

RECONCILIATION OF PROFITS AND HUMAN WELLBEING: IS IT TOO LATE?

A Case Study by Ouimet Cordon-Bleu Inc.

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Recent headlines underscore the inherent risk companies face when their sole motivation revolves around economic interest. If left unchecked, corporate cultures can become breeding grounds for destructive values such as ego, arrogance and contempt.

Consider what Ram Charan has to say about the current malaise in capital markets. In his article *Why Companies Fail*, he observed that organizations come undone due to “human folly: denial, hubris, ego, wishful thinking, poor communication, lax oversight, greed, deceit.”¹

Organizations are not sustainable if their values exclusively support the singular purpose to multiply goods, create profit and acquire power. These are critical, but ultimately, self-serving economic objectives that do not take into account the primacy of human dignity and the meaning of work, the needs of personnel, their families, consumers and the community at large.

As such, it is the obligation of shareholders and senior management to support a second, more encompassing set of values that recognize work as a powerful channel to serve people in their material, intellectual, social and spiritual needs. By doing so, organizations can create viable, competitive businesses with long-term and high-growth prospects.

German Chancellor Gerhard Schroeder’s captures this point in a speech delivered to factory workers: “It has been revealed that egotism practiced at the top under the catchphrase ‘shareholder value’ is worth less in macroeconomic terms, but also as far as the companies themselves are concerned, than a system based on a fair balance between the interests of the employees and the employers.”²

¹ Why Companies Fail, Fortune Magazine, May 27, 2002

² ‘Schroeder blames U.S. corporate culture’ The Globe and Mail, July 10, 2002 B8

Given recent events, where greed has dominated and destroyed some of the world's most powerful companies, one may ask is if it is too late to reconcile profits with human well-being?

This conference answers the question by looking at a unique project undertaken by Ouimet-Cordon Bleu Inc., a mid-size food manufacturer active in North America, which employs more than 360 people in two Montreal plants. The company was established in 1933 and thirty years ago began experimenting with a new Integrated System of Management Activities called ISMA designed to address and resolve the tension between the two distinct organizational currents: economic interests and human well-being and happiness.

In the past 12 years, the company has measured quantitatively and qualitatively its progress and found that certain management tools and activities have demonstrated a close correlation between the long-term growth of the personnel's psychic, moral and physical well-being with the long-term growth of the company's competitive profitability.

The following pages will offer insights related to the project, which became the foundation of my doctoral studies at the University of Fribourg in Switzerland. Specifically, the article will identify some of the management tools practiced at Ouimet-Cordon Bleu Inc. and the values they help foster, which in turn, reconcile economic interests and human well-being happiness. The conclusion will highlight some of the results stemming from research conducted over the past 12 years.

Shortcoming of Economic Interests

Organizational values that merely serve economic interests will not connect with personnel in a deeply personal way. That's because these values are based on a singular premise about the meaning of work: to multiply goods, create profit, and acquire power.

Abraham Maslow's hierarchy of needs suggests humans need more to reach the highest levels of their capabilities. According to the psychologist, a series of human needs must be satisfied in sequential order, such as security, sense of belonging, self-respect. Once these needs have been met, it is possible for individuals to be devoted to "a calling" or "vocation". However, if these needs are not met, the person feels restless, vacant, unproductive and empty with no meaning to one's work and often to life itself.

Management Tools

To this end, the company has developed a set of management tools that over time humanize working conditions; foster humanist values, or even spiritual values. These values complement each other, instill a greater purpose in work and life among employees, and in turn, enhance productivity and creativity.

Gestures And Prizes For Generosity

The first management tool developed by the company is called “Making A Gesture.” This involves groups of up to seven employees who voluntarily provide direct assistance (on paid time) to needy people in the local community. Other employees work on company time to produce and distribute food products to those in need, anonymously and free of charge.

Such an activity can forge strong feelings between company personnel who serve those less fortunate. Furthermore, through their contacts with people in difficulty, these employees often discover the richness of volunteer work, of getting to know each other more intimately, and the joy that can come from helping people who need us.

Each year, the company provides \$1,000 rewards to a few individuals who have demonstrated exceptional human solidarity and moral qualities as well as conduct themselves at work in an exemplary fashion.

