
----- WHAT'S UP, DOC? -----

Vol. 2, No. 3, March, 2002 ----- Copyright 2002 by A. J. Schuler, Psy. D

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THIS MONTH'S QUOTE:

"When I stand before God at the end of my life, I would hope that I would not have a single bit of talent left, and could say: I used everything you gave me."

- Erma Bombeck

1. DOES CULTURE MATTER? THE ENRON CASE

THE FACTS ABOUT ENRON ARE STILL COMING IN, BUT IT SEEMS CLEAR THAT THE FOLLOWING THINGS AT LEAST ARE TRUE:

1. at best, a number of people made very bad judgments
2. at worst, a number of people committed crimes
3. at least one person brought significant problems to the attention of top leadership before the company collapsed
4. top leadership did not heed warnings about these problems
5. the problems related directly to corporate integrity
6. the seeds of Enron's collapse had long been in place
7. collective, long term failure to pay active attention to integrity issues created the climate that precipitated Enron's collapse, THEREFORE, ENRON'S CULTURE WAS PARTLY RESPONSIBLE FOR ITS COLLAPSE.

A NUMBER OF CRITICS AND WITNESSES FROM WITHIN

Enron say that many insiders suspected important partnerships constructed by the company were deceptive - and perhaps created to benefit personally some company insiders. It has also been suggested that those who harbored such suspicions

1. did not believe saying anything would influence top leaders
2. did believe Enron would get by or get away with these actions, based on observations of company history

FROM ALL OF THESE REPORTS, IT SEEMS REASONABLE TO DRAW THE FOLLOWING CONCLUSIONS ABOUT ENRON'S CULTURE:

1. The heavy emphasis on creating shareholder value (increasing the price of stock) was NOT BALANCED by a conscious, active effort to ensure the integrity of all operations. If this balance had existed, the input of the one documented senior "whistle blower" would have been taken more seriously. Also, top leadership would not have delegated its responsibility to ensure company integrity to the outside reviewers and auditors who had authorized the questionable practices in the first place.
2. The lack of consistent attention to integrity issues as an active - rather than passive - responsibility set a tone for the organization so that ONLY ONE PERSON had come forward to point out the problems.
3. Lack of consistent attention to integrity issues as an active - rather than passive - responsibility CREATED A CLIMATE whereby a vast number of senior executive leaders made extremely poor judgments, so that the financial structure of the company had become, over time, a house of cards that fell when the winds of the market changed. (Enron paid for many speculative outside partnerships - used to cover debt - with its own stock. As a result, when market conditions changed and its stock price began to fall, it couldn't hide from or cover its debt, sending the stock into a downward death spiral.)
4. Even if it is argued that the activities that doomed Enron stemmed from the actions of a few rogue individuals, it is undeniable that these individuals included highly placed corporate officers under the DIRECT SUPERVISION OF THE CEO, and that a number of people, both internal and external to the organization, could have reasonably raised cautions about their activities. That is what makes the Enron collapse an issue of culture. To coin a metaphor, "weeds do not flourish in a well-tended garden."

2. BRIEF PRIMER: WHAT IS CULTURE?

A RECENT ARTICLE IN THE NEW YORK TIMES RAISES THIS VERY QUESTION. The article deals with the controversy about when during evolution humans became recognizably "human:" able to use symbols and pass along knowledge through traditions and art. THE ABILITY TO STORE SUCH KNOWLEDGE WITHIN A GROUP AND PASS IT ALONG DEFINES CULTURE. You can find the article at <http://www.nytimes.com/2002/02/26/science/social/26HUMA.html>

CULTURE IS MADE UP OF "THE VALUES, ATTITUDES, BELIEFS ORIENTATIONS AND UNDERLYING ASSUMPTIONS PREVALENT AMONG PEOPLE IN A SOCIETY," according to Samuel P. Huntington, in his forward to the book "Culture Matters: How Values Shape Human Progress," edited by Huntington and Lawrence E. Harris (Basic Books, New York, 2000). If you substitute the word ORGANIZATION in the definition above for the word "society," you have a working definition of CORPORATE CULTURE.

Personally, I like the plain-spoken definition of CULTURE as "THE WAY WE DO THINGS AROUND HERE."

Corporate culture is to a company what an OPERATING SYSTEM is to a computer: AN UNSEEN SET OF CODES AND RULES THAT DEFINE THE ACTIONS OF THE SYSTEM.

It is also the MEANS THROUGH WHICH PROPRIETARY PROCEDURAL KNOWLEDGE IS DEVELOPED AND COMMUNICATED.

Accordingly, a corporate CULTURE CAN BECOME EITHER A COMPETITIVE ADVANTAGE OR LIABILITY. In Enron's case, the weaknesses of its corporate culture ultimately destroyed one of the largest companies in the world. While this appeared to happen almost overnight, the seeds of Enron's demise had been in place for some time.

A successful organizational culture RESTS ON JUST A FEW CORE VALUES form the foundations for all the other beliefs, practices, operating priorities, rituals, celebrations, promotions, selection decisions and communications within the organization.

Some people become cynical when corporate culture is discussed because many leaders - even well meaning ones - create a mission statement and

somehow believe that they have done enough direct the organization's culture. Then, when reality differs from the statement on the wall, people become cynical and don't want to talk about culture at all.

