

Achieving Excellence through a 6 Part Process, with emphasis on “Inculturation”

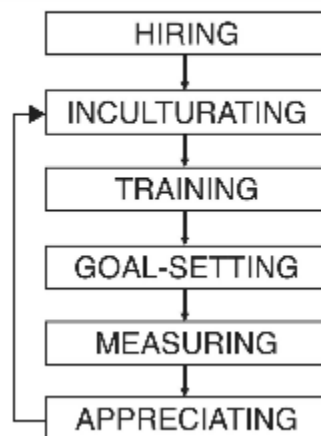
Jim Collins

This is an excerpt from *Beyond Entrepreneurship 2.0* by Jim Collins on entrepreneurship.

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Creating the environment where people throughout achieve consistent tactical excellence involves a six-part, **never-ending process**.

A Six-Part Process



1. Hiring

It all starts with hiring decisions. Good people attract good people, who, in turn, attract more good people, and so on. Hiring good people requires a substantial investment of time.

We’ve seen numerous companies get themselves into trouble because they didn’t invest properly in the hiring process.

It’s more expensive to “un-hire” a poor choice (and then find a new person) than it is to find and hire a good choice in the first place. What is a good choice? Good shouldn’t be defined primarily in terms of education, skills, or specific prior experience (although these will certainly factor into the choice). The primary assessment of good should be, “Does this person fit with our values? Is this person willing to buy into what we’re all about? Is this person likely to live with our precepts?” As Kristine McDivitt of Patagonia put it:

I’ve hired a lot of people who have lacked traditional credentials, and they’ve worked out great. I’ve also hired people with awesome credentials who didn’t fare so well. I look primarily for a values-fit—

especially a love of the outdoors—and an attitude about doing good work. We're fanatical about the quality of what we make, and we want equal fanaticism in the people we hire.

Giro Sport screens rigorously for people who are concerned about quality, innovation, and a solid work ethic. Home Depot looks for home-fix-it do-it-yourselfers who enjoy helping people. Williams-Sonoma, a supplier of cooking devices, searches for people who have a personal interest in fine cooking. Our friends up in Freeport at L.L.Bean seek people who use Bean products and exhibit a generally positive attitude about people; "We look for people who like to help people."

Finding good fits requires looking at a large number of applicants and spending extensive time before making a hiring decision. Stew Leonard's Dairy, for example, hires only one person for every twenty-five applicants. (Roughly half of the company's employees have a relative who also works for the company—a further reinforcement of screening on values.) Marriott, which places great emphasis on finding people who fit, interviewed 40,000 people for 1,200 jobs at a newly minted hotel.

Applicants should never be hired on one interview alone; they should be interviewed by at least two people before an offer is made.

Do reference checks. THIS IS IMPORTANT. If we had to pick one place where companies consistently trip up in the hiring process, it's that they don't do reference checks. Check references with former bosses, subordinates, peers, and others. An employee should never be hired without at least two reference checks, and we recommend five or more.

Finally, avoid hiring outside people for senior positions; hire from within whenever possible. There are two reasons. First, hiring outsiders can devastate morale: "Why should I work hard when they'll just bring in someone above me? I'll never really have a shot at getting promoted." Second, people need to be inculcated into the company, and this is easier if people come in at lower levels and work their way up.

2. Inculturating

Even if you make good hiring decisions, people need to be inculcated into the organization. By "inculturating" we mean instilling and reinforcing the vision, especially the core values. You can't just assume that people fully understand the precepts of your organization when they walk in the door.

You need to educate them. And you need to educate them early.

In fact, inculturation should begin in the hiring process. Give applicants materials that describe your philosophy; have company representatives talk about the vision during job interviews.

Early in his career, when interviewing for a job with Russell Reynolds Associates, one of us (Jim) was flown out to New York from California to meet personally with founder Russ Reynolds. The entire interview centered on personal and company philosophy. Reynolds sent Jim away with a package of

sensitive documents to better understand the company philosophy. No new professional is hired without a personal “philosophy meeting” with Reynolds or another senior officer of the firm.

New hires should be further educated in company values soon after starting work. Some specific steps to consider:

Give a “starter kit” of written materials to every new hire, and make it clear he or she ought to read it. Obviously, this should include your vision statement, with special emphasis on the core values. Anne Bakar at Telecare Corporation, for example, gives copies of the company’s values to all new hires.

John Mackey, founder and CEO of Whole Foods Market, a chain of health food supermarkets headquartered in Austin, wrote the “Whole Foods General Information Handbook,” which tells the company’s history and values. It advises people on how to advance their careers and what to expect from co-workers and supervisors. At a few stores, new hires are given quizzes to show they understand the philosophy.

It’s a good idea to personally write a letter or article that has a touch of the company’s philosophy a few times per year. It can be circulated on its own (to all employees, not an exclusive group) or printed in the employee newsletter or magazine. Leon Gorman, CEO of L.L.Bean, for instance, makes extensive use of the “Bean Scene.”

Write a history of the company that every new employee will receive upon joining. The history should trace the roots of the firm, its phases of evolution, and the origin of its values. Marvin Bower, co-founder and architect of McKinsey & Company, wrote a marvelous book, *Perspective on McKinsey*, which has chapters like: “Years of Shaping Purpose” “The Firm’s Early Years” “Building a Distinctive National Firm” “Professionalism: The Firm’s Secret Strength” “Developing Our Managing Philosophy and System”

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Give a company philosophy talk to all new employees. If possible, do it in person, either in groups or individually.

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Collins, Jim. *BE 2.0 (Beyond Entrepreneurship 2.0): Turning Your Business into an Enduring Great Company* (p. 284). Penguin Publishing Group. Kindle Edition.