



A Method for Calibrating Corporations

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Introduction

Are you ready to discuss a huge, pervasive problem? It's one of those "elephant in the room" topics that is holding back the progress of civilization. You might currently be conditioned to ignore it because of your level of habitual tolerance. If you are content simply getting the same repetitive complaints off your chest day after day, then there's probably no point in reforming anything. However, isn't futility a clue that something is amiss? Ask your family, friends and neighbors how they are doing at work. If you stand there long enough they will start to complain about their bosses. And it always boils down to the same credible and familiar stories of failure that you can relate to. Taking that to its logical extreme, you will realize that this problem is nearly ubiquitous and combines in aggregate to create a huge shortfall of prosperity for society. You may admit that a profound change is necessary in order to effect the way ownership and privilege rule. Another way to arrive at this conclusion is to declare that you care more about the quality of your work and the positive results it should produce than staying safely under the radar, nodding resignedly, and wincing at missed opportunities. Under those circumstances, you might tend to struggle while contending for the greater good, instigating or enduring conflict. Is that worth the effort? Does it turn into one step forward and two back every day in some sort of endurance match? Suppose you are an executive, high up on a rung of the corporate ladder. Do you ever wonder what truly motivates your organization to produce at its best? Are you

satisfied with delegating the infusion of inspiration entirely to the Human Resources Department?

As far as any proposed change is concerned, we must be careful to achieve gains without destroying anything in the process. Change should be voluntary, incremental, affordable and effective. If this topic resonates with your personal experiences, I suggest you read on.

Memes

Ideas have a way of catching on. Imagine an idea with a simple implementation requiring only voluntary adoption and fueled by human happiness combined with increased benefits for all participants. If you create a process around this idea and explain it, then presumably workers, leaders and owners alike will prefer it over previous conventions. That's how revolutions begin.

Clocking Civilization

Who sets an advisable pace for the advancement of civilization? Who decides if the world is moving forward too slowly or barreling along at a breakneck pace? One way to measure technical and social progress is to imagine the impact of a relatively simple idea that might have been previously overlooked or possibly repressed. If its impact could be enormous and may solve problems long endured, I say we were plodding along up to that point. At the very least, we should introduce the next big proposal and allow it to succeed on its own merits within the historical timeline.

The Sound of Silence

If there is a chorus of consistent objections being raised by people from all walks of life, it is likely to demand widespread attention. Here is an experiment to try: strike up a conversation with a stranger, relative or friend. Find out what is predominantly on their minds. Sometimes it's a medical problem, relationship troubles or sports rivalries. Sometimes it's a family event or vacation plans. Most often, however, it's about disappointment in their employment. Specifically, it tends to stem from certain incidents of notorious conduct or objectionable marching orders that came down from on high. The complaints could cite unmet

expectations of due reward, abuse of innocent workers, or the unnecessary demise of an otherwise viable company. The origin is almost always persons in highest authority. From the perspective of the CEO and other rare breeds of executive leadership, the opposite complaint involves the frustrations of trying to genuinely motivate their staff from a position of command.

Money on the Table

If we are on the verge of finding a better way then what are we currently neglecting? The answer is: our potential worldwide prosperity. Presuming you can actually eliminate the most acute and recurring complaints that originate from the private sector, imagine the reinvigorated mentality of workers who could possess the assurance that justice will prevail in their workplace! Contributing daily without feeling shut down and marginalized leads to greater inventiveness and productivity, applying effort that is gladly contributed and not withheld. This can be especially evident in the case of organizations who are largely dependent upon highly skilled professionals such as engineers and scientists to accomplish their mission. The positive result combines like the negative problem. In aggregate, we could experience a five-fold improvement in economic prosperity. Imagine what that does to the tax base in the public sector. No more excuses to underfund a social program? The multiplier arises from the notion that there is a simple formula for excellence in corporate performance.

$$\text{External Challenges} \div (\text{External Challenges} + \text{Internal Challenges}) \times 100\%$$

A rough estimate puts most major corporations, and notable minors, at 20% of full potential. They crowd over 10% margin when there might have been 50% that could have been obtained from the market. The minerals are there but if you blow the mining operation, there they stay. A low score indicates that a company cannot get out of its own way and is probably wasting resources. Sound familiar?

