





## Viewing *The Story of the Character-based Car Company*

- The book file opens in your browser. Note the two levels of tool bars at the top.
- At the right corner of the top tool bar, click on the arrows  for the expanded view.
- In the second level tool bar at the right end, click on the  and be sure “Vertical Scrolling” is selected.
- In the center of the second level tool bar, set the size to “Page Fit”. The + and – symbols to the left of the size setting tool increase or decrease the size of the page image in 10% increments.
- Further to the left on the second level tool bar is an indicator that shows the number of the page being viewed. The down arrow advances to the next page, while the up arrow goes to the previous page. The arrow keys on your keyboard can also be used for navigating to the next or previous page. Scrolling moves the pages vertically.
- At the left end of the second level tool bar, click on the symbol  to open the left panel and reveal a third level tool bar. Clicking on the  symbol displays a thumbnail of each page in the book.

**Click the down arrow key to advance to the book cover.**

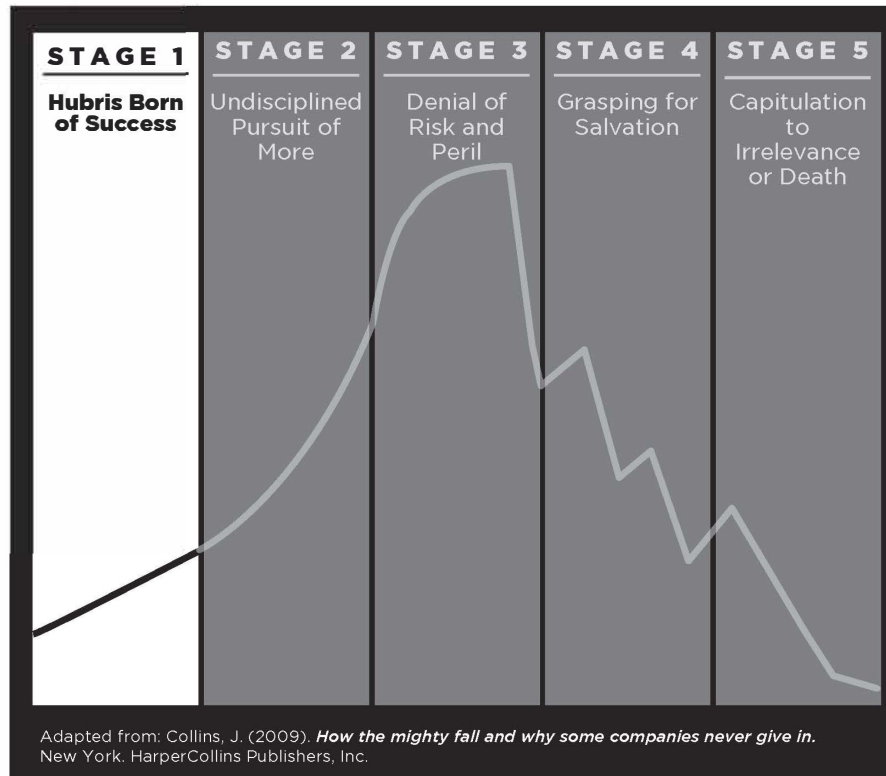
*The Story of*  
THE CHARACTER-BASED  
CAR COMPANY  
*Leadership for an Innovative Culture*



