



Think in the Box

Dr David Cohen has an interesting new twist on employer-employee relationship **BY STEPHEN CHIN**



Corporations are constantly interested in hiring the best people for the job. Corporate head hunters make a lucrative living by identifying and enticing successful senior executives to leave one company for another. Yet not all matches are perfect. Someone who is a darling in one company may turn out to be an ugly duckling in another.

Author and consultant with Strategic Action Group, Dr David S. Cohen believes the difference lies simply in a clash of cultures. Not the typical East-meets-West variety but the more subtle differences in how a company operates. According to Dr Cohen, each company has its own unique culture and set of values.

"We all have a set of values that we inherit from our parents. These may be modified as we grow older. Parents teach the children values. Even though these values may not be articulated, we do act like our parents whether we like it or not.

"Have you ever noticed how you promised yourself you won't say or do something when you grow up and become a parent, and then realise you end up doing the same? Likewise, a company's culture comes from the founders even if it is not articulated. They leave legacies. We learn from the employees who preceded us and they in turn learned from the founder," he says.

Dr Cohen describes this phenomenon in greater detail in his book, *Inside The Box: Leading With Corporate Values to Drive Sustained Business Success*. "The values have always been there and these values drive behaviour."

EDUCATION TO CONSULTANCY

Dr Cohen was particularly interested in the subject of behaviour. He left a career in education (he taught moral education in high schools) and went into corporate consulting in 1986. One of his very first clients was Michelin. The assignment resulted in capturing the values of companies based on the experience of its workers.

This led him to write *The Talent Edge* that describes how a company can identify candidates that are the most capable and best fit for the corporation based on behavioural interviews. He advocated the

hiring and firing of employees based on the nature of their behaviour, not just technical competence.

Dr Cohen is back with more refinements to his ideas. Since values drive behaviour, it is also important to look closely at the values of both the company and its employees (or prospective employees). This, he says, explains why some people are not comfortable in their working environment. "When joining a company, we should consider the company's values and see if it fits with ours. Employers should conduct a values check before they hire, to avoid problems later," he says.

He cites an example: One of Jack Welch's protégés "graduated" from General Electric and joined Home Depot. "Were they successful in transforming the culture or destroying it?" he asks.

Home Depot had a culture that was built over the company's first 20 years, based on a caring community, having fun and helping customers. "Robert Nardelli and his team, mostly from GE, came in and made changes to the structure to improve logistics which was needed. However, they damaged the culture in how people related to one another. Consequently, Home Depot employees stopped believing they would bleed orange if they were cut.

"In its third quarter report, the share value dropped 25 cents although the bottom line grew. Therefore, success in one culture does not necessarily translate into success in another. General Electric and Jack Welch were good for one another, but it does not mean it is right for all companies.

"How many should or should not do six sigma, total quality management (TQM), kaizen and so forth? How many should modify these approaches?" he says.

HOME-GROWN TALENT

Dr Cohen also notes a well-documented occurrence that a large number of



"outside hire" top executives do not succeed in their new jobs. "Sixty-six per cent of them fail in the first 18 months. Most didn't fit in the culture. Sixty-six per cent of those promoted internally were a success," he says.

While this indicates that home-grown talent is more likely to ensure continuity in the company, it also limits the company from capitalising on new and fresh talent. The challenge then is to find a way to bring in new blood.

Dr Cohen suggests doing so at the senior manager or director level. This way, they can spend a few years to see if the relationship works out. "Not everybody can fit into every company," he says.

Before a person joins a new company, Dr Cohen advises him to first understand himself. "You need to understand what makes you happy, who or what can motivate or challenge you; are you organised; do you need directions or do you prefer to be left alone and given the initiative to try innovations? How are the actions you take that define respect compare to the actions of the company? Then find a company that lets you do that.

When Google decided to censor its China website last year to comply with the Chinese government's stringent rules on the Internet, the public and its staff became outraged. Google was seen as breaking its values in China, says Dr Cohen. Ironically, less than a week prior to this decision, Google had resisted efforts by the US Department of Justice to make it disclose data on what people were searching for.

When issues about its tyre safety arose in 1998, Firestone blamed the Ford Motor Company and subsequently lost the public's trust. On the other hand, notes Dr Cohen, Johnson & Johnson (J&J) stuck to its values during the 1982 Tylenol crisis at the risk of the company's wellbeing and won over the public.

The crisis started when seven people in Chicago died after consuming Tylenol that was tampered and laced with cyanide. The company instantly stopped production and launched a total product recall. The exercise cost the company US\$100mil. When it was reintroduced with new tamper-proof packaging, J&J made US\$400mil in one year, Dr Cohen says.

organisation from the beginning," he explained. When the company's values and the values of the employees align, you have a healthy situation.

Dr Cohen says he has a "difficult time" with consultants who proclaim what is the right way to behave. Although there are universal truths in life, their definition and values are different to various people. For example, he adds, trust is a universal concept but it is perceived differently by different people in different places. "We cannot impose our values on others," he stresses.

He believes that managers should be held accountable. When people leave a company because they feel they are not treated right and the managers do not deliver on the values, there is a loss of human capital.

It costs money to replace people, Dr Cohen says. "It is 1.5 times the staff's salary to replace a staff at entry level; five times for middle managers; and 10 times for upper management. So, the fewer the turnover, the more money a company will save.

"Companies with high turnover might wish to focus their attention on a retention program or changing out managers who don't live the values, no matter who they are or what level they are at.

People understand this but don't have the courage to do anything about it because the managers are too senior. When an individual is not contributing, he is just deadwood and should be gotten rid of. However, he should be given a chance to improve," he says.

Presently, he adds, performance management is done wrong. "You get A results from A action, C results from C action. A manager should not be looking at blaming employees for not performing. His job is to help his people succeed. 'If I'm not doing that, I'm not doing my job.'

"By understanding why things happen today, they can solve the issues plaguing their employees. Companies should get their people to do the right thing, hold people accountable for their behaviour and not hire based only on skills and knowledge," he concludes. **SI**

Dr Cohen's book is Inside the Box: Leading with Corporate Values to Drive Sustained Business Success (Jossey-Bass)

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"You don't need the corporate website or name cards. It is better to go for lunch with your prospective peers without the bosses around. Discuss with them about the corporate family and how successful they are," he suggests.

LIVE VALUES DAILY

He suggests that people leave not because of problems with the companies but with their managers. Dr Cohen continues, it often, it happens when the boss no longer delivers the values that fit the employees. *Inside The Box* reveals the author's passion on why corporations and corporate leaders must live the values every day. "Both the underlying and above ground values: if they are the same, you have a healthy dynamic," he says.

Companies that are true to their values will have *engaged* employees. "If they feel safe, that it is worth their while and the management can be trusted — if it fits their values — they are engaged," Dr Cohen says.

DO NOW, REAP TOMORROW

Inside The Box aims to show how matching values can be an effective business tool and process. "It is something that needs to be done to make times good, not something that should be done when times are good," he said.

The book also shows how this principle can be applied to talent management. "There is no such thing as right or wrong values. 'Right' is defined by the