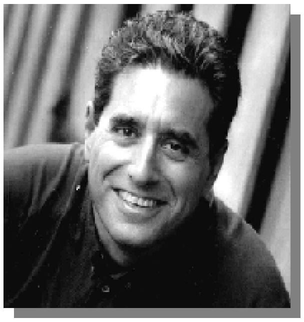
THE PEOPLE PERSPECTIVE



Being an employer of choice

BY DAVID COHEN
For Workplace News

Given what's happened to Enron recently, I wonder how many other "best-in-class" companies have surprises in store for us. I'm not talking about Enron's accounting practices or wild derivative speculations but about its reputation as a great place to work.

Maybe, as with many other assumptions, a new and more rigorous analysis of what the buzzword "employer of choice" or "sound employee brand" actually means will help redefine what makes a notable company great.

Enron was one of those highly respected corporate brand names. Five years running it was *Fortune's* most innovative organization; and also ranked high in quality of management. According to the employee-of-choice and employee-brand proponents being seen to have that designation is a means of attracting and retaining employees. Enron's successful reputation, no doubt, helped it attract a lot of terrific talent. Nevertheless, the way Enron deliberately violated its own ethics, practiced much feared "rank-and- yank" performance reviews, and systematically marginalized women, in general, and internal critics, in particular, probably contributed greatly to its own demise.

Organizations certainly understand the value of receiving public recognition as a respected company based on a sound employee brand. They all push to be seen as an "employer of choice" by building a desirable "employee brand."

To focus on one such set of rankings, *Fortune Magazine* uses eight key attributes to form its list of most admired companies. Of those, four have to do with "people practices" including: quality of management; quality of products or services; innovation; and the ability to attract, develop and retain key people.

Of the remaining four, one has to do with the organization's status as a good corporate citizen; and three are related to financial considerations. I suspect the financial attributes are most significant in determining the reputation—they are the easiest to measure and benchmark, and, I bet, the threshold characteristics that put you into consideration in the first place.

From 1993 to 2002, not a single company made the list of top 10 most admired companies every year in a row and most showed up less than four times. Microsoft has been on the last nine years. Coca Cola the first seven before dropping off; Intel a discontinuous six; Wal-Mart five. GE has been number one the last five years. Southwest has been in the top 10 for the last four, climbing each year

What, if anything, does it tell us? Shouldn't there be a bit more consistency year-to-year if the survey is valid as an indication of inner quality? Is there consistency in management style and values and business practices between a Wal-Mart and Southwest Airlines? Are their employee brands the same? I think not!

Unfortunately, all of that analysis is based on external perceptions of an organization — not necessarily related to internal reality. And I fear the external perception is formed as much by skillful responses to surveys as it is by shareholder outlook. Like some kind of Kaplan GRE Test Prep course, these are even consulting firms which offer help to an organization completing surveys in order to better meet the standards that are being applied

Does answering questions better, however, have anything to do with being an improved organization, one that really does attract the best people and provides them with the opportunity and the environment to excel? Is not the attraction of a potential employee to a Wal Mart or a GE very different than the cause of the attraction to a Southwest Airlines or Nabisco?

How would employees rank their own organizations? We all know how a family or a relationship can look content and well functioning from the outside, yet be drastically different within. In that same way, would its rank and file employees have named Enron most innovative or best in quality of management? It's difficult to imagine those employees could have been as blind to what was really going on, as the outside world seems to have been.

To become an employer of choice and gain respect as an organization, the typical path firms seem to be taking is to emulate the best practices of those which are all ready most esteemed. We find out what those best practices are through "benchmarking" and then we develop plans for emulating that in our own market context. But does it really work?

Benchmarking is a great strategy as long as your end goal is to visit other companies in exotic or warm locations during long winter months. As an approach for achieving most-admired status, it's useless.

Although all the companies in *Fortune's* list are dominant and well respected, what makes them special or successful varies widely. How can identifying, let alone emulating, those approaches really help your organization if your industry circumstances, culture, values and/or goals are different?

Presumably, if your employees wanted to gravitate towards other organization's ways of doing business they would have already done so—by joining them. To have real meaning, employee brand and employee of choice, is something that comes as a result of your consistency over time, not something you can orchestrate.

It can only be measured by your current employees in what they tell others about working in the company.

What you need to know is what makes your organization special and unique; what makes your "employee brand" an enviable and valued one. That's worth asking and a set of answers worth living up to. ●

David S. Cohen is President of Strategic Action Group, Ltd and author of *The Talent Edge: A Behavioral Approach to Hiring, Developing, and Keeping Top Performers*. His e-mail is david@sagltd.com