STEPHEN G. FALLEK

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CHAPTER 1

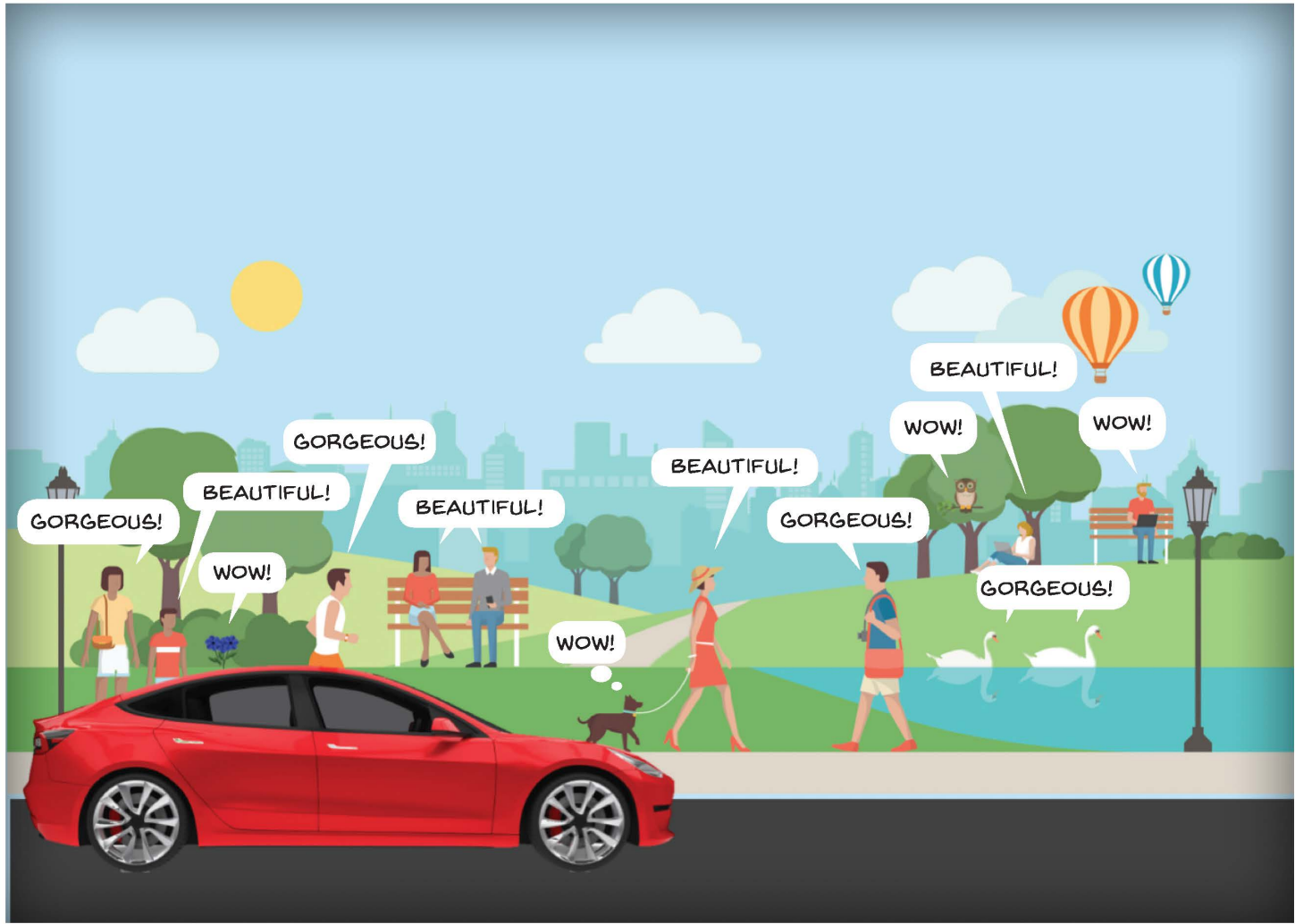


**MAKE MORE MONEY MOTORS:**  
Hubris Born of Success



Once upon a time, Make More Money Motors was one of the big automobile companies, but not the biggest. It made large, powerful cars that were very fast and very beautiful. When one of their company's cars went by, everyone went "Wow!", "Beautiful!", "Gorgeous!"







Make More Money Motors was owned by financial investment firms. To run the company, these firms hired senior managers with track records of making more money for their former companies. Everyone called them the Big Bosses. They were impressed with their own success. They had big egos. They were arrogant, and greedy.

When the Big Bosses made more money for the company, the owners paid them bonuses of more ownership shares. Because the company was big and successful, these shares were worth a lot of money. The Big Bosses were only interested in the company making even more money so they could get bigger bonuses. They roared their orders.



