

Ten Best Practices of Companies That Care

Marci Koblenz

One need not be a brilliant economist to know that U.S. businesses are merely limping toward economic recovery. Indeed, today's economic climate is clouded with uncertainty and is frequently raining bad news with more layoffs and an ever-growing list of bankruptcy filings. Unemployment is at its highest level in years with earnings flat or down across most sectors and industries. What's more, employees have lost trust in corporate accountability, and a belief in company standards and ethics is being challenged on a routine basis.

In the midst of this economic storm, organizations are faced with more pressure than ever to perform and report profits back to shareholders. Once again, the "do-more-with-less" strategy is being reactivated. But in some workplaces, there's a quiet revolution taking place—some companies are approaching today's business challenges with business practices that consider their human resources as valuable assets rather than as costs. Considering employees as assets is not a new concept for HR philosophers. However, translating this concept into day-to-day business practices that are outside the scope of HR's function is still only in its infancy.

Henry Ford once mused, "Why is it that what I always get is a whole person when what I really want is a pair of hands?" Businesses have a choice—they can bemoan the baggage that accompanies the "pair of

hands," or they can take a holistic approach that results in a competitive advantage.

When people are viewed as assets with the intent of directing their hearts and minds toward the service of business goals, attitudes about employees change radically. Under this new mindset, people, like other hard assets, are cared for with kid gloves. In much the same manner that hard assets such as computers, machinery, and raw materials are kept clean, protected, and in good working condition, etc., extensive planning and practice go into developing and sustaining employees, while maximizing their profitability. This mindset also incorporates a long-term view; that is, the priority is not only to motivate current employees, but also to invest in future employees by supporting the communities in which they grow.

WHY CARE?

It has been proven time and again that companies that care about employees will benefit in numerous ways, including through increased profits, employee retention, and attendance. In other words, companies will discover that treating people as valued assets will result in a more successful, profitable business overall.

Consider these interesting statistics.

- ❑ A survey of more than 400 publicly traded companies found that those having

the greatest number of "employee-friendly" practices, such as flexible hours, good training, and collegial interpersonal relations, had an average five-year return to shareholders of 103 percent, whereas those with the fewest had an average return of 53 percent.¹

- ❑ Companies with the highest employee retention also have the highest customer retention.²
- ❑ Where there are superior HR practices, there is higher shareholder value.³
- ❑ Companies that increased their community involvement were more likely to show an improved financial picture over the course of a year.⁴
- ❑ An academic study conducted in 2002 by DePaul University concluded that the *Business Ethics* list of the 100 Best Corporate Citizens generated better returns than the remaining companies on the S&P 500.⁵

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Here's the bottom line: Organizations that incorporate strategies on behalf of employees and communities produce long-term winning results for the company, the individuals who work there, and the community in which the company is located. Additionally, good businesses are made and sustained by good people, and good people are made and sustained by good communities.

WHO SHOULD CARE?

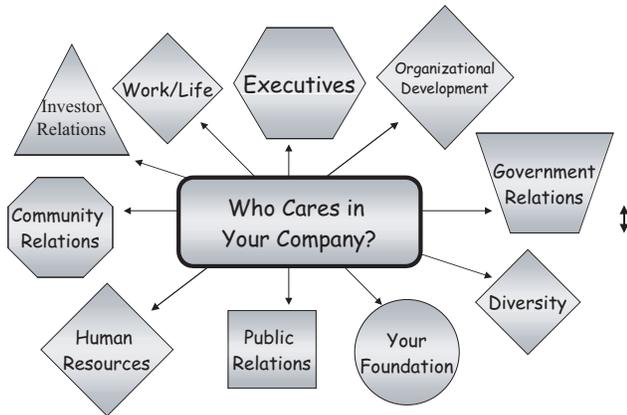
Not too long ago in the business world, the responsibility for "caring" was quickly relegated to the personnel department. "Real managers" doing "real business" didn't con-

cern themselves with benefits programs, or activities associated with "touchy-feely," emotional (read irrelevant) issues.

