



Only following the rules...

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Only following the rules...

Today we are surrounded by examples of where process that seemed to have substance and credibility has apparently been ineffective in controlling excesses. The most stunning example of a system failing has been the meltdown in financial markets. Sophisticated performance incentives to focus talented individuals on increasing business success turned out to be nothing more than bonuses rewarding short term and often destructive behaviour. Wasn't there a whole raft of systems and processes in place designed to ensure everything worked as it was meant to? Perhaps underlying this was a belief that good people would use their judgement so that things would not get out of control. A failure of the system or a naively positive view of human nature? Were the individuals who made huge losses for their businesses, often because of ambition and greed, at fault, or did they just fall foul of a poor system?

“Wasn't there a raft of processes to ensure everything worked?”

The expenses scandal currently rocking the British parliamentary machine is another example of a system that had developed over years to ensure that MPs' allowances were handled according to a set of agreed rules. Many MPs have made genuine errors with their expenses (who has not?), but others have simply argued that their extraordinary claims were within the letter of the rules. That may well be true, however, once exposed to public scrutiny it has not taken long for the voter to deliver their own judgement.

Get the rules changed!

Two seemingly unrelated but catastrophic sets of events; are there similarities here? I think that there are. In both cases the individuals who made key decisions were 'following the rules'. Rules often made by people who were sitting at quite a distance from the complexities of the latest financial instruments in the City or from public opinion in the case of MPs. There may well be lessons to be learned by regulators and other rule makers so that in the future the rules are better written. But surely that's not all of it?

Responsibility and Transparency

Are we to believe that a financial trader operating at the cutting edge of his profession didn't know the potential impact of what they were doing and the risks they were taking? Is it feasible that MPs and their offices were unaware of the public perception of some of the things they were doing? Of course they knew. A combination of greed, cynicism and lack of openness helped to protect bad practice and the fact that many were operating 'within' the existing rules doesn't make any of us any happier.

Is there broader relevance?

In business there are rules, processes and other so-called bureaucracy everywhere that you look. However, the best companies that we work with do not rely on these alone to ensure that their leaders are doing the right thing...they focus on one or more of the following to help:

1. Simple, clear business direction and strategy communicated directly and universally.

2. Clear performance measures for the business and for individuals, assessed objectively on a regular basis.
3. A culture of openness, transparency and trust with a tendency to over rather than under communicate.
4. A focus, usually explicitly, on a set of common, agreed and understood values.

Why are we writing about this?

Recruitment is an industry which has historically lacked process and control. This has improved in many businesses, mainly by voluntary action rather than regulation. However, there remain many parallels with the situation which was the downfall of parts of the financial services industry and also to some degree with our Honourable MPs. These include a remuneration system that often rewards short-termism and a lack of openness and transparency.

Do something... make it better

Whether you are reading this as a candidate or as someone who recruits, we would urge you to take the time to really think about the nature of the recruitment business. When you talk with recruitment consultancies try to get a holistic perspective on what they do. Don't just ask about the process they use; ask about why the individuals you speak to are in the industry and what motivates them. Ask what values their business has and what commitments are made to levels of service. Ask how they treat their own staff and look at all times for openness and honesty in all your dealings with them. Much has been made in the media about this recession being a wake-up call to encourage more of us to think about ethics, the importance of good old fashioned authenticity and to reject the excesses of greed. Perhaps we can all do our bit to help!

“Think about the nature of recruitment... this recession should encourage us to think about ethics and authenticity”

A Word from the Partners

We hope you've found this piece interesting and useful, and we'd love to hear your thoughts on this subject. If you would like us to explore this subject in more detail, or if you would like to suggest other topics, please don't hesitate to contact us.

We look forward to working with you.

Best wishes

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