The Missing Piece

Almost every business professional tends to agree with these basic principles. Human Resources departments routinely put the “cult” into the “corporate culture” with slogans, slides, rallies, speeches, financial incentives,

contests, prizes, and often heavy-handed incentives for everyone to simply produce more and cost less. So, what's missing? True credibility. Until a convincing answer can be found, explained and institutionalized only tenuous improvements under emergency conditions are possible, and only enforceable by the strength of the top personalities. By the very definition of mortality, that situation is not sustainable.

The Cornerstone

When attempting to build a superior corporation, we must cite some principle that can inform its ideal structure. That principle is the concept of "enhanced ownership". To explain it, let's consider the currently unenhanced version. Have a look at the dollar bill in your wallet. It comes with instructions. "This note is legal tender for all debts, public and private." Wait, did you really mean "*all*"? What about amassing a sizeable stack of these cuties, picking up a burner phone and ordering an assassination? Well, certain controls eventually intrude to prevent egregious social abuses. However, the reach of these controls never seems to make it into the daily life of the average worker except under extreme circumstances that garner media attention. Antitrust, anti-hoarding, environmental protections, declaration of historical sites, artistic treasures and other legal considerations are intended to prevent the wanton rule of pure greed. However, these protections are seldom enforced even though the need is clearly felt. The ruling classes of the world live in a state of relative anarchy and impunity, and so it often goes in any given workplace. As Alan Greenspan attested after the subprime mortgage crisis of 2008, "letting the market decide" is an inadequate national policy.

Bank notes should ideally be "thank you" notes. Most of us agree with the stereotypes in literature and film wherein the antagonists are evil rich guys. However, that's neither fair nor true. The psychology on both sides needs transforming so wealth becomes a symbol of having accumulated so much genuine gratitude for contributing inventions, supporting humanitarian causes and social justice, envisioning and founding companies, and generally propelling the civilization we all share forward by successfully organizing collective effort. Entrepreneurs are therefore eligible for deserving adulation! However, what passes for entrepreneurship can become destructive by the time a successful leader is

surrounded by yes-men and has enough walking-around money to buy a jet anytime before lunch.

Enhance, not Destroy

Wealth and ownership as concepts that are both moral and necessary for society to function. We know of no better or more scalable system. A barter system is impossible to track or standardize, and anarchy results in gridlock, social fracturing and stalemates. Allowing a smart, capable leader to become the oracle of one-liners during a fast-paced series of challenges is an important advantage for larger collectives. These concepts are what motivate and empower entrepreneurs and help build and expand infrastructure. The traditions that support them should be kept entirely unshackled and left to work their magic. However, if an enhanced version can help relieve ambitious individuals of a recalcitrant and downtrodden workforce, effecting diminishing returns on their investment, then they really should take the deal. Adhering to a few simple and voluntary standards in order to achieve the maximum sustainable reward is truly a small price to pay.

The Foundation

The structure of today's corporations is largely a boilerplate affair. Only the names of the owners, initial valuation and corporate nexus identify the official entity. Appointing a Board of Directors, allotting initial ownership, issuing stock and other matters typically codified within the bylaws are subject to amendment. There might also be a clause or two about charitable donations, the permissible carbon footprint, or capping the highest-to-lowest salary spread. However, there is still much room for invention when specifying corporate policies. Here are some suggestions:

- Make as much money as you like, benefitting officers, employees, partners, investors and consultants
- Hire, fire, grant bonuses, issue shares, implement profit sharing, impose austerity, expand, downsize, acquire affiliates or rivals, divest of profitable or unprofitable divisions, broker mergers, recruit investment, sell the company on or before maturity, keep the company in the family,

or implement any other legal policies and procedures that are deemed advantageous without limitation