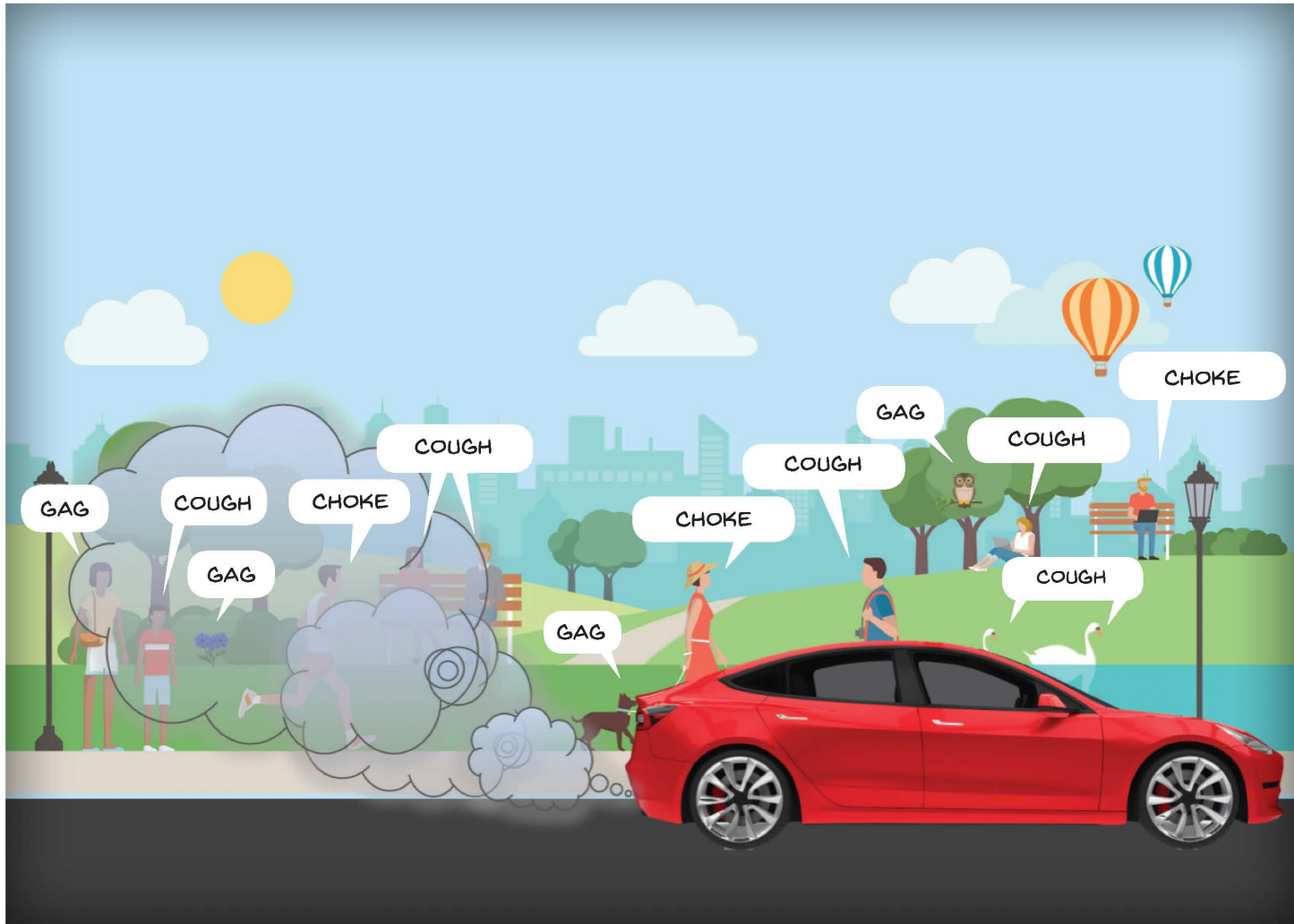






The cars from Make More Money Motors were powerful because of their big gasoline engines. This made the cars fast, but they used lots of gasoline and their exhaust dirtied the air with particles that were bad for people, animals, and plants.



