

The Anatomy of Our Corporate Philosophy

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INTRODUCTION

Corporate philosophy is not the exclusive purview of the corporate officers. In fact, a corporate philosophy is dead in the water if it is not embraced by the entire organization. Management, at all levels, has a solemn obligation to learn, accept and instill the philosophy into the day to day operations for which they are responsible. This means constant education of all our people, both new and old, and insistence that these precepts be followed in all of our transactions.

Basic to the implementation of our philosophy are the following principles:

1. **FAIRNESS.** All transactions must be fair to all parties to the transaction.
2. **VALUE.** The benefits dispensed by the corporation must represent value to the recipient. By the same token, we must expect to receive value in return.
3. **CONCERN.** We must be concerned with the objectives and problems of those with whom we deal. While we may not always be able to accommodate them, we must try to understand them.
4. **PROMPTNESS.** This entails respect for other people's time and their schedules. It means promptly returning phone calls, being on time for appointments, keeping our promises and a host of other things that boil down to common courtesy.
5. **PROFIT.** We do not expect others to sell us their goods or services without profit. Neither do we expect to dispense ours without proper compensation.
6. **TASTE.** Our products are on constant public display. We must always be aware of our responsibility to display them in good taste.
7. **SAFETY.** We must always be aware that our work entails the use of large equipment in high and sometimes remote places. Unsafe conditions for our workers, under any circumstances, are not to be tolerated.
8. **APPEARANCE.** Each member of our organization is our representative to the public. To those with whom they come in contact, they are Burkhart Advertising. Their appearance should reflect their pride in our company and consideration for others.
9. **PRIDE.** We should all take pride in the company we work for and the job we do. Let's be the best. Let's be professionals in every sense of the word.
10. **GROWTH.** Any company that fails to grow fails to provide the opportunities its people have a right to expect. By the same token, the company has a right to expect its people to grow in their jobs.

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Ideally, a corporate philosophy would be conceived at the launching of an enterprise and serve as a guide to all of the actions that enterprise may undertake. As a practical matter, this is seldom the case. In fact, a corporate philosophy evolves over a period of time as an enterprise begins to mature and find its place in the business community. This is not so surprising because the realities of the market place have a way of molding the character of a business as much as do the original precepts of its founders. In the final analysis, those who guide the business must ultimately determine how that business should react to those marketplace realities and fit those realities into the fabric of the corporate philosophy that emerges.

It would greatly simplify the job of explaining our company philosophy if it could be summed up in a single sentence or a short paragraph that could be applied to every and all situations. Unfortunately, the relationships that exist are too complex to lend themselves to such simple packaging. However, it is possible to identify seven broad areas of relationships that pretty well encompass the total spectrum of our corporate responsibilities and the philosophy of how we must respond to them.

A corporation is merely an entity (that has been created) to which, and through which, benefits can flow from various segments of our society. The corporation, to survive and prosper, is dependent upon receiving benefits from each of these segments. At the same time, each of these segments expects to have benefits flow back to them.

Successful management entails keeping this flow of benefits in balance for, in a very real sense; each segment competes with all other segments for its share of the corporation's finite resources. At the same time, if it is to survive and succeed, the corporation must compete successfully with the entire marketplace for the benefits it requires from these various segments.

We might consider the segments of our society that look to our corporation for benefits as constituencies. These constituencies are in competition for what they consider to be their fair share of the pie. The benefits we receive in return are the determining factors in our success.

The seven constituencies with which we are concerned are our investors, employees, customers, communities, suppliers, industry and the various levels of government that affect our business. Let's take a look at the exchange of benefits as they flow between our corporation and each of these constituencies and determine, as custodians of the corporate philosophy, what they should consist of and how best to manage them.

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FLOW OF BENEFITS

INVESTORS

The investors in a closed corporation are generally limited in number, as contrasted to vast numbers of stockholders that might own stock in a public company. The benefits they expect are basically the same; a satisfactory return on their investment, reasonable liquidity and an acceptable rate of growth. They also benefit from a pride of ownership of stock in a prestigious concern that enjoys a high level of public acceptance.

Financial institutions, such as banks, could also be thought of as investors, since they often supply start up capital as well as capital for operations and expansion. Financial organizations expect the benefit of a return of their investment as well as a return on that investment.