- Institute a Human Resources department, if you want one
- *However*, the company will periodically undergo the Syinc process. To make this affordable and ensure accuracy and reliability, an outside agency should be identified that is either familiar with the Syinc process or one similar, such as advising companies about layoffs during a downsizing. By comparison, the Syinc program is a much more pleasant proposition and easier to implement. Any competent management consultancy or similar firm should be able to handle it. They will usually charge a fee based on estimates that are proportional to the size of the company and some assessment of its current conditions. If the company can't quite afford that, an external set of advisors may exist or can be found to form an ad hoc agency for this purpose. The instructions are simple: this is a management review, a basic accounting procedure, and a recommendation for disbursing some internal funds.
- To begin, here are some anecdotes they might be looking for when they come on board and start asking around:
 - You have two giant Jamba Juice and Starbucks cups, both recently emptied. You slam them down on an assistant's desk and the first words of the day they hear are "Fill these!", followed by the slamming of your office door.
 - You used your corporate email for illicit correspondences and somebody forwarded your personal email password to your wife anonymously. You waste two weeks of cumulative effort directing the IT team to track down a "security breach", which is impossible, and browbeat them for being responsible for sloppy security procedures.
 - You bark reprimands into your phone while on the ski slopes to a recipient who has been ordered to cancel a summit in one country and rush to another to give a presentation in your absence. They had no choice but to tear down proceedings and depart, but the actual topic of the meeting was a notional deadline that had passed

on an unrelated project. That was all due to misperception on your part.

- o You work a 30 hour week as an executive and seldom answer the phone or return emails. You are often away circling the globe on “business”, which looks a lot like vacationing at the company’s expense.
- o You routinely expand into a larger-than-life furious and intimidating personality in meetings, exploding with phrases like “Everybody can shut the f* up. This is a dictatorship and I am the dictator.” This quotation is used in a one-star review of the company on a job review site that cautions all prospective candidates to “stay away”.
- o You travel to meet with a company that provides a product everybody recognizes. They wish to form a partnership in which you would become their technical provider and distributor. Two founding partners attend a dinner meeting and they order a lavish feast. These individuals immediately begin deriding female employees, commenting on their menstrual cycles and lamenting their general inferiority and unsuitability for the workplace. These remarks dominate the entire discussion throughout the meal. Rather than issue a reprimand and leave, or at least exercise appropriate reserve, you dive into the conversation and join the guffaws and back-slapping. Afterwards, you are strongly cautioned not to do business with these individuals and you scoff at the suggestion. Six months later, the relationship becomes severely litigious with both sides accusing each other of fraud.

Need I go on? I certainly can. This is a tiny subset of the appalling accounts of similar events that were imparted to me by individuals who claimed to have experienced them first-hand. I was not seeking them and never specifically inquired; they came to me.

How do you think the morale of the affected individuals fared as you read those real-life stories? The hindrances a corporation faces while striving to reach its potential are directly traceable to these sad vignettes. Similar or worse accounts of reprehensible internal and public displays along with notable lapses of judgment

occasionally show up in the press, which can be enormously damaging. Even generally revered celebrity executives and business owners are not exempt. The ones that fly under the radar in relative secrecy but persist in wrong-headed decision-making, general negligence and stubborn denial can adversely harm a corporation's external relationships and prospects, eventually amounting to leaving money behind for their competitors to collect.

Sympathy for the Devil

On the other hand, it's lonely at the top. Why is that? Because successful command requires extraordinary restraint. When you are ultimately responsible for stopping the proverbial buck all you want to do is call up the staff every half hour and demand to know "What are you all doing *now*?" Exercising restraint and adhering to sound leadership principles is much harder than it seems. Any staff member under my employ that makes a habit of trash-talking the leadership reduces their chances of promotion. Having no natural empathy for the challenges of command is a weakness in itself. Chronically critical individuals rarely rise to the occasion themselves, even if it is made available to them. Speaking personally, I am an entrepreneur without apology: ambitious, relentless, driven and seldom deterred. It's worth the effort and, if sufficiently lucky, the results speak for themselves. However, I certainly welcome an outsider's perspective and more than the occasional course-correction! Otherwise, I'd simply get in my own way. Too much force and not enough aim will cause me to trip over my own feet. If I am despised as a leader, how can I expect to successfully occupy any position of command? Since everyone around me might be afraid of what I might do when standing purely on my dominant shares of ownership, I could lose the benefit of honest social interactions. Confrontations with completely unique and totally individual views of the world would then become unavailable to me. That would cause me intellectual bereavement. I could put a suggestion box in the break room, vociferously declaim my "open door" policy and pound the table while calling for a free exchange of ideas. However, only the most extraordinary and courageous individuals will dare follow Howard Baldwin's advice regarding Informix's Phil White: "And always remind the CEO of one thing: 'No leader is as great as his press clippings say he is.'" A CEO once told me that he hired a VP and told him: "Your only job is to tell me 'no'. Nobody else will." Personally, I will never

count on receiving spontaneous and thoughtful criticism from the inside; I will rely on Syinc instead.