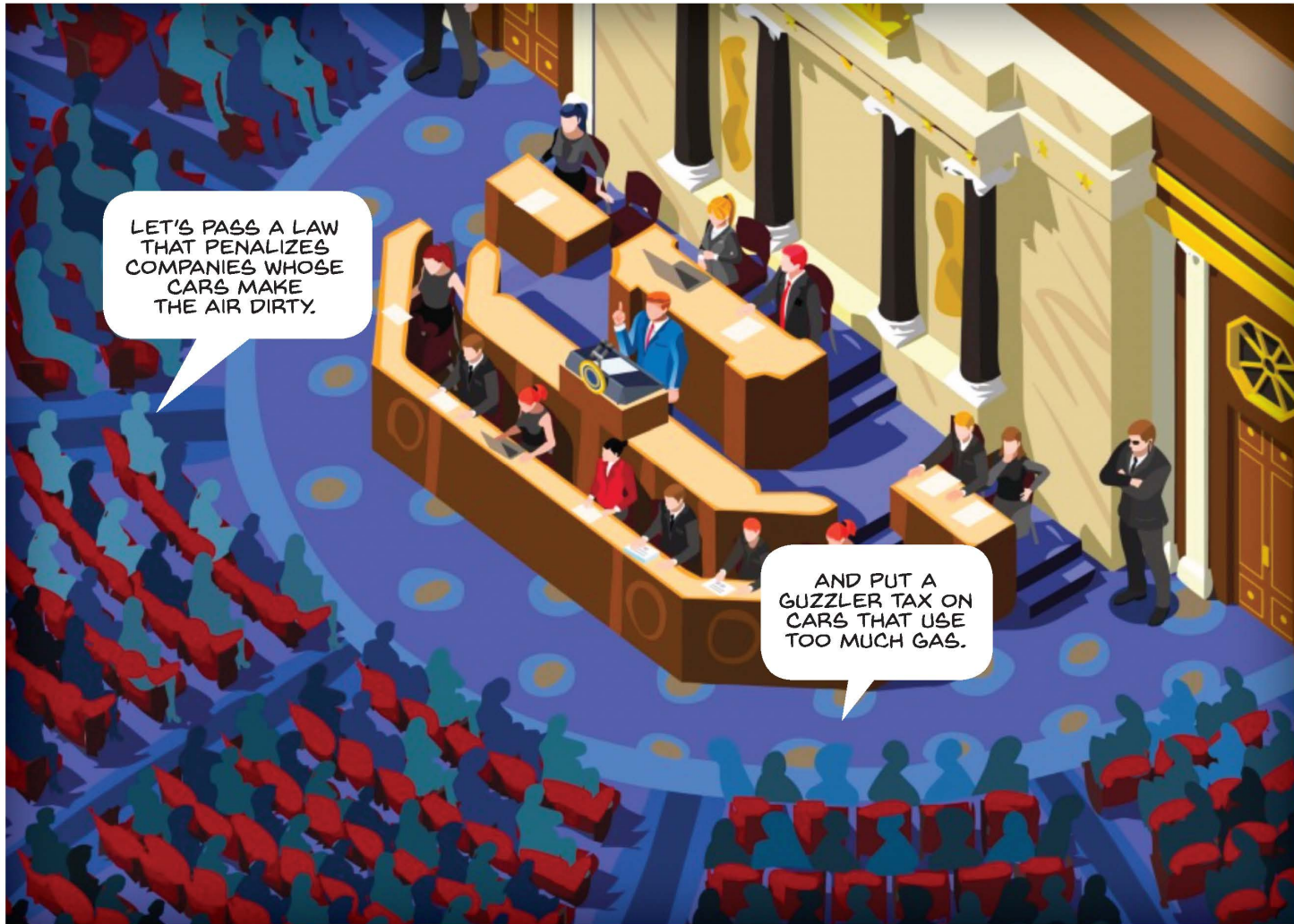




Gasoline prices were low because several years ago less costly ways were discovered to get oil from the ground. The amount of oil and gasoline available was greater than what was needed. But gasoline usage rose as the world's population grew and peoples' incomes increased. More miles were driven. Travel of all kinds was increasing as were the sales of products that required shipping. Soon oil prices would begin to climb. Any breakdown in the supply of gasoline could cause prices to go sky high. The country's economy would have serious problems.

Government officials wanted to protect air quality and reduce the use of oil. They made rules to limit the bad particles that spewed from cars' exhausts and charged taxes on cars that guzzled gas.





