobs that deliver

customer service to make them less mundane and elevate the level of consciousness of the employees that the customer is the reason for the business. Successful companies always listen to customers and provide the products that give the customer what he wants, not what the company wants to sell. Responsiveness is key. Employees must believe that what they do day-to-day has an effect upon the business' success and that these effects are cumulative. Employee apathy is the root of a mediocre company.

- Defining the Business

As funny as it sounds, many companies do not have a clear understanding of what they are in business to do. Many seek acquisitions of unrelated businesses, hoping to be successful in businesses that they understand less well than their core business. Many companies have not successfully made their employees aware of the corporate objective and how they are part of it. Defining one's business in concrete, understandable terms requires a great deal of thought and effort. It needs to be defined in broad terms that allow some degree of flexibility, but cannot be defined in terms that make the objective nonexistent. A company making games may ask themselves "Are we in the business of (a) making children's games, (b) making games or (c) providing entertainment." The set of assumptions that go with each definition, and the way the business operates, will differ dramatically depending upon the choice of definitions.

- Goals

When the objective of the business is understood and communicated within the organization, departmental objectives can be set which are in harmony with the corporate objective. If, on the other hand, the corporate objective is not understood, the department will fail, the individuals within the department will fail and, in the long run, the company will fail. The responsibility of communicating the corporate objective is vested in the highest level of management. Therefore, the responsibility for failure if poor communication occurs lies there also.

Economic theorists talk of "suicidal" or "self-fulfilling" predictions. A self-fulfilling prediction is one that causes the event predicted to occur by the mere fact that the prediction was made. For example, the prediction of a recession can effect personal spending and lead to a recession where one may not have occurred if the prediction had not been made. Corporations are often victims of their own self-fulfilling negative predictions; saying things can't be done, can't change, can't succeed, or can't improve. The attitude can permeate the organization, paralyze it and cause the negative effect predicted. R&D efforts,

sales efforts, etc., all can fall victim to the setting of goals that are unrealistically low, hoping to avoid the anticipated failure if the objectives were set higher. A corporation that succeeds is one that believes it is a winner. One that is unsure will fail.

Organization

As previously stated, the organization exists to provide goods and services to the customers in the most cost effective manner for both the provider and the customer. Products should not only be cost effective, but on time and in specification. Many organizations attempt to redefine the function of the organization in such detail that the mechanics of a position become more important than the function of the position.

It is all too easy for companies to establish policies that originally are servants of and secondary to the business. As organizations grow, these servants can become oppressive masters. These rules of man end up ruling man. How often in corporate life do we hear "I know it doesn't make sense, but it's the policy as long as anyone remembers?" Effective leadership constructively challenges rules and assumptions that are encountered day-to-day. This gentle asking, probing and questioning is the sign of leadership and is carefully cultivated in successful companies.

- Effective Management

Management theory teaches that the management discipline has the following steps - (a) planning, (b) organizing, (c) motivating and (d) controlling. The well-balanced company does all of these well. All too many companies concentrate on the controlling aspect and do not concentrate enough time on the planning and setting of departmental objectives that are in harmony with the corporate objective. All too many companies do not know the difference between a budget and a business plan.

An effective management team is one that has leadership made up of individuals who really enjoy the business. They understand the basic business and concentrate on that. The incidentals that are necessary are treated as mechanical and occupy a back seat to running the business. Modern management theory has given us a series of approaches to management. We have had MBO, matrix management, etc. All of these attempt to define the proper approach to manage a business. One of the recent management theories is known as "Management by Wandering Around" (MBWA), and it is a sound concept. Management is most fruitfully conducted with people in the business environment by talking to and, more importantly, listening to the people who do the work. Leadership is a different discipline than management and is a key to a successful business. It has been said that most companies would be far more successful if they had half the management and twice the leadership. Effective leadership fuels the enterprise from within and eliminates the need for employees to be mere spectators.

- Corporate Report Card

We suggest that within each organization questions be asked of the employees to determine if it is programmed to lose.

Corporate Culture

1. Does the Corporate Culture lend itself to an atmosphere of trust and security?
2. Do we spend more time in competition with our competitors or our coworkers?

Defining the Business

3. What is our business?
4. How do I fit into that business?

Goals

5. Do we know why we are in business?
6. Do we know why our department exists and how it helps achieve the corporate goal?
7. Do we participate in individual and organizational goal-setting or is it dictated to us?

Organization

8. Is there communication in our organization?
9. Is there positive as well as negative feed-back?
10. Is there two-way feedback (i.e. up and down the organization)?

Management Team

11. Is upper management accessible?
12. Does management lead or merely hold on?

If you immediately know the answers to these questions and all are positive then your company should be programmed to win. It implies that, if the objectives were chosen correctly, you have a chance of success. If you cannot answer several of these questions, you may be programmed to lose and need to reevaluate your corporate philosophy.