The Judge's Chambers

As mentioned, to implement Syinc you may engage any competent management consultancy or equivalent agency. Tell them what you want done and what to watch out for. Give them a reasonable time to investigate. That can't be any more invasive than requiring your staff to visit an on-site psychologist! (Yes, I have experienced that weird phenomenon.) Feel free to tweak the process until satisfied. For example, consider seeding the presiding committee with random employees, members of your surrounding community, or industry experts. This is similar to selecting a jury, which is intended to avoid certain types of predictable corruption. Perhaps introduce some visionaries who normally pursue more esoteric or sublime arts such as charity work. Give them something practical to do in the pursuit of general reform and they may contribute inventive moral advice (unlike giving talks at TED, receiving applause and being ultimately ignored.)

Opinion vs. Ultimate Truth

Creating any standard can imply that someone knows precisely what is right and true. Actually, they probably don't. Neither are there any omniscient space aliens or winged angels available on the job board to help us decide. Such matters are necessarily put to communities of ordinary humans, who will naturally reference their own local standards, experiences and preferences. Within a company, there will likely be a general sense of what's most conducive to productivity in the current setting. If we accept a jury's decision in the world of legal jurisprudence, then we should allow an appointed agency to issue theirs. The outcome cannot be any worse than the daily effect of bad decisions running amok in an uncontrolled environment. That can cause deserving promotions to be passed-over, worthy contributions to be overlooked or discarded, and leaders in lockstep to be elevated over more capable luminaries. That syndrome will affect the company's external interactions, the quality and output of its products, and its overall long-term health.

There is no popularity contest to be won among pop psychology, religious feeling, business school courses, political persuasions or other influences that purport to define precise standards by which the outcome of adjudications may be determined. Have whatever kind of company you prefer, just say what it's supposed to be. The HR department keeps mission statements, employee handbooks, slogans, banners and all types of materials used for hiring and motivational campaigns. These materials are supposed to help attract candidates, regulate daily conduct and boost morale, and inspire the organization to perform more efficiently. Along with official bylaws, public statements made by the top leaders, and behaviors routinely encouraged by the company and its officers, the integration of these materials form a type of constitution for the company.

If you wish to define a highly competitive, cutthroat environment where real estate agents act like commission pirates, then do it. If you prefer a flat organization where all salaries are published on the white board and there are no titles, then do that instead.

Therefore, you're the inventor here. You may also change or refine your standards over time. Whatever version happens to be in effect at the time of the Syinc review forms an environment in which you're expected to function well. Present the HR materials and other evidence that describes your corporate culture to the Syinc agency, so they can form a picture of what you are trying to achieve and how you expect your organization to operate.

Prize and Penalty

When the Syinc Standards Committee presents its findings, they should begin with the most powerful and privileged, starting with the operating Founders and the CEO. The most exacting standards should be applied and then relaxed proportionally as the level of privilege and influence decreases down the chain. So also should the amount of reward or penalty that results from these findings be adjusted. Set an equitable rate so that hardship at any level due to a possible miscarriage of justice, even if only a perception, can be avoided. I would suggest that the CEO be issued a bonus or receive pay cut of 20%, depending on the outcome of their review. The polarity of the award doesn't matter and simply depends on how the company prefers to describe it. Down the line to middle

management, a 5% variance might be appropriate. By the time you get to hourly-wage contributors, I would suggest levying no financial impact at all, just a friendly reminder of what's important when warranted. However, the shape of this curve, having any sliding scale at all, or setting other parameters is entirely up to the company's best judgment.

