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Business Leaders: Thought and Action

**The New Business World
and The Individual**

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There is a big change shaping today's business environment — overturning many long-held assumptions and changing not only the rules of the corporate game, but the game itself.

In the past, industry valued, above all else, strategies and structure, capital and raw materials. But increasingly, I have come to believe that corporate growth, as well as the nation's well-being, will come from people's intellect and creativity. And I am not alone in that belief.

Lester Thurow of MIT has written a book called *Head to Head*. In it, he writes:

The skills of the work force are going to be the key competitive weapon in the twenty-first century.

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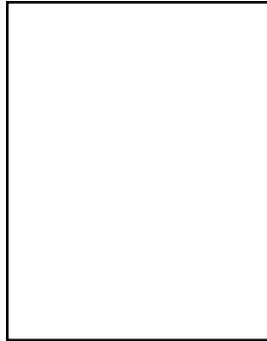
Brain power will create new technologies but skilled labor will be the arms and legs that allow one to employ the new product and process technologies that are being generated. Skilled people become the only sustainable competitive advantage.

Conceptual Workers

Products can be made and shipped from almost anywhere. This can be advantageous for business. However, just as capital and technology flow around the world at lightning speed, conceptual workers — those people who primarily use their heads to get a job done — are mobile and enjoy ever-

increasing choices as to where they live and work.

These conceptual workers are ones who have doctorates in highly specialized fields, or they're talented or trained in marketing, finance, information services or production management. At Corning Incorporated, conceptual workers form a growing percentage of our work force. For example, in 1972 one-third of



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our work force was made up of conceptual workers while two-thirds were people who basically used their hands. Today that is completely reversed. Two-thirds are conceptual workers and one-third uses mainly physical skills.

Conceptual workers have many opportunities and can sell their skills to the highest bidder, either in money or in the intangibles of the workplace, or both. If we're honest with ourselves, individual businesses need this group of mobile workers more than they need us, so we had better pay attention and prove our worth.

Moreover, if you look at the demographics of the year 2000, it is no surprise that an increasing number of people entering the work force are going to be women and people of color. To avail ourselves, therefore, of the entire pool of talent out there, we cannot rely only on white males. To attract the best talent, we must demonstrate that we really believe in and practice diversity in the workplace.

Unchanging Values

Diversity, for us, is based squarely on one of Corning Incorporated's seven values which we call "The Individual."

I think of values as buoys in the channel of commerce. For 145 years they've helped keep us headed in the right direction as we've made the necessary course corrections in the ever-changing sea. They continue to guide us as we make the millions of decisions that must be made to run the enterprise – decisions that will be better because they are constantly tested against our values.

In total, Corning's values are Quality, Integrity, Performance, Leadership, Innovation, Independence, and "The Individual." They are unchanging and nonnegotiable.

Contrary to the opinions of some pundits, values are not peripheral to business success or merely "nice" or "morally comforting." I believe that cutting corners on values and expecting to succeed is patent nonsense.

Moreover if you buy the fact that knowledge or skills may be, ultimately, the only competitive advantage, you must intensify your efforts to truly value "The Individual."

Talented individuals will choose a friendly environment where everyone has a chance to succeed to her or his highest potential. Conceptual workers will be drawn to a company that makes them feel appreciated and gives

them the independence and flexibility to make decisions at the level where the work is being done.

They will not be attracted by hierarchy, but by horizontal structure. They will not be attracted by security, but by the opportunity for personal growth. They will not be attracted by homogeneity, but by cultural diversity. And they will not be attracted by work alone, but by a perceived balance between work and leisure.

The New Natural Order

How will traditional businesses need to change in order to keep pace with these challenges?

The old “command-and-control” form of management must disappear or these capable people will. The traditional “manager” must be replaced by an “executive” who operates with much less than total control.

We’ve learned how to do this a bit through alliance or equity venture management, and we are learning about using an effective outsourcing system where we do not control the assets.

Likewise, the traditional measures of power such as sales dollars, the number of people under one’s control, and so on

must give way to a concept of an executive responsibility for an area with very different measures of success. These measures might include words such as “mutual understanding” or “shared responsibility.”

This will not be an easy transition. The natural order of things favors bureaucracy, maintains the status quo, stifles the “weirdos,” and rejects new ideas. The new way of working demands that we be comfortable with and see as an asset, a work force that is diverse in terms of race, gender, culture, even work style. As Dartmouth President James O. Freedman once said, “It is often people the least like ourselves who can teach us the most about ourselves.”