In addition, they expect growth in the banking relationship through corporate growth and expanded use of banking services by both the corporation and its employees.

Lenders also benefit by being identified as the financial institution that helped make possible the success of a company that supplies jobs and makes other significant contributions to the community. This, in turn, leads to support from the corporation in recommending the bank's services to others.

The corporation benefits from having an adequate supply of funds, to support its needs for start up capital, as well as funds for operations and capital investment. At every level of management, we must be conscious of the importance of assuring a satisfactory flow of benefits to the investor, whether it is bank or stockholder. They are the source of the primary life blood that enables us to operate and grow. Inadequate cash has been the downfall of many, otherwise successful companies.

Collateral benefits to the corporation include providing a financial resource to employees that might not be available otherwise, financial advice, recognition and recommendations. Investors and financial institutions are also an excellent source of information that may be important to the corporation.

EMPLOYEES

The key ingredient in the success of most businesses is the skills and dedication that its employees bring to the enterprise. Our company is no exception. The benefits the corporation derives from the contributions of its employees are vital to the success of our endeavors. By the same token, the benefits the employee derives from the corporation are, in most instances, central to the kind of a life that employee lives.

Not only do the employees derive the income to help pay the rent, feed and clothe the family, buy and fuel the family bus and educate the kids, but it also provides an anchorage in a complex society, a

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vehicle to achieve goals, and a chance to be a part of a winning team. While it is human nature to view the benefits an employee gains from a corporation in the terms of take home pay and fringes, the intangible benefits are of equal importance and often overlooked. We must always be conscious of the fact that the benefits the corporation derives from an employee are governed as much by job satisfaction and pride of accomplishment, on the part of the employee, as by purely monetary considerations.

The employee should benefit from good working conditions, adequate tools of the trade, proper training and recognition of achievement.

The employee must remember that the ability of the corporation to fund these benefits is limited by the benefits it receives from the employee in the terms of performance. That performance involves the skills, the dependability, the initiative, the creativity and the integrity the employee brings to the job. The corporation also expects the employees to be aware of company goals and have a concern for meeting those goals, as well as their own personal goals. In other words, concern for the job rather than the more narrow focus on their job. It should also be remembered that, to many in the community, an individual employee may be their only contact with our company. To those people, that employee is the company. He or she can greatly benefit the corporation if they reflect the positive thing for which the company stands. They will be judged by their appearance, their behavior and their attitude. So will the corporation.

CUSTOMER

Our customers, as our principal source of income, stand at the front of the line when benefits are handed out by the corporation. They expect, and are entitled to, VALUE. That translates into a good, quality product at a fair price. It also includes good service that reflects a concern for their needs and attention to their problems.

As a rule, most of our customers expect to benefit by increased sales from having done business with us. They expect good business judgment on our part and an ability to assist them in solving their problems. When we do it right they benefit not only through increased sales, but also from increased recognition and prestige. This comes from association with an outstanding presence in the market place, one of the benefits we are in a position to provide.

The principal benefit the corporation derives from its customers is, of course, income. From that income flows the money needed to meet payrolls, pay suppliers, fund fringes, pay taxes and provide profits that fuel the growth of our business. The company should benefit from payment and continuity of business when it serves the customer well.

Other benefits include the recognition and prestige of being a vital part of the marketing team of successful businesses, which in turn can lead to recommendations to other customers. The corporation can also benefit substantially from the support of its customers in legislative matters.

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THE COMMUNITY

The communities in which we operate benefit in a number of ways from our presence. Perhaps most importantly, we supply jobs and the resultant payrolls that are available for spending in those communities. We also provide a major medium of communications to the area. This is frequently used to promote community institutions and activities, often on a gratis basis. The communities benefit from the manpower we furnish to local organizations and activities, frequently in positions of leadership. We provide vitality to the community landscape and we promote the community to outsiders through our marketing activities....all benefits to the community.

The corporation derives many benefits from the communities in which it operates. Its customers, its employees, its suppliers and its financial support all come from the community. The community provides the culture, the recreation, the entertainment, the very environment in which we do business. When the community enjoys the benefits of our support, we earn the benefit of its support for our activities.