The concept of caring, even the word itself, has long been taboo because it implied acting on behalf of the greater good, which was assumed to be costly and detrimental to the business, adversely affecting productivity and, ultimately, hurting the company's bottom line. In business, there has been a fundamental assumption that altruistic concern for people and fiscal responsibility are mutually exclusive. Today, however, organizations—whether for-profit or not-for-profit or academic institutions—are questioning the validity of this assumption and are realizing the value of caring and the impact it makes on the well-being of its employees and, ultimately, the P&L statement. From senior management to investor relations to government relations and corporate communications, "caring" has become critical.

As **Exhibit 1** depicts, there are many functions within an organization that are charged with "caring" about various entities because it is beneficial to the business outcomes. Traditionally, these functions have been structurally separated into "internal" caring functions—those that direct their efforts to supporting employees such as HR—and "external" caring functions—those that support the community, the company's reputation, and are charged with corporate citizenship.

Increasingly, organizations are recognizing the common goals of the caring functions and combining them structurally to ensure the organization's values are consistently practiced. This emerging trend—the responsible business platform—is another example of the evolution of business practices at innovative, progressive companies (see **Exhibit 2**).



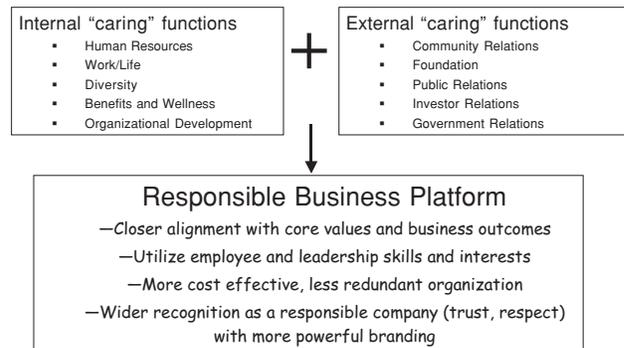
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Exhibit 1. Internal and External Caring Functions

THE CENTER FOR COMPANIES THAT CARE

The Center for Companies That Care (Companies That Care) was recently launched to support companies that are committed to the responsible business platform. This not-for-profit organization was founded by three HR professionals to **encourage, celebrate, and sustain** organizations that prize their employees and are committed to community service. The Center for Companies That Care:

- ❑ **Encourages** the public living of these tenets by participating in Companies That Care Day;
- ❑ Recognizes companies that exhibit the characteristics and **celebrates** their efforts through the annual Honor Roll, the national Companies That Care Day, and other venues; and
- ❑ **Sustains** companies' efforts by providing learning opportunities for pursuing excellence and facilitating collaborative efforts for community involvement through its Companies That Care Exchange initiatives (see **Exhibit 3**).



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Exhibit 2. Emerging Trend: Responsible Business Platform

The Ten Characteristics of Companies That Care

To help businesses stay or become more employee- and community-focused, the Center for Companies That Care has identified and defined ten characteristics of responsible, caring businesses:

1. Sustain a work environment founded on dignity and respect for all employees.



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Exhibit 3. Key Strategies of Center for Companies That Care

2. Make employees feel their jobs are important.
3. Cultivate the full potential of all employees.
4. Encourage individual pursuit of work/life balance.
5. Enable the well-being of individuals and their families through compensation, benefits, policies, and practices.
6. Develop great bosses who excel at managing people as well as results.
7. Appreciate and recognize the contributions of people who work there.
8. Establish and communicate standards for ethical behavior and integrity.
9. Get involved in community endeavors and/or public policy.
10. Consider the human toll when making business decisions.

These characteristics were developed to define the attributes of Companies That Care,

Each organization, based on the nature of the work, its workforce, its resources, and its values, will determine how to implement the 10 Characteristics.

but more importantly to provide a much-needed common set of standards that all companies can strive toward. These characteristics are specific enough to provide clear goals, but not so detailed as to be proscriptive about implementation of the characteristics. Each organization, based on the nature of the work, its workforce, its resources, and its values, will determine how to implement the 10 Characteristics.