Assistance To Laid-Off Personnel

This tool attempts to help people who have been laid off to get through this difficult period with minimal suffering.

For example, the company made a decision to upgrade one of its plants in 1990. The upgrade meant that a number of personnel were no longer needed. Layoffs ensued. Six months later, the company invited affected employees to meet with senior management for a coffee. An overwhelming majority of individuals showed up.

Initially everyone felt uncomfortable. However as time went on, conversations became more engaging and eventually went beyond work-related issues to include more personal matters.

It was a simple gesture to demonstrate the company’s genuine care for those affected, yet it likely helped senior management more so than the former employees. Management saw in the room the human consequence of an economic decision. The company continues to make such tough decisions when appropriate, but this tool reminds management team that such actions must be grounded in dignity, respect and authentic caring.

Equal Annual Sharing Of Profits

The company shares a portion of its profits with its personnel – regardless of the individual’s responsibilities. The minimum portion is \$800 per employee and can reach up to \$2500, if the company’s objectives are surpassed by 15 percent. Everyone in the company gets the same amount. This compensation program is distinct to that of the management team.

Authentic Internal Communications

A fundamental responsibility of the company is to continually create an internal communications environment that is warm, authentic, satisfying, and human. In a manufacturing sector such as Ouimet Cordon-Bleu, these kinds of values do not **always** come with the territory.

Therefore people are encouraged and measured against their: willingness to listen to others, interpersonal skills and warmth, sincerity and authenticity. The company frowns upon managers if their exclusive purpose of employee communications is motivated by meeting economic objectives such as productivity or efficiency.

Periods For Reflection

Individuals – on their own accord – can take a brief period of silence, sharing, reflection³, and sometimes prayer during official meetings of specialized committees, and other meetings.

These moments of silence enable individuals to think more clearly about themselves, their colleagues, and the issues at hand. In short, they provide the necessary foundation for wisdom, faith and hope.

Testimonials

Testimonials allow people in or outside of the company to present reflections on their own chosen paths, existential situations, expectations, mistakes and successes, joys and sufferings, discoveries of certain values. These are strictly personal testimonials that do not and should not offer audience members with specific recommendations.

This management tool has a similar impact on employees as “Making A Gesture” does. Experience has shown that these testimonials prompt discussions and ongoing dialogue among personnel. People who have always worked with, but may never discussed anything beyond their jobs, become engaged with each other, learn more about each other. As a result, these discussions can help foster values such as solidarity and respect.

Annual Bilateral Exchanges Between Management Members

These meetings allow management team members to talk to each of their subordinates individually on an annual basis about all kinds of subjects that, strictly speaking, have nothing to do with work such as interpersonal conflicts, tensions, lack of confidence,

³A brief text can often be chosen--on a voluntary basis--in advance, by one of the participants in a meeting. After reading the text and commenting on it, there can be some brief comments and reflections by other participants.

incomprehension, and so on. These discussions help promote values such as frankness, dialogue, mutual respect, better understanding and even, in certain cases, reconciliation.

This is not an annual evaluation of professional performance. Instead, it is an exchange that can be about difficult periods that two team members (manager to manager) went through, or about happy periods that created deep friendship between those individuals.

Meditation Rooms

In each geographic area of operation, a room is set aside where the members of the personnel who want to, can be alone in interior silence, relaxation, reflection, and, if desired, personal and silent meditation and prayer. These rooms provide the personnel with an opportunity for inner silence and reflection, which can lead to wisdom. But they also provide an appropriate place for individuals to draw upon and reinforce their faith and hope.

Research Studies On The Movement Of Values

The organizational climate survey is comprised of two studies. Together, the studies examine the entire organizational climate from purely economic and management efficiency to the authenticity level of communication; it also addresses the level of freedom that each member of the personnel receives working with management tools activities. By doing so, the company is able to analyse the work environment and adjust management style, if and when appropriate. The research also identifies what activities of the management tools should be improved, and how to do it, so as to serve more the needs of the personnel.

Impact of ISMA on Organizational Values

The new and innovative – ISMA - has over time, helped to foster **seven** essential human and even spiritual values that instil a greater purpose at work and in their life among our personnel, and in turn enhance productivity.

