

Employee “Bill of Rights”

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A year ago, an acquaintance of ours left the security of a major accounting firm to join an exciting “start-up” company, founded by several former employees of that same accounting firm. The founders had a valid enough service idea, it having been successfully executed by their former employer. Further validation of the idea came in the form of a pledge of more than \$60 million of funding by a venture capitalist. Our friend was in the second wave of hiring, and the company had been in business for about ten months. One of the appealing aspects of working with this new firm was the work environment, which was purposely in contrast to that of the former employer-accounting firm. One of the features of the new organization was the proudly stated Company Values (see Figure 1), which were posted everywhere in the offices and pitched heavily as part of the recruiting effort. During the past year, the company opened offices in three major cities and expanded the payroll to more than 400 employees by luring many new employees from established firms and secure jobs with 20 percent salary increases and stock options.

Figure 1: The Company Values



Several weeks ago, the company announced

- ▶ A layoff of 20 percent of its workforce
- ▶ That the venture capitalist, who had already committed 60 percent of the promised funding, was not going to invest any more based on the performance of the firm to date
- ▶ They were looking for a buyer for the firm

Following that announcement, more layoffs have taken place, no buyers have come forth, and the founders are “bailing”—taking care of themselves first. The company is clearly in its final death throes. And during these past several months, the founders and senior management of this firm

have violated every espoused company “value” other than “simplicity.”

What Happened?

This new company did some wonderful “new-age” things, including the value statement, generous benefits, oval meeting rooms with cushions rather than chairs, business cards in three colors for everyone, frequent company social gatherings and an informal work atmosphere (e.g., everyone is called by their first name), no organization chart, and no titles.

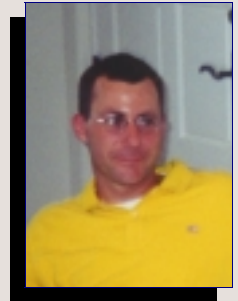
But from the point of view of a couple of performance analysts, there were several “old-age” things that the new company did not do; for example, they did not have

- ▶ A business plan and subsequent performance goals
- ▶ A strategy for achieving the goals that were never set
- ▶ Clear definition of management roles, responsibilities, and accountabilities (The founders “didn’t believe in organization charts,” and there were none until the investors asked to see one as part of evaluating the request for additional funds. The subsequent distribution of this document in the company lead to a major hullabaloo as the employee’s typical response was “. . . but I thought he/she worked for me, not the other way around.”)
- ▶ A management system including the fundamentals of goal setting, performance monitoring, and corrective action, if required

Unfortunately, the predicament of our friend is not unique. As noted in the February 6, 2001, *Business 2.0* article titled “Return of the Crummy Job,” this is becoming an all-too-familiar scenario. There are a lot of factors that contribute to a start-up business failing, but to us an all-too-frequent component is incompetent management.

- ▶ People who are clueless as to what basic systems (“systems” as in operating and management systems, not in the information technology sense of the word) are required for a business to be successful.

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► Founders and executives that substitute mission statements for sound strategy and value statements for sound operating systems. (“Rather than go to the aggravation of establishing and communicating an organization chart that would help clarify roles and accountabilities, let’s just make “accountability” a company value. That should do the job!” Note to venture capitalists: mission statements and value statements are fine, but they are not a substitute for sound underlying business models, business plans, strategies, and operating systems.)

An Employee Bill of Rights?

As we have followed the travails of our friend and her employer over the past year, one of the most annoying things (in addition to the criminal incompetence of the founders and executives) has been the oft-ballyhooed company values. They have been used to seduce/recruit new employees and to rally the troops during operating crises. And in the final analysis, when push came to shove, they were systematically violated or ignored by senior management in their rush to the “lifeboats.” Assuming for the moment that value statements have value (we won’t go there in this

paper), what can/could be done to them to add value? Minimally, it seems “*competence*” (executive, in particular) should be added as a value. But our suggestion is to replace the company value statement with an employee bill of rights. An example of such a bill of rights appears on the facing page in Figure 2. Important features of such a document include

- Explicitly addressing the reality that the “bottom line” is the bottom line (Part A). There should be no attempt to kid employees or delude management that this is not the case.
- Recognizing the importance of competent management and sound operating and management systems and making the commitment to provide both. (Part B)
- Making it clear that both parties (the employee and the employing institution) have rights and expectations of the other.