CREATING A CORPORATE CULTURE INVOLVES FAR MORE THAN CRAFTING A MISSION STATEMENT. But corporate culture can be shaped, and even changed - though real change requires discipline, commitment from the top and a well designed campaign.

3. RECOMMENDED BOOKS AND FILMS

BOOKS: Since this month's topic is "culture," it can't hurt to highlight the single best resource for examining how culture makes a difference, the former bestseller "Built To Last: Successful Habits of Visionary Companies," by James C. Collins and Jerry I. Porras, Harperbusiness, New York, 1997 (paperback). Another good resource that gives a co-founder's view of how to build a successful corporate culture comes in the late David Packard's "The HP Way: How Bill Hewlett and I Built Our Company," also from Harperbusiness, 1996. The HP culture is unique, and all successful cultures, like all successful people, have unique personalities. The trick to building a successful, genuine corporate culture is to maximize the greatest strengths of an organization that define it and make it unique, and even human. Great cultures have a "personality."

FILM: Startup.Com

This documentary is very well done and has recently been released to video DVD - you can find it at Blockbuster. It details the rise of what started as an improbable dot-com startup to a soaring valuation - and its flop to reality when the marketplace changed. It does not really function as a typical business school type case study - the business fundamentals that plagued the company are not examined - but it does show the very human side of the story. The company founders are very young, are childhood friends and are very naive, and the story works on the level of simple human drama and also as an examination of the speculative culture of the highly entrepreneurial phase of a business cycle. The film was put together by the noted documentarian Chris Hegedus ("The War Room") along with newcomer Jehane Noujaim.

4. CHUCKLES

With apologies to my lawyer friends, I share the following. I'll be glad to accept psychologist jokes people may want to send me!:

TAKEN FROM ACTUAL COURT TRANSCRIPTS:

Q: Doctor, before you performed the autopsy, did you check for pulse?

A: No.

Q: Did you check for blood pressure?

A: No.

Q: Did you check for breathing?

A: No.

Q: So, then it is possible that the patient was alive when you began the autopsy?

A: No.

Q: How can you be so sure, Doctor?

A: Because his brain was sitting on my desk in a jar.

Q: But could the patient have still been alive nevertheless?

A: Yes, it is possible that he could have been alive and practicing Law.

5. CLIENT SUCCESSES

The Space and Facilities Management Team (SFMS) at the Executive Office for Immigration Review has just completed the Teamwork Starts with Me (TSM) Program (described at http://www.ajschuler.com/team_building.html). Of the eight original program enrollees, seven have Certified With Excellence, earning a Gold Level Certification. To certify, they all showed outstanding dedication over eight weeks to performing activities that helped to develop both the SFMS Team and themselves as professionals and individuals. Congratulations, SFMS!

TO SHARE YOUR SUCCESS, send your story to AJ@SchulerSolutions.com Unless your message states otherwise, I will assume that your story is NOT FOR PUBLICATION. If you do authorize that your success can be shared in upcoming editions of "What's Up, Doc?," then please include in your message the following sentence: "I authorize Schuler Solutions to publicize my success story in the newsletter 'What's Up, Doc?'"

6. UPCOMING EVENTS

HRA-NCA March 13 "Learn to Lead From Where You Are: Leadership Greatness In Human Resources" Loews L'Enfant Plaza Hotel, 8:00am-10:00am, by A. J. Schuler, Psy. D.

In this presentation, I will outline three habits that all great leaders cultivate in order to achieve world class results, and apply them to the specific circumstances that face us as Human Resource professionals today. Participants will learn how better to:

- * identify the strengths of their leadership styles and maximize them
- * stop focusing on what other people can't do
- * activate the talents of others - including the talents of those who don't understand Human Resources
- * assess - pragmatically - what they can achieve and how they can achieve it - for themselves and for their organizations
- * apply my Strategic Leadership Checklist to design their own leadership strategies and roadmaps

For details and registration information, contact Carole Worley, at 301-657-3044; email: cworley@hra-nca.org.

7. ABOUT DR. SCHULER

A. J. Schuler, Psy. D. is a speaker, consultant and leadership coach who helps people and organizations become more effective, profitable, focused on their missions and able to maximize their opportunities that lead to growth. Dr. Schuler, President of Schuler Solutions, Inc., accomplishes this through speeches, seminars, consulting and one-on-one coaching focused on developing excellence in both leadership and team performance. He has served diverse organizations in the private and public sectors, including The Ritz-Carlton Hotel Company, Sony Development, Nomura Securities and the Executive Office for Immigration Review. A graduate of the Wharton School of Business, Dr. Schuler has successfully led the profitable growth of a dynamic, international consulting firm while serving as Operations Director, and has successfully coached over five hundred CEO's and corporate executives.

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A. J. Schuler, Psy. D.
Speaker, Consultant & Leadership Coach
Schuler Solutions, Inc.
6300 Stevenson Avenue, Suite 916
Alexandria, VA 22304
Phone 703.370.6545
Fax 703.783.0232
Email: [Mailto:AJ@SchulerSolutions.com](mailto:AJ@SchulerSolutions.com)
Website: www.SchulerSolutions.com