Honor Roll Recipients

Recently, an independent council of industry leaders selected five companies to the pre-

mier Companies That Care Honor Roll. These companies included Baxter International, Inc. (a global health-care company with 50,000 employees worldwide); DuPont (a global manufacturing giant with more than 79,000 employees throughout the world); Rauland-Borg Corporation (a privately held, family-owned manufacturing company with just under 300 employees); TAP Pharmaceutical Products Inc. (a multibillion-dollar pharmaceutical manufacturing company with more than 3,000 employees); and Triangle Printers (a prominent 50-year-old family-owned and -operated printing company with 47 employees, based in suburban Chicago). A sixth firm, Convergent Technologies, LLC (a company that designs, installs, and services building systems with 150 employees throughout North America) was recognized with an honorable mention.

Below is a brief description of how Honor Roll recipients are meeting the criteria. Each Companies That Care characteristic is defined and includes a best-in-class example illustrating the practice or implementation of the specific characteristic. All the information in this section came from the Honor Roll applications.

1. *Sustain a work environment founded on dignity and respect for all employees.* Sometimes the word *employee* loses the underlying humanity of the person described by that term—treating people with dignity and respect doesn't lose sight of the human attributes. Everyone who works in the organization—subordinates, superiors, and peers—is conscious of each other as a human being and as a capable, responsible adult—and treats each other from this perspective.

DuPont has a core value of sustaining a respectful work environment for all peo-

ple through its CREW (Creating a Respectful Environment at Work) training course. Additionally, its zero-tolerance policy for sexual harassment, workplace harassment, discrimination, and intimidation shows respect and dignity for all employees.

2. *Make employees feel their jobs are important.* Employees receive communication and education, both formally and informally, to ensure they understand the priorities for their jobs and how their unique jobs contribute to the achievement of business goals.

At the **Rauland-Borg Corporation**, within the first year of employment, all team members receive 20 hours of classroom training in the company's corporate quality system and culture. Here, team members learn how to apply quality policy and procedures to their individual jobs and learn how their jobs achieve the company's strategic quality objectives.

3. *Cultivate the full potential of all employees.* Continuous efforts are made to provide continuous development opportunities for employees, remove barriers that prevent employees from working up to their maximum potential, and value the diversity and unique contributions of all employees. **Baxter Healthcare Corporation International, Inc.** initiated formal mentoring programs as a development tool for junior staff to acquire knowledge and business savvy from more seasoned employees that will enable them to advance in their careers.
4. *Encourage individual pursuit of work/life balance.* Programs, policies, and practices are implemented that enable employees to successfully meet their responsibilities and pursue their goals both at work and in their personal lives.

Triangle Printers, despite fewer than 50 employees, encourages employees to use flexible hours to meet family responsibilities. In addition, employees may bring children, and even pets, into the office when other arrangements can't be made.

5. *Enable the well-being of individuals and their families through compensation, benefits, policies, and practices.* More than just providing standard competitive compensation and benefits, this characteristic encompasses the strategic foundation for compensation plans, benefits offerings, and formal policies and practices; a strategy that focuses on the well-being of all employees—those who are single and

DuPont provides the same benefit and compensation plan for all employees, regardless of exempt or nonexempt classification.

those who are responsible for family members.

DuPont provides the same benefit and compensation plan for all employees, regardless of exempt or nonexempt classification. Particularly noteworthy are the in-vitro fertilization benefits, long-term care insurance, and paid adoption leave of four weeks.

6. *Develop great bosses who excel at managing people as well as results.* Managers are held accountable for results and how they treat the people who report to them. In order to advance within the company, individuals must demonstrate strong people-management skills.

At **TAP**, each manager's Performance Excellence Goals reflect a "people element," ensuring managers are held accountable for their people-management skills. And, to further ensure that managers

provide feedback and coaching to their employees, **TAP** managers have a strong incentive for completing their performance reviews. If a manager does not submit a performance review on time, both the manager and the employee do not receive an increase until it is complete. Once the review is completed, the employee receives his or her merit increase retroactive to the effective date. The manager receives his or her merit increase effective the next available payroll date but will not receive a retroactive adjustment. Talk about incentive!

