



Does Your Company Really Stand For Something?

In recent years, many businesses have clamored to create a published set of corporate values of guiding principles. It became a management fad. The guiding principles usually are the result of a weekend team-building exercise held at a lake-side cabin with cases of beer and wine as lubricant for the words. Once completed, the document is posted on a few walls, published in the employee handbook, and referenced by the boss during the annual employee recognition dinner.

For most firms, other than those occasional uses, the document doesn't mean squat. A good case in point is Enron's "code of ethics," which decreed the moral and honest manner in which the company would conduct its business. Ken Lay's document, from July 2000, is now collecting dust in the Smithsonian.

In stark contrast, we found one of the most effective, institutionalized uses of a set of guiding principles at Koch Industries. Charles Koch is one of the world's 100 wealthiest individuals. With a multi-billion dollar fortune he can do whatever he wants. And he does. He and his wife live in Wichita, KS. He has a long workday, eats lunch every day in the company cafeteria, and says he can't imagine doing anything else.

"I love what I do," says Koch. "It turns me on and makes me happy."

The principles by which Koch leads his organization come from his views of the world and the way he thinks it ought to be. If you want to work for Koch Industries and be part of helping him change the world, you must agree with and believe the following:

- 1. Integrity:** All business affairs will be conducted lawfully and with integrity.
- 2. Compliance:** Strive for 10,000 percent compliance — 100 percent of us fully complying 100 percent of the time.
- 3. Value Creation:** Create long-term value by economic means. Understand, develop, and apply Market Based Management® to get superior results. Eliminate waste.
- 4. Entrepreneurship:** Demonstrate the sense of urgency, discipline,

accountability, judgment, initiative, economic and critical thinking skills, and risk-taking mentality necessary to generate the greatest contribution to the company.

- 5. Customer Focus:** Understand and build relationships with customers to profitably anticipate and satisfy their needs.
- 6. Knowledge:** Seek and use the best knowledge in decisions and proactively share your knowledge while embracing a challenge process.
- 7. Change:** Embrace change and envision what could be, challenge the status quo, and drive creative destruction.
- 8. Humility:** Practice humility and intellectual honesty. Constantly seek to understand and deal constructively with reality to create real value and achieve personal improvement.




- 9. Respect:** Treat others with dignity, respect, honesty, and sensitivity, and encourage and practice teamwork.
- 10. Fulfillment:** Create value and produce results in order to realize our full potential and find true enjoyment in our work.

In many enterprises where the published set of principles is merely a piece of paper, people can survive while snickering at, being disdainful of, or treating the principles of the company lightly. That wouldn't happen at Koch Industries. You either agree with and adhere to the values held by Charles Koch or you'll promptly be shown the door. There's nothing wishy-washy about these principles or beliefs.

The culture at Koch Industries — and others that have similar codes of conduct — is so strong that if someone fits, they're in. If they don't, they're out — fast. 📧

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 **QUICKREAD™**

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- For most firms, the document doesn't mean squat.
- Employees of Koch Industries adhere to the company's published principles, or they're out the door — fast.