Good Fights

by Lynne Eisaguirre

Congress is busy passing new laws in response to the latest corporate misdeeds. Is this really the best solution to the problem of corporate fraud? No. Most of the recent corporate mischief violated one of the “go to jail” laws already in place. Also, with each scandal, people inside knew that what the company was doing was wrong, tried to tell the truth about it, but their opinions were squelched.

We will never have enough laws or enforcement money to prevent all possible malfeasance. Instead, we should insist that corporations: 1) incubate what I call “good fights” 2) educate all managers and executives about business law and ethics; and 3) educate, encourage, and protect whistle blowers.

The idea of educating and encouraging whistle blowers sends most executives scurrying to their fox holes. But a CEO who embraces this concept would gold plate his or her own reputation and help restore public confidence.

Currently, whistle blowers are hardly encouraged to throw their bodies before the speeding corporate fraud train. Most serve as reluctant witnesses, fearing for their jobs. Yet both old and new federal and state laws protect employees who raise public policy or legal issues in good faith: They cannot be fired or suffer workplace retaliation. All employees should know about these rights and refuse to tolerate executives or managers who thwart whistle-blowing.

Corporate insiders are the best possible police for corporate and workplace conflict. Any organization that does welcome diverse opinions would reap other benefits as well.

The Confrontable Organization

Welcoming diverse opinions is a critical skill. Sally Helgesen, author of The Web of Inclusion, found that the ability to create open communication, where people feel comfortable giving and receiving feedback at all levels, is a key predictor of success.

One of my clients, Jane, started her own telecommunications company based on this premise. Jane shaped her company asking the right questions and listening. When anyone would come to her with an issue, her response was, “What do you think we should do?” or “What are your team’s ideas for solving that problem?” Jane was anxious to seek their opinions.

When the market tightened, Jane solicited the best ideas of all of her employees. Instead of layoffs, Jane asked her people what they should do.

When someone suggested offering voluntary three-month sabbaticals to those who wanted them, Jane agreed. Around 15 percent of her employees took advantage of her offer—enough to get the company over the hump.

Similarly, Southwest Airlines has created an inclusive culture where everyone feels free to offer suggestions. Everyone refers to Herb Kelleher as “Herb,” and he knows all the employees by their first names. The new head of Southwest, Coleen Barrett, is also well known for her encyclopedic knowledge of employee birthdays, anniversaries, and work preferences.

When new employees start at Southwest, they receive a list of 100 questions to answer about the company. Everyone’s door is open to these questioners. What is the benefit of such extraordinary access? When other airlines were forced to lay off employees, Southwest assured employees that they would stand firm and asked employees to suggest any cost-saving ideas they may have. The strategy worked, and Southwest flew through the storm.

Another client, a manufacturing company, has always avoided unions in an industry that’s largely unionized. How do they manage this feat? I once asked. The vice president of employee relations said, “If you don’t want a union, act as if you already have one.”

Indeed, the company recently fought off an attempted organizing effort by stepping up its schedule of town meetings, management-labor baseball games, and CEO informal lunches with employees—all emphasizing access, access, access. The union lost again, gaining only 10 percent of the workers’ votes. In addition, profits were up for the third year in a row.

Likewise, a large school district in our state was fraught with dissenion from teacher unrest, parent unhappiness, and student agitation. When the new superintendent took over, she delegated most of her duties to one of her deputies and spent her first year listening and learning.” She got an earful.

Teachers wanted more pay and more support. Students wanted open campuses and smoking lounges. Parents wanted higher standards. Voters wanted administration accountability. She realized that there was only one way to achieve everyone’s objectives—a new bond issue to raise money. She told the voters that the district would receive new money from voters only if they managed to achieve specific educational objectives. No gains, no money. The bond passed.

Creating a confrontable organization challenges cherished assumptions about the way things should be. Yet, welcoming a different opinion can lead to “good fights” as well as increased success. And protecting employees who speak up when they witness wrongdoing also helps to restore trust.


