OFFICE HANDBOOK

Letter From the Chairman

Fire Sale

Dear Employees: As you know, your efforts to further enrich the executive team have fallen woefully short of inflated expectations. In an effort to wring any remaining blood out of our corporate turnip, the company will be sold at auction immediately. Please be aware of the following.

FINANCIAL ENHANCEMENTS: So as to appear solvent to bidders, Finance has created several paradigm-shifting initiatives. Retroactive to January 1, employees will be assessed a $25-per-diem desk-rental fee and a one-time $100 security deposit, which may be refunded in lieu of a future severance package. In addition, all individual telephone and electrical charges will henceforth be billed directly to employees.

BENEFITS: We understand that in times of uncertainty, employees may seek to avail themselves of our generous corporate benefits by finally scheduling that bypass operation, getting wisdom teeth yanked, or, most egregious, joining the gym. To prevent panicky workers from "gaming the system," Human Resources has been directed to suspend all benefits until further notice.

T&E REIMBURSEMENT: Starting immediately, all nonexecutive expenses, including pending submissions, will not be honored. Funds freed up by this move will be placed into an unregulated offshore "Relaxation Fund," which members of our hardworking senior management team may draw from at their discretion during this particularly difficult time. (Exec team: Our annual golf outing at Hilton Head is on! Regrets only to my assistant.)

STAFF MONETIZATION: We have long said that people are our most important asset. Soon, that once-empty aphorism may finally yield results. If a buyer cannot be found, the Company may elect to auction off individual employees on eBay. In an entirely unrelated matter, if you have not yet signed the Company's mandatory Human Rights waiver, please do so and return it to the HR department no later than Friday. Failure to do so may result in harsh disciplinary action.

—Ryan Underwood

Consultant *Debunking* Unit

Invaluable

By Martin Kihn

AT SOME POINT IN THE MID-1990s, as the dotcom bubble filled with foul air, the collective conscience of American business decided that what every firm needed was a good set of *core values.* Blame James Collins and Jerry Porras, authors of *Built to Last* (HarperBusiness, 1994), who famously noted that great companies are "guided by a core ideology—core values and sense of purpose beyond just making money."

Management retreats were scheduled and laminated plaques cemented to the walls. Today, some 80% of the country's 100 largest companies state their so-called core values publicly, and squads of consultants stand ready to help you drill down into your core.

In keeping with our own (unpublishable) mission, we at the CDU launched an investigation of core values. We assembled a sample of 21 companies, half from among the most- and half from the least-admired in the United States. Firing up the CDU computers, we input the companies' values, as well as their performance relative to the S&P 500 over five years. What did we find?

1. **Team players are losers.** The 21 companies cite 41 different values of which five—the *core* core values—are cited five or more times: **teamwork**, **excellence, integrity**, **respect** and, at number one—appearing in more than half our sample—**customer service**. Sadly, the companies citing these superstar values underperformed the S&P by, on average, 18%. The biggest losers: Firms that embraced teamwork, whose stocks lost 30% versus the market.

2. **Opposites attract.** The best-performing values in our sample are among the CDU's personal favorites: **citizenship** and **environmental stewardship**, both of which helped elevate their companies above market by 68%. How heartening to think it's possible to be both eco-friendly *and* a player. That's what we thought, anyway—until we noticed that the only two companies citing these core values are Waste Management, whose stock soared after it settled fraud charges with the SEC, and everybody's favorite environmental steward, ExxonMobil.

3. **More is more.** Strange but true: The more values a company has, the better its stock performance. But there's another, even more powerful, indicator: *Words per value.* That's right, having at least some values of two words or more (e.g., **shareholder value)** pumped up returns by 16% over the S&P. Companies with all one-word values, by contrast, lost 2%. And Berkshire Hathaway, whose core values run to 5,000 words, beat the S&P by 56%.

As a test, we applied our findings to a defunct company to see if we could have predicted trouble. Turns out, we could: The company had only five core values (bad), three of which were among the most popular (bad), and all of which were one word (also bad). That company's name? Enron—whose core value is now, of course, zero.

Martin Kihn is author of House of Lies: How Management Consultants Steal Your Watch and Then Tell You the Time *(Warner Business Books, 2005).*

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shiny-object syndrome (*n.*) a tendency among clients to want to incorporate every irrelevant fad into their business

Illustrations by Michael Kupperman