7. *Appreciate and recognize the contributions of people who work there.* This characteristic goes beyond a merit-pay or monetary bonus-reward system. Recognizing significant efforts and outcomes of individuals and teams on a variety of priorities are standard practice.

The final characteristic stresses that all business decisions include a discussion about how the decision will affect people.

Baxter bestows the CEO Leadership Award annually to recognize individuals for outstanding achievements in balancing the company's goals of respect, responsiveness, and results. In addition, organizations across Baxter may receive Quality Awards for performance excellence. After 5, 10, 15, 20, and 25-plus years with the company, service is recognized with a gift, and team members who have made accomplishments in research, development, discovery, and implementation are eligible for technical awards.

8. *Establish and communicate standards for ethical behavior and integrity.* Ethical behavior is a priority business practice.

Standards are set, and employees are taught how to act in an ethical manner. **TAP** established a "Code of Business" conduct in 2002 that is communicated regularly and is scrupulously enforced. **TAP's** Ethics & Compliance Code Hotline serves as a help line and a reporting mechanism. All employees receive a brochure outlining **TAP's** Code of Business conduct and are required to complete the "Acting on Our Values" online training annually. Recently, sales employees played the first annual Ethics & Compliance National Team Challenge, a revolutionary video game.

9. *Involve themselves in community endeavors and public policy.* Organizations demonstrate their concern for society at large by making efforts to improve it through their involvement in the community and/or local and national policy initiatives.

Convergent Technologies sponsors an annual Convergent Social Responsibility Day, where the company shuts down for a day and employees perform community service projects, selected by employees at each branch office throughout the United States.

Rauland-Borg contributes a maximum of \$1,000 per year per team member to a charitable organization or fund-raising event in which a team member is an active participant.

10. *Consider the human toll when making business decisions.* The final characteristic stresses that all business decisions include a discussion about how the decision will affect people. When the impact will be negative, alternatives are considered to find a solution that still meets the business need while limiting harm to people. Recognizing the pace of technological advances in the printing industry and obso-

lescence of printing equipment, **Triangle Printers** cross-trains employees to make every effort to avoid layoffs. Forty-seven percent of employees are cross-trained to handle more than one responsibility.

Applications for the 2004 Companies That Care Honor Roll (available at www.companies-that-care.org) are due December 1, 2003. Recipients will be announced on Companies That Care Day, on March 18, 2004.

CONCLUSION

Business in America will remain extremely competitive as the workforce continues to shrink. As a result of this competitive arena, businesses will be vying for the best workers, from a limited talent pool, to sustain and grow their businesses. Our society also continues to evolve as technological advances, economic pressures, and the widespread per-

sonal experiences of generations of people transform how we live our lives. This means workers are no longer able to focus on work as their primary priority, and caring can no longer remain the sole domain of HR professionals and stay-at-home partners. Hopefully, business leaders at both large and small companies, profit and not-for-profit, have come to realize that being a company that cares is not only good for business, but also the right thing to do for the greater good of employees and society at large.

NOTES

1. Watson Wyatt Worldwide Survey. (1999).
2. Winning with Integrity, Business Impact Taskforce. (1999).
3. Human Capital Index study. (2001).
4. UCLA School of Business. (1997).
5. Institute for Business and Professional Ethics of DePaul University. (2002). Business Ethics Magazine.

Marci Koblenz is president of MK Consultants, Inc., a strategic HR and organizational development firm based in suburban Chicago, Illinois. She is a nationally recognized expert in the areas of workforce effectiveness, culture change, and organizational development. Recently, Koblenz, along with two fellow colleagues, founded the Center for Companies That Care. She is also co-author of *A New Paradigm: The Work and Life Pyramid Needs with Alice Campbell*. Additionally, she received the "Excellence in Promoting the Strategic Value of Balancing Working Life and Family Life Award" from Work In America Institute. The author may be contacted via e-mail at marcikoblenz@companies-that-care.org or visit www.companies-that-care.org.