

**CAN YOU AFFORD EMPLOYEES WHO
DO NOT CONSISTENTLY PRACTICE YOUR
CORE PRINCIPLES?**

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INFLATING COSTS AND DRAINING PROFITS!**

*A College Market Institute
Profile in Leadership
2011*



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By Keith Martino

Do your colleagues instinctively make decisions based on your company's core values? Or do they default to personal preferences based on their random, arbitrary experiences? It matters.

A strong corporate culture is the key to consistent success... especially in volatile times.

World-class companies ensure employees make decisions guided by a refined, detailed and deliberate cultural foundation. The stakes are high; so CEOs of these winning companies demonstrate little patience for a flippant action triggered by the heat of the moment. Conversely, these CEOs deem human errors- as long as they are consistent to the spirit of their corporate principles - as a valuable learning experience for both the individual and the team.

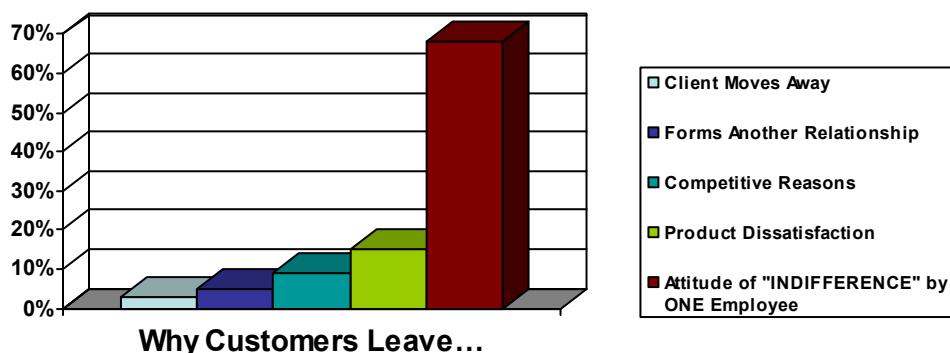
As a leader, you determine the culture in your organization. It's a strategic decision.

Leadership - More Crucial than a Title!

Power is amazingly fluid. Organizational charts provide little indication of who will make or break your company today. Influence bounces from one employee's hands to another. Because of their direct proximity to your customers, your "folks" are ultimately in control. The power to enhance customer loyalty ricochets throughout your company at light-speed.

The sales person who listens closely as your customer expresses a preference exercises leadership. The receptionist who soothes an irate caller influences others mightily. The programmer who sees the big picture and delivers a superior solution to your client defines your organization. Good or bad. Practically speaking, they are the leaders of your company. They can lift your firm above the fray or put years of hard work [by others] at risk.

Can you afford the indifference of one employee?



Source: White House Office of Consumer Affairs
Technical Assistance Research Program (Harvard University)

Leadership at Every Level Matters

Harvard University conducted a ground-breaking study for the White House Office of Consumer Affairs. In their analysis, researchers found an astonishing 68% of the surveyed customers left a former supplier for one overwhelming reason:

They parted ways with a longtime provider because of the indifference of ONE employee.

Students of Newton's Law of Motion know indifference is habit forming and contagious. Sir Isaac Newton wrote "a body in motion tends to remain in motion in the same direction and at the same speed unless acted upon by an outside force."

*"You decide the culture in your organization.
It's the most strategic decision you'll render."*

How Do You Know If You Have A Problem?

Character failure is manifest when:

- 1) Corporate politics result in a partial fix instead of a legitimate solution.
- 2) An employee doesn't follow a detailed process because it "takes longer."
- 3) Customer documentation is intentionally vague and loaded with weasel-wording.
- 4) Customer service queues become acceptable because competition is limited.
- 5) Service providers point to industry benchmarks when they don't deliver value.

So how do companies with a *Chronic Character Disorder* (CCD) distinguish themselves?

- 1) Not delivering the promised return on investment
- 2) Inordinately extending an implementation schedule and start-up date
- 3) Running over budget by unconscionable variances
- 4) Grinding their customer's organization to a crawl
- 5) Stopping production and/or not delivering orders to the customer, the severest of all consequences

The list goes on and on. No wonder our business terrain becomes more litigious every day.

Character Flaws Breed Lawsuits

In March 2008 Waste Management brought a lawsuit against a global software provider over an allegedly failed Enterprise Resource Planning (ERP) project. Initially seeking damages of more than \$100 million, Waste Management amended its complaint and eventually demanded more than \$500 million. And courtrooms around the world are buzzing daily with similar arbitration cases of all shapes and sizes.

Why did this happen? While executives usually cite the inherent complexity of ERP systems as a key underlying reason for large system integration failures like the ERP example mentioned above, the truth is that failed execution of these projects is more often an implosion of character than a breakdown in technology.

In other words, it's the people, not the systems that let us down.

Technical Acumen *minus* Core Values = A Dangerous Equation

Real-time information is the fuel of choice for most innovative companies. As a result of these companies' voracious appetites for business intelligence, recruiters frequently target technical employees first. However, technical competence is no substitute for character. One without the other is a disappointment waiting to happen. **All** your employees, including the technical whizzes, need to firmly understand and believe in their company's core values.

Consider these startling facts uncovered by the Department of Homeland Security, Office of Science and Technology that point to a dark underside of the technological revolution.

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The *Insider Threat Study*, a DHS report about perpetrators and their victims revealed:

- **86%** of the insiders held technical positions.
- **90%** were granted system administrator/privileged status.
- **81%** of the companies experienced negative financial impact.
- **75%** experienced impact on their business operations.
- **28%** experienced a negative impact to their reputations.

The most relevant question world-class companies are asking is, "Are we recruiting and developing technically competent employees of character?"

"The truth is that failed execution of technical projects is more often an implosion of character versus a breakdown in technology."

The character of your organization is most obvious in the vision and values you model for your employees. What they experience between the lines is just as important as the words you craft into your vision statement. Too often the tragic errors become front-page news while the much-vaunted corporate principles are found hanging on the wall in a dimly-lit corner. Never leave your organization floundering for direction. The consequences stink.

Five Steps You Can Take Today.

- 1) Develop or revise your company's core principles. Interject reality and passion.
- 2) Ensure every employee understands how each principle relates to his or her specific job.
- 3) Utilize Moment of Truth exercises to practice principled decision making.
- 4) Leverage a 360° leadership assessment to establish a current benchmark.
- 5) Continue to apply the 360° leadership evaluation to measure each employee's progress with your corporate principles. Upon request, CMI will provide a sample dashboard report.

Martino is head of CMI, a global consultancy founded in 1999 that customizes leadership development initiatives for high-quality Fortune 500 companies. Recent CMI partnerships include the creation and expansion of the Oracle Partner Leadership Program for North America and Eastern Europe. In addition, CMI helped launch the Safeco Insurance Leadership Acceleration Program and the Verizon Product Showcase. CMI Leadership assessments are available in English, German, Turkish, and Russian. CMI leadership initiatives are six-month programs culminating in an intense certification panel evaluation. They are tailored to your unique corporate culture.

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