ACTION: Look at Harley-Davidson, Southwest Airlines, Bristol-Meyers Squibb, Sun Microsystems, Oracle, Coors, and Sunovio for best practices in this area.
Power, Values, and Souls

by Mike Cassady

Which organization is more powerful: a corporation or a city? If we look at the etymology of the word “power” (from the Vulgar Latin potere; “to be able”) as capability or capacity, then we might look more closely at the question.

A “city” can offer its citizens three elements of community, each of which is perhaps better provided by what a corporation offers to its people:

• First, a city offers a political structure and services designed to maintain order: schools, fire and police departments, sanitation crews, judicial courts, and the like. Corporations mirror this capacity. They educate their community (corporate training); they legislate justice (ethics, EEO/AA offices); they set the requirements of citizenship and establish laws and punishments (Human Resources); and they condition behavior by their reward policies (compensation and payroll).

• Second, a city offers an identity, a psychic collective, for its citizens. Corporations mirror this capacity by pronouncing their own goals and values and by harnessing their employees’ intellectual and emotional energy on their behalf.

• Third, a city offers a social nexus for its citizens. Corporations offer the pool from which many of us choose our friends, spouses, and significant others. Indeed, there is little time to establish friendships with individuals outside the corporate community.

In our pre-20th century agrarian past, we worked the fields alone during the day and then returned to the local pub, church, or city square to participate in our community. Even in our industrial past, the factory line work was much less social than is our service economy of today. In our industrial economy, the city still played a key role in providing community. In our modern service economy, that world is reversed.

We spend our days engaged in phone calls, customer requests, supplier communications, and meetings. When we return home, we desire solitude.

This new role corporations play and the power they hold suggest that corporations consider various human values (justice, mercy, order, love, profit) to fulfill their role of stewards of community. The foremost responsibility a corporation has, given its role in community building, is to ensure that it makes decisions based not exclusively on economic motives but on motives that will benefit its community of suppliers, customers, and employees.

Using exclusively economic criteria to make decisions would result in a population that sees all activity from a financial lens. All those from CEOs, VPs, and managers to staff, clerks, and custodians should consider what values they wish “business” to consider.

We might look to the film Wizard of Oz as a model for our actions. The Emerald City is established to honor the wisdom and decisions made by the wizard. The wizard’s palace has strong security. When Dorothy and her three friends finally make it into the palace to see the wizard, they are intimidated by its booming voice, ominous declarations, and exaggerated image. After the crew suffers a bout of fainting, the dog Toto scurries off and pulls back the curtains to reveal a sniveling old man who uses the machinations of pulleys and levers to instill fear. The wizard was revealed in fact to be weak.

Could “business” be viewed in a similar light? If we state: “It was a business decision,” we could be perpetrating the role of the wizard, and the omnipotence of economic values.

We all know that it’s easy to say “People before profits” or “Put the soul back in the corporation,” but these pithy phrases are like elegant schooners without sails in a rolling sea. They appear attractive, but are generally uttered by people who don’t perform the difficult work of sailing between competing values. Make no mistake; profit is essential for survival. Without it a business fails, and the community is dispersed. Economic motives are the basic “ticket to play” in community building. Corporations must value profit, for without profit they will fail. But money is only good for what it buys us. The question is, “For what purpose should a corporation seek profits?”

A corporation seeks profit for the purpose of offering its community the opportunity to make their souls. We might rightly wonder: How does working for Coca-Cola, 3M, or Ford Motor Company help someone make a soul? It provides employees with health care and day care for their bodies; it provides challenging work to test their mettle and develop their minds; and it provides difficult decisions regarding cost/benefit scenarios, risk mitigation strategies, and ethical decisions to help develop their souls—to test the value system in a real-world setting and thereby to discover better what their own values are. Work functions as the table upon which we make ourselves.

Ultimately, profits for a business serve a means whereby it can remain in business to buy items that are good for its citizens: healthcare for employees, challenging opportunities to develop employees’ skills and confidence, leisure time in the full sense of the word, and quality life opportunities for the employees. Ultimately, the corporate setting influences our values. This is, of course, why we must act and make decisions based on more than economic motives. Otherwise, we are like the Wizard of Oz, using pulleys and levers to perpetuate a myth and evading our real responsibilities of forming corporate and community values.

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ACTION: Examine your motives for seeking profits.