Once the Syinc agency has concluded their investigation they will present their findings to all parties. It is the company's choice whether to disclose these results publicly, internally or to hold them back, similar to the consideration of discretion normally associated with HR matters. Disclosing or even promoting these events in the press becomes a trade-off between revealing information about the company's internal affairs and personnel, often considered to be a less than perfect security practice, and advertising the benefits in order to attract new customers and candidates for employment.

The accounting of funds withheld from normal compensation, if any, is straightforward. The fun part comes when demonstrating the powerful effect of these corrective measures, should any be forthcoming. Considering the overall condition of most companies today, this is likely. To those who were discovered to have been following corporate policy and contributing accordingly, funds are dispersed according to their position and the degree of individual hardship they may have endured as a result of others above them that were found wanting. If some infraction had a major deleterious impact on the working life of a single individual, there are likely plenty of funds available in this pool to compensate them accordingly. Imagine for example the receptionist in that top anecdote above receiving \$50K from the committee and told "We heard about what happened. We hope you stay. See you next quarter." Notice that the CEO will not starve as a result of helping heal the breach.

This review process should be conducted regularly as prescribed by the bylaws or in accordance with some other internal declaration. I would suggest that it recur quarterly. The goal is not to review financials; that is a separate process. Of course, financial considerations may be taken into account but the goal is to dig deeper into the practical conditions that ultimately affect financial performance.

In order to strike a meaningful balance between awards and withholdings it is also essential to balance the corporate budget and not create any financial impact other than the payment of the agency's service fee, if any. The process is also intended to be minimally disruptive operationally, the benefits far outweighing the cost, especially concerning internal and external perceptions. In summary, the operation is a partial, minor and symbolic redistribution of wealth on the merit of abiding by corporate policy, with no net loss at its conclusion. Let's consider two extreme cases:

1. The company is a nightmare. I've worked for a few of those. Within it, there is still some prevailing endurance due to the anticipation of the next scheduled Syinc review. All individuals who may have perpetrated acts similar to the ones described above are docked. So, the allotted pool for redistribution begins to grow. The faithful in the rank-and-file receive bonuses and are asked to stay on and press through. Imagine the rejuvenating effect! Nobody gets fired over it; that would be an extreme measure to be taken well outside of this process. Instead, everyone is thoughtfully advised and motivated to direct their entrepreneurial energies toward finding the most effective leadership style.
2. The company is a treasure. I have never personally worked for one of those. What was Apple like under Steve Jobs, Oracle under Larry Ellison, Microsoft under Steve Ballmer, or Amazon under Jeff Bezos? Perhaps Virgin Atlantic was great under Richard Branson, but how about now? In their heyday, all those notable companies were fueled primarily by a personality cult, everyone hanging onto their famous leader's every word. This binds the lifetime of a healthy corporate culture to the attentiveness and consistency of some lone charismatic personality. Individuals of this type tend to move on prematurely and occasionally become discredited. If everybody is under review at a time when things are jumping then a positive Syinc finding can become simply more motivational fuel. There is a sense that the company is not dependent on a single individual and can survive a potentially disruptive change in the leadership structure. That belief can help promote forward-thinking, creativity and fearless expansion into new markets.

Disclosure

The advent of this new type of corporation should be demonstrated. To that end, we have envisioned a few proprietary enhancements, including some additional techniques and an implementation plan we think is suitable for an initial venture of this type. Past that point, we intend to contribute all related ideas into the public domain. The hope is that other companies will also pursue and achieve improvement by means of Syinc, and thus may earn a formal seal of approval to be issued by a standards organization. Skilled contributors may prefer such companies over others that prefer to opt out, thereby attracting better talent that can accomplish superior objectives. Taking the gloves off skilled and motivated contributors should cause innovation and prosperity to skyrocket.

Futureproofing

When companies are sold they can spiral into an irremediable cycle of deterioration under the direction of the new owners. However, if corporate bylaws are maintained and terms of a potential sale are bound to a set of compliance initiatives, then this problem might be remediated and the company can retain an enduring semblance of its original character. If breached, Syinc may be utilized to duly compensate remaining employees for having their legacy compromised. If that situation appears imminent, a one-time compensation could be allocated from the profits of the initial sale.