LET'S PASS A LAW  
THAT PENALIZES  
COMPANIES WHOSE  
CARS MAKE  
THE AIR DIRTY.

AND PUT A  
GUZZLER TAX ON  
CARS THAT USE  
TOO MUCH GAS.



The Big Bosses didn't care about air quality or using less gasoline. The company made more money on big cars with big engines. So, the Big Bosses continued manufacturing the cars that generated their past successes. With gasoline prices low, more customers would buy their big cars with big engines. The customers would be the ones who ended up paying for the government penalties and taxes.

The Big Bosses didn't care about the company's employees or suppliers. Nor were they trustworthy. The Big Bosses just wanted more shares in the company.





LET'S GIVE BONUSES  
INSTEAD OF RAISES.  
THAT WAY OUR COST  
OF PAYING WAGES AND  
RETIREMENT BENEFITS  
WON'T KEEP GOING UP.

WE DON'T HAVE TO  
PAY THAT SMALL  
SUPPLIER ALL WE  
OWE. THE OWNER  
CAN'T AFFORD TO  
SUE US.

GREAT IDEAS!  
THE COMPANY WILL  
MAKE MORE MONEY!  
AND WE'LL GET  
BIGGER BONUSES!!



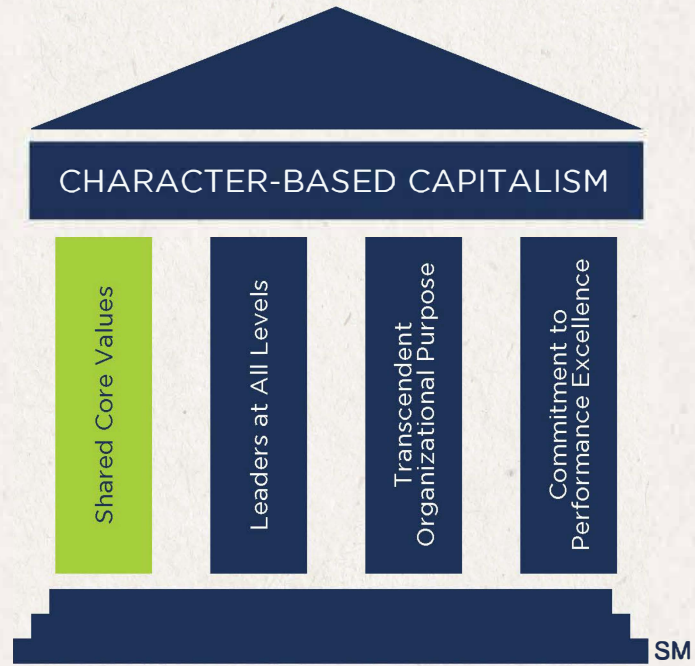
The Big Bosses came from different companies each with its own way of doing things. They were hired because of how much money they made for their previous employers. Motivating and working well with others were not part of the decision process. The Big Bosses did not like each other. Each thought he was the smartest. Their orders clashed. This made the company reactive<sup>1</sup> with assignments often switching from one project to another.

Because of the mixed messages and constantly changing instructions, employees saw their work as disorderly and confusing. Lots of mistakes needed to be fixed and tasks took much too long. Make More Money Motors was a stressful place to work.