THE GOVERNMENT

When you think of benefits the various governments get from our company, taxes automatically come to mind and they are indeed significant. There are other benefits that governments derive from our corporation. They call on us frequently to support their various activities with advertising, money and manpower. We provide a medium of communication that is especially valuable to the local and regional candidates running for office. We supply reams of information through various reports they request. We provide publicity for the cities and towns in which we operate. Perhaps the most important benefit that Indiana governments derive from us is a stable, local ownership where they have ready access to the corporation's top decision makers.

The corporation receives many benefits from government, not the least of which is the permission to do business.

We also receive national defense, police and fire protection, utilities, roads and highways, judicial services and health and welfare benefits. Government is also a source of much information of value to the corporation. Education is government supported as are many recreational activities, all of which benefit the corporation and its employees.

INDUSTRY

As a part of standardized national advertising medium, our corporation provides substantial benefits to the industry. We provide a vital link in the national outdoor advertising network for a significant piece of geography. Along with that goes significant financial support for industry institutions. The industry benefits in the area of credibility from our ability to provide a quality, standardized service to national accounts. We provide information to the industry that helps it to present a uniform front in both sales and legislative matters. The industry also benefits from the positive legislative results we obtain at the local level.

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Over the years, the industry has benefited from educational activities of the officers of the corporation. Today there are dozens of men and women, profitably engaged in the outdoor advertising industry who received part of their training from officers of our corporation. The industry has benefited from countless man hours donated by corporate personnel.

The corporation enjoys benefits from being a part of a national network as national business enters the markets we serve. We also benefit from the fall out of national lobbying, legal and legislative activities conducted in behalf of the industry. The credibility we enjoy as a part of a standardized national medium is a benefit we get from the industry that establishes and publishes the standards.

Representation and oversight, by the industry, with national advertising groups and accounts, benefits our corporation in areas that are not accessible to us as an individual corporation. We also benefit from information they supply, as well as promotional and educational material assembled and distributed by the industry.

SUPPLIERS

Our suppliers benefit from the income and the profit derived from the sale or lease of their products or services to us. They have the benefit of prompt payment of their bills and a continuity of business, if they serve us well.

As we operate a successful business that is a leader in the field, our suppliers enjoy the benefits of being identified with a winner. Our use of their products and services serves as an endorsement of them and helps smooth the way to business with others.

This gives them recognition and prestige in the industry. Suppliers also look to us and others like us, as information resources on the use and value of their products. As such, they enjoy the benefits of product research at minimum cost to themselves.

The corporation benefits from the use of things furnished by suppliers in every facet of its business. They furnish us with our locations, materials, equipment, supplies, rolling stock, legal and auditing services, utilities, furniture and fixtures. We benefit from their manpower, their estimates, their research and their creative input. We benefit from their information and their education. The very fabric of our business consists of assembling and packaging the products and services of our various suppliers into our own products and services. We are only as good as they are

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CONCLUSION

We could expand, at length, on the flow of benefits to and from our constituencies, but it would only add emphasis to our interdependencies. We obviously are in need of each other.

As stated earlier, successful management entails keeping this flow of benefits in balance.

- If the investors take too much off the top, there may not be enough to adequately compensate the employees.
- If the pay scales or the incentive compensation get out of hand, the ability to serve the customer at competitive prices may suffer.
- If we give the customer too big a bargain, there may be nothing left over for growth.
- If we spend too much time on civic or industry affairs, we may neglect other important tasks.
- If we let our supply costs get away from us, we may lose our competitive edge.
- If we let government take too big a bite out of our resources, we may lose control of our destiny.

Look at the table of benefits as a wheel. As long as the benefits are properly distributed the wheel is round and the corporation rolls along on an even keel. Let the distribution of benefits get top heavy on any of the spokes, and the wheel get out of round, and the ride begins to get bumpy. As more spokes get out of balance, the vibrations can become deadly.

The resources available for distribution, by the corporation, are finite. Each of our constituencies loudly clamors for its share. Since we are distributing these resources at a variety of levels throughout the organization, it is imperative that we keep that distribution in balance at all levels. This can only come about if every member of our organization, who has authority to make a distribution, understands the parameters within which he or she may do so. It is the responsibility of the management, at whatever level authority is granted, to clearly define and enforce those parameters with all who are involved in the process.

In the final analysis, a corporation cannot have a philosophy. Only the people who make up that corporation enjoy that privilege. Wherever the word corporation appears above, read people of the corporation. If you are one of those so privileged, we expect the principles stated here to serve as your guide to the philosophy you apply to your job.