

Laurie Bassi rates companies on goodness

BY DAVID CREELMAN

There is an ancient struggle between humans and organizations. Humans push organizations to do good in the world; too often they fail. Organizations that do harm have some powerful tools: political lobbying, sophisticated marketing and globalization which allows them to escape effective oversight. But people are pushing back—people like Laurie Bassi, Ed Frauenheim, and Dan McMurrer. Bassi and her colleagues are authors of *Good Company* where, thanks to information age tools they are able to bring clarity to who the heroes and villains are. I spoke to Laurie Bassi:

Creelman: Your main breakthrough was putting measures around 'goodness'. How did you do that?

Bassi: There was long and often heated debate among my colleagues as we tried to find the right metrics. In the end, when we landed on the three areas of good employer, good seller and good steward it seemed obviously the right way to go. Obvious only with the benefit of hindsight, of course.

Creelman: The categories sound right, but how do you put a number of these concepts?

Bassi: For good steward we looked at issues such as the penalties and fines the organization had been assessed, whether CEO compensation was excessive and their environmental record drawing on data like the Dow Jones Sustainability Index. For good seller we used data on customer service from research firm wRating. In many ways the good employer index was the most difficult. Something along the lines of 'great places to work' made sense, but that index is limited to a small number of organizations and only gives positive ratings. Here is where the new social power of the internet provided an opportunity. Glassdoor.com is a website where employees give feedback on their organizations. We found this a rich source of insight on which companies were good employers.

With these measures we are able to give a rating of 'goodness' to most of the Fortune 100. Two organizations, Disney and FedEx, got an A. Many others did poorly; for example, by these measures Sears Holdings got a D+ and Exxon Mobil got an F. This is all laid out in chapter 6 of the book.

Creelman: Let's focus in on the good employer metric. Did you find anything of particular interest when you compared firms using your index?

Bassi: One of the most striking comparisons is Southwest versus United. Southwest is almost at the top of Glassdoor.com's ratings; United is very low. Southwest is among the highest in airline customer satisfaction scores, United is near the bottom in the industry. You only have to look at their performance over the years to see how important that is.

Creelman: Maybe low performers should be applying to United since they won't have to compete with high performers who presumably will have better options.



Bassi: I had an interesting conversation with some corporate folks who were concerned about their rating. They were unhappy with the Glassdoor data because it clearly revealed their problems and because “we can’t control what people say.” They expressed an interest in working to get on one of the best place to work lists because it would be easier for them to control. That is exactly direction the world is heading: it gets harder for organizations to manipulate their image because the social internet makes their behaviour transparent. If you want to be perceived as a good employer you really do need to be a good employer—and that principle applies to being a good seller and good steward as well.

Creelman: How should organizations approach becoming a good employer?

Bassi: Besides the obvious guideline of treating employees well, one useful thing HR can do is use measurement and analytics to understand where to intervene strategically. Otherwise you end up with a bunch of flavour of the month programs without ever knowing which ones are effective.

The main tool for doing this sort of analytics is an employee opinion survey, but a more sophisticated one than most HR people are used to. HR has been focusing on drivers of engagement, but not other important human drivers such as the quality of work processes, job design, and accountability that are critical drivers of business results. All those things are necessary to be a good employer because you can’t just be a nice place to work; you need to be an effective place to work.

Anything HR can do to systematically find the intersection of enlightened and profitable management of people is worthwhile because you need to do both.

Creelman: One point you made that I skipped over was that firms like Southwest which do well on your goodness scale outperform those which do poorly on goodness like United.

Bassi: Yes, that’s important. If being good meant the firm would lose money then that is obviously a non-starter. However, the evidence shows that being a good employer, seller and steward is correlated with doing well financially. In fact, we have even more recent evidence that the Good Company Index™ actually *predicts* performance.

I’m hopeful that leaders will find the evidence (particularly the framework in chapter 7) useful in making the case for the incredibly important work HR does in driving business results.

Furthermore all the worthiness issues around lapses in procedures, legal violations, and ethical violations all have people roots. HR needs to understand the human drivers behind those undesirable, even disastrous outcomes.

Creelman: Your logic makes sense, but it would be unusual for HR to get involved in something like looking at the human drivers behind illegal dumping of chemicals.

Bassi: Yes, HR has to be alert to the reality that people might cross their arms and say, “What are you doing here? You’re HR, this is not your problem.” We often advise HR that when they are wandering into areas where they may not be welcome such as quality control problems, safety problems, or fines and violations that they pursue an analytics approach. HR can quietly work to diagnose the human drivers of these problems and then present a strong fact-based business case for how HR can contribute to addressing these potentially catastrophic issues.



Good Company is available at Amazon.com

<http://www.amazon.com/Good-Company-Business-Success-Worthiness/dp/160994061X>

David Creelman writes and speaks on human capital management (www.creelmanresearch.com)