Broadly speaking, the company, through research, has identified values such as solidarity; dignity; respect; faith and hope; caring and appreciation. The benefit of each is below:

Solidarity

Employees who gain better understanding of their colleagues will also develop a greater sense of compassion for their well being, and belonging in the workplace. In this context, work can be a legitimate place to grow intellectually, socially and even spiritually.

Dignity

Employees must be treated as ends in themselves, not as means to an end. This axiom invariably encourages managers to base their management techniques and decisions on the primacy of human dignity, and not essentially on mercantile considerations.

Respect

The hallmark of good communications is the ability to listen to others, understand their concerns, appreciate their ideas, encourage their opinion; in short, demonstrate respect for others, their wants and needs. This enables people the opportunity to express themselves, be more productive, happier and more personally fulfilled.

Faith and hope

It is essential, for many more people than we think in the workplace, to have faith and hope in a greater power. It does not need to be characterized as a religious entity, but it must instil some spiritual aspiration, such as serving the physical and social well-being of employees. Such sensibility will insure economic decisions, will take in consideration the primacy of the human dignity and also that work does exist for people and not people for work. This working environment, in a climate of solidarity, dignity, respect and faith, enables individuals to see a greater meaning to work and life.

Caring and appreciation

Shareholders and management must find the courage to do what is good and right and to communicate to others their authentic caring and appreciation for their contributions, sacrifice and dedication to the company, other personnel, customers, family and community. Such gestures have a profound impact on the psychic and physical well being of every worker in the organization.

Key Findings – Facts and Figures

Company research shows that the seven dominant values-- mentioned above -- brought in the workplace by the activities of the new integrated management system, has made a major contribution towards:

- giving employees a greater feeling of belonging to the company
- increasing motivation, productivity and creativity
- favouring better communications and feelings of solidarity
- creating a climate of freedom in which everyone feels more and more able to express himself and give positive criticism in order to improve things
- reducing absenteeism, employee turnover rate, labour accident insurance rate, since 1990, to below comparable industry averages
- making shareholders, board members and company management more aware of the importance of authentic human relations and the primacy of human dignity within the company

It should also be noted that profit indicators were 100 in 1990 and went up to 260 in 2002. Between 1992⁴ and 2000, for six out of the nine years, the percentage of profits after sales taxes was higher than that of other Canadian companies in the food-processing industry. These positive results allow us to conclude the following: the profits of the company, for the period under consideration, were better than those of other comparable companies in the industry.

All this against a backdrop of labour peace. There has been no work stoppage, nor slowdown, during this period and the company has never required to initiate a lock-out.

Critical Success Factors

These different management tools and their activities constitute a new integrated management system. They can be implemented in all companies and organizations, and on the five continents, under the following conditions:

The shareholder(s) and management team must lead the charge. Employees will be sceptical and uncomfortable about a number of the activities because many will appear to have little if any connection to typical meaning of work (multiply goods, generate profits, acquire power). The only way in which these activities will be received well by the personnel is if they are endorsed and encouraged by key shareholders and management of the company.

Implementation must be gradual. Even with the support of key shareholders and management, employees become comfortable with the likes of quiet rooms and personal testimonials. Patience and fortitude are required

Activities must be authentic gestures. Employees will reject any activity that appears to have an ulterior economic motive behind it and even worse, and rightly so, if they perceive even just a hint of insincerity. As such, it is essential for the personnel to feel free to participate -- or not -- with any of the management tools.

Conclusion

Values that support the singular purpose to multiply goods, create profit and acquire power are not sustainable. It is the obligation of shareholders and management to support a second, more encompassing set of values that recognizes work as a powerful channel to serve people in their material, intellectual, social and spiritual needs.

⁴ Deloitte & Touche annual survey of the financial results of key Canadian Food Processing Industry Companies, has started in 1992.

The experiences at Ouimet-Cordon Bleu Inc. suggest that it is possible – **and not too late** -- to reconcile two distinct organizational currents and foster values that support long-term growth in human happiness and well-being, and also sustain profitability and productivity in any organization.

Organizations can create viable, competitive businesses with long-term and high-growth prospects and at the same time, give primacy to human dignity, give meaning to work, and often give a meaning to life.