



- 1 concept
- 2 cases
- 1 solution

# Employee First, Customer Second

“ .. the unusual becomes usual: Employees decide own salary, and Employee appraise their Bosses..”

## CONCEPT: Participative Management

Employees who are secure and happy can better focus on delivering customer values. Building an organization with highly-skilled employees dedicated to creating customer value should be the solid commitment and core principle toward organizational development. Organizations that strive to succeed in flat world competition better be creating enriching workplace experiences if they wish to attract and retain the high-caliber talent they need.

Pillar of traditional management philosophy views that supervisory and non-managerial employees cannot be trusted to have the wisdom, will or ways to do what is best for a company. Transparency reduces the gap between the manager and the employee. Many traditional organizations create problems by restricting the flow of information and setting up artificial boundaries between people. By increasing transparency, these boundaries are removed and employees are more likely to act responsibly and creatively.

Theory X & Theory Y Douglas McGregor; 1906-1964	
People are lazy	People are motivated
Dislike work	Get satisfaction from work
Do as little as possible	Work very hard for the organization
Must be closely supervised	Will do what is right for organization
Carrot & stick management	Participative management

## CASES: Semco and HCL Technologies

Practices in an organization where the higher levels appraise their staffs are very common. In HCL Technologies, the un-usual becomes usual. The supervisors, from managerial level to CEO, are appraised by the direct reports, put the scores and post them onto corporate intranet for everyone to observe. In Semco, the implementation of participative management is even viewed more extreme. People decided their own salary level and everyone can see each other's salary. How these all management practices been adopted by the two leading and successful companies?

### SEMCO

**Industry: Diverse. Country: Brazil. Employees: 3,000 people. Annual Revenue: USD160 millions.**

People at Semco set their own salaries. The inherent system prevents ones from overpaying themselves. All salaries are publicly posted. Excessive payments will be easily monitored against the performances. Semco has no official structure. It has no pyramidal organizational chart. There is no business plan or company strategy, no two-year or five-year plan, no goal or mission statement, no long-term budget. The company often does not have a fixed CEO. There are no vice presidents or chief officers for information technology or operations. There are no standards or practices. There is no human resources department. There are no career plans, no job descriptions or employee contracts. No one approves reports or expense accounts. Supervision or monitoring of workers is rare indeed. Most importantly, success is not measured only in profit and growth. Semco regularly pairs younger and older workers together. Its "Lost in Space" program affords young staff the opportunity to move around the company on a regular basis during their first few years.

All of its financial data in Semco are available to all employees. To ensure all people have the same interpretations on reading financial figures, Semco develops a course to train employees in the interpretation of balance sheets, income statements and statements of cash flow. Profits and losses for each division have become common knowledge.



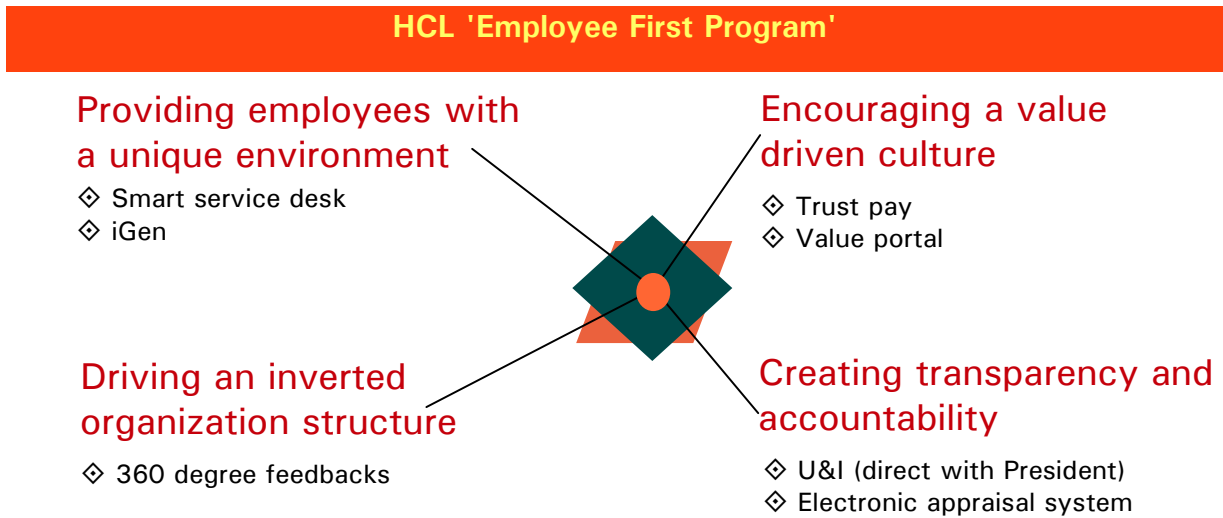
### HCL TECHNOLOGIES

**Industry: Technology. Country: India. Employees: 53,000 people. Annual Revenue: USD4.7 billions.**

HCL has an annual survey, with 53,000 people across the company rating 1,500 managers on twenty aspects of their performance. There is nothing unusual in running such a process. But what is unusual is that the results of the survey (the scores and comments) are aggregated and published on-line for every employee to look at. Every employee rates their boss, their boss' boss, and any three other company managers they choose. They use a 1-5 scale to grade total 18 questions and post the results on-line.

Another innovative practice, every HCL employee can at any time create an electronic 'ticket' to flag anything they think requires action in the company. It can be 'I have a problem with my bonus', or 'My seat is not working,' or 'My boss is incompetent'. The ticket is routed to a manager for resolution. Such tickets can only be 'closed' by the employees themselves. Managers receiving the

tickets can not intimidate employees about creating or closing tickets. Managers are evaluated partly based on how many tickets their departments are creating.



## SOLUTION

Bloomhead can assist you to implement practices applied in these cases through an integrated approach of a series of phases.