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## CHAPTER 2



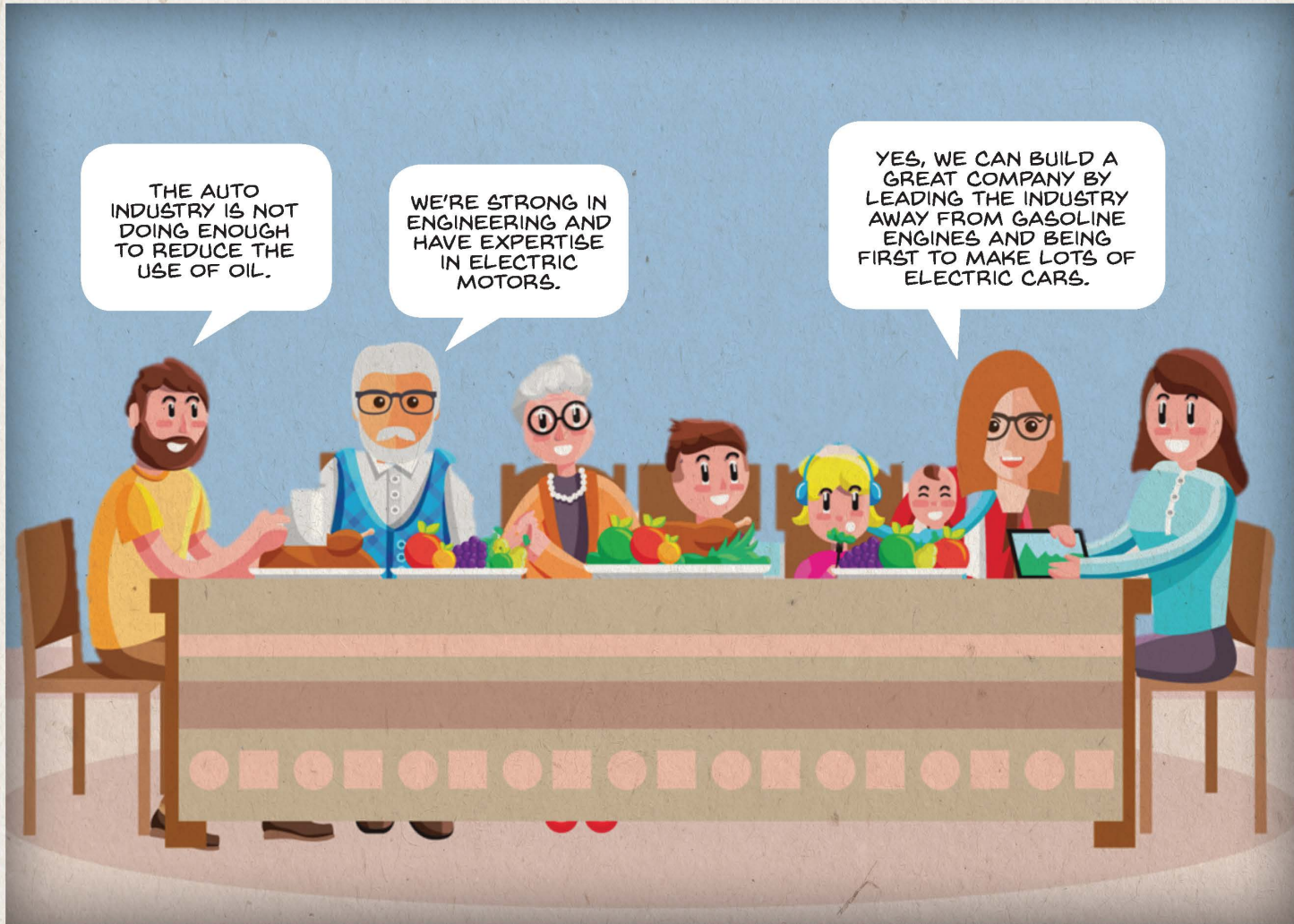
# **CHARACTER-BASED CAR COMPANY:** Shared Core Values

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Across town, the Character-Based Car Company had its headquarters. The company made electric cars. It was started by a family that owned a successful business making electric motors for machines. The family became concerned about air quality and the danger to the country from future high oil prices. They believed they could do something about these challenges and make money from doing what is right.

The family owned part of the Character-Based Car Company. Other owners included individuals and families who believed in the future of the company's electric cars. Employees were awarded shares to give them a stake in the company's success.





THE AUTO INDUSTRY IS NOT DOING ENOUGH TO REDUCE THE USE OF OIL.

WE'RE STRONG IN ENGINEERING AND HAVE EXPERTISE IN ELECTRIC MOTORS.

YES, WE CAN BUILD A GREAT COMPANY BY LEADING THE INDUSTRY AWAY FROM GASOLINE ENGINES AND BEING FIRST TO MAKE LOTS OF ELECTRIC CARS.

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The Character- based Car Company began making electric cars which were small, not very powerful, and kind of geeky looking. The batteries for the cars were expensive, but the cars did not harm the air and required no gasoline. They cost the car owners much less to run than cars with gasoline engines.