We’ll also need to change our concept of loyalty and obligation. Companies can no longer guarantee job security — if, in fact, they ever could. What they can and should guarantee is the provision of opportunities for personal and professional growth. In addition, companies must provide the tools by which each individual can attain life-long training so that his or her skills are constantly upgraded to meet the requirements of the job at hand.

Ultimately, companies should strive to make employees eager to stay, but ready to go. This is a big shift. It moves responsibility from

the company to the individual to take advantage of opportunities. It is described by Chris Bartlett in the *Harvard Business Review* as a shift from “guarantee of employment to commitment to employability.” This will not be easy, because it flies in the face of the old paternalistic, controlling “cradle-to-grave” thinking.

We must increasingly think of all employees as professionals. With high performance work teams, the old days of “check your brains at the door” will disappear. In both manufacturing and administrative settings, high performance work systems entrust employees with strategic ownership of the business. Without question, this makes for a more inventive company, one that is able to respond to the requirements of a diverse global clientele. Even investors are beginning to appreciate that a company’s real investment today is no longer in machines, but in the knowledge of the worker.

Workers today – whether they are equipped with “conceptual” or “physical” skills – must be capable of thinking for them-

selves. They must be able to make critical decisions about their customers and their immediate work environment. They must possess “transferable” skills and be able to apply knowledge gained in one situation to very different situations.

All of this behooves us to make life-long training of each and every employee a priority – and not just for basic skills. The new way of working will require new skills such as empathy and listening. These skills can and must be

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learned with the same level of priority we put on technical skills.

Protecting Our Own

Perhaps most important as we turn the corner on the next millennium, companies need to own up to their social obligations and responsibilities to workers. If we ignore this responsibility, it

may be taken away.

There is a great euphoria about “market economies” and “globalization.” Corporate strategists proclaim the wisdom of comparative advantage, of leanness and meanness. If one can get software development done as well and cheaply in Bangalore as in Silicon Valley, so be it. If one has to announce a massive layoff as earnings are rising, well, that’s good for shareholders — almost always the stock price goes up on such an announcement. However, that kind of game cannot go on forever. Society will not stand for

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it. I am all for bolstering the economy of India or China or wherever — but we cannot forever neglect or ignore our own infrastructure, or our own people.

If we take a totally free-market view, over time our political institutions will inject themselves into the process, more than they already have, and that would be the worst outcome imaginable. There are already questions being

raised in this country about why the real income of average Americans is shrinking when corporate earnings, the stock market, and CEO salaries are growing.

If we in business do not show a sensitivity to this issue, and to the fate of our current work force — whether it be in France, the United States, or Japan — then someone is going to make some rules we don’t like. Jobs will be protected, borders will be closed, and we’ll be back in the Economic Dark Ages.

Thus, companies face the difficult but necessary task of balancing the need to be a global player and the need to ensure a healthy work force where we operate.

Regarding a healthy work force, the sort of changes

I’m talking about are invariably accompanied by stress at every level of the organization.

Even though employees will have to take a much more proactive role in their own careers through constant renewal and life-long education, this does not lessen the organization’s role.

Companies will have to apply resources to deal with stress.

Leaders will need to be sensitive and sympathetic, and help their people through it.

Companies will also have to show responsiveness to employees' needs outside the workplace. This means ongoing support for work-family balance and for flexibility in dealing with individual needs and concerns.

For example, it means continued financial support of the infrastructure in communities, whether it be child-care centers, United Way, or other community needs that enhance the quality of life in the places where employees work and live. It also means nonfinancial support in terms of personal involvement in communities, from the push to upgrade the educational system to help in creating a stimulating cultural environment.

A Hard-Nosed Strategy

Does this sound soft? Too humanistic and liberal? Believe me, it is not. Valuing "The Individual" and a continuing focus on people is a hard-nosed strategy that leads to a competitive advantage and long-term shareholder value. If executives believe in their people, if they support and listen to them, unleash their creativity, and get out of their way,

they will succeed.

The bottom line is that we in business are going to have to compete for talent much more in the future than ever before. Ultimately, the only way we can do this is to value "The Individual." This is crucial not just for corporations, but for any institution in society. I believe business leaders would do well to consider the advice from the Chinese philosopher Lao-Tzu. He said:

A leader is best when people barely know he exists, not so good when people obey and acclaim him, worst when they despise him. Fail to honor people, they fail to honor you. But of a good leader, who talks little, when his work is done, his aims fulfilled, they will all say "We did this ourselves." ❧

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