Will our bill of rights make a difference in this sea of management incompetence, as fools rush in, in search of investment dollars and quick returns? Doubtful. But to the degree that mere words and “value statements” can make a difference, getting the right words on paper could be a start. ►►►►

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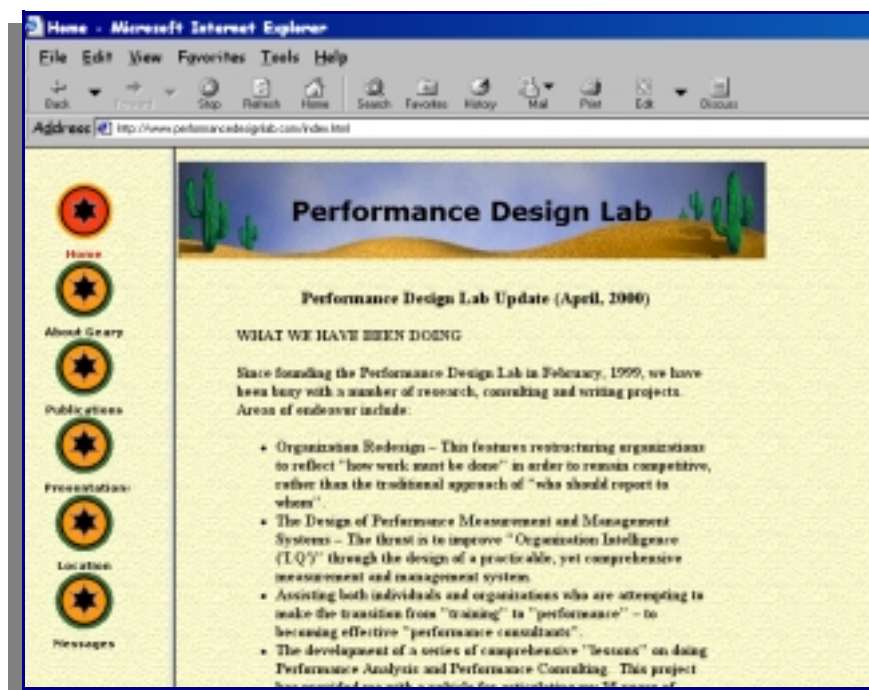


Figure 2:

The “Employee Bill of Rights”

A. THIS IS OUR REALITY

1. We are in BUSINESS. As a *business* we MUST
 - a. Provide something of value for our customers or we will lose them.
 - b. Provide a return to those who have provided us with the capital funding to get this business started, or we will lose them and their investment.
2. If we are smart and hope to deliver the above over the long-haul, we will also
 - a. Treat our suppliers well.
 - b. Treat our employees (us, you) well.

B. THESE ARE OUR EXPECTATIONS FOR OPERATING EFFECTIVELY WITHIN OUR REALITY

1. Our *executives* will
 - a. Set and communicate necessary goals (\$, customer, supplier, employees).
 - b. Set and communicate an appropriate strategy for achieving those goals.
 - c. Develop a feasible business plan for implementing the strategy and achieving the goals.
 - d. Design an organization that will *work*, including
 - An effective value chain for meeting customer needs
 - An organization structure/reporting relationships that supports the requirements of the value chain
 - Clear and appropriate roles and responsibilities
 - An effective management system
 - e. See that the necessary resources (funding and competent staff) are acquired to implement the business plan.
 - f. Monitor performance against goals set for the organization, functions, processes and individuals. And manage the “white space” between those elements.
 - g. Monitor the business environment and make the necessary changes in the above to keep us on track.
2. Our *managers* will
 - a. Make inputs into the plan and will execute the plan.
 - b. *Know their business* (be technically competent and effective managers).
 - c. See that
 - Processes are in place and are effective, meeting their stated goals.
 - Individual performers have clear goals, clear responsibilities, necessary resources, and feedback on their performance so that they can continue to improve.
 - d. Build and sustain a work environment free of racial and sexual discrimination and harassment and free of counterproductive interdepartmental competition.
3. Our *employees* will
 - a. Have accurate, up-to-date information on the goals, strategy, and progress of the business (to the degree practical).
 - b. Be clear on their roles and responsibilities.
 - c. Be clear on their goals and the consequences of achieving and not achieving them.
 - d. Be accountable for achieving their assignments and goals.
 - e. Receive specific, objective, and timely information on their performance.
 - f. Receive the necessary training, resources, and management support to be competent performers of their job.

- ### C. We feel you have a RIGHT to expect the above. If you feel you are not getting any of the above, let me know. In return for the above, the business has the RIGHT to expect that you will be honest, innovative, accountable, and compassionate in how you carry out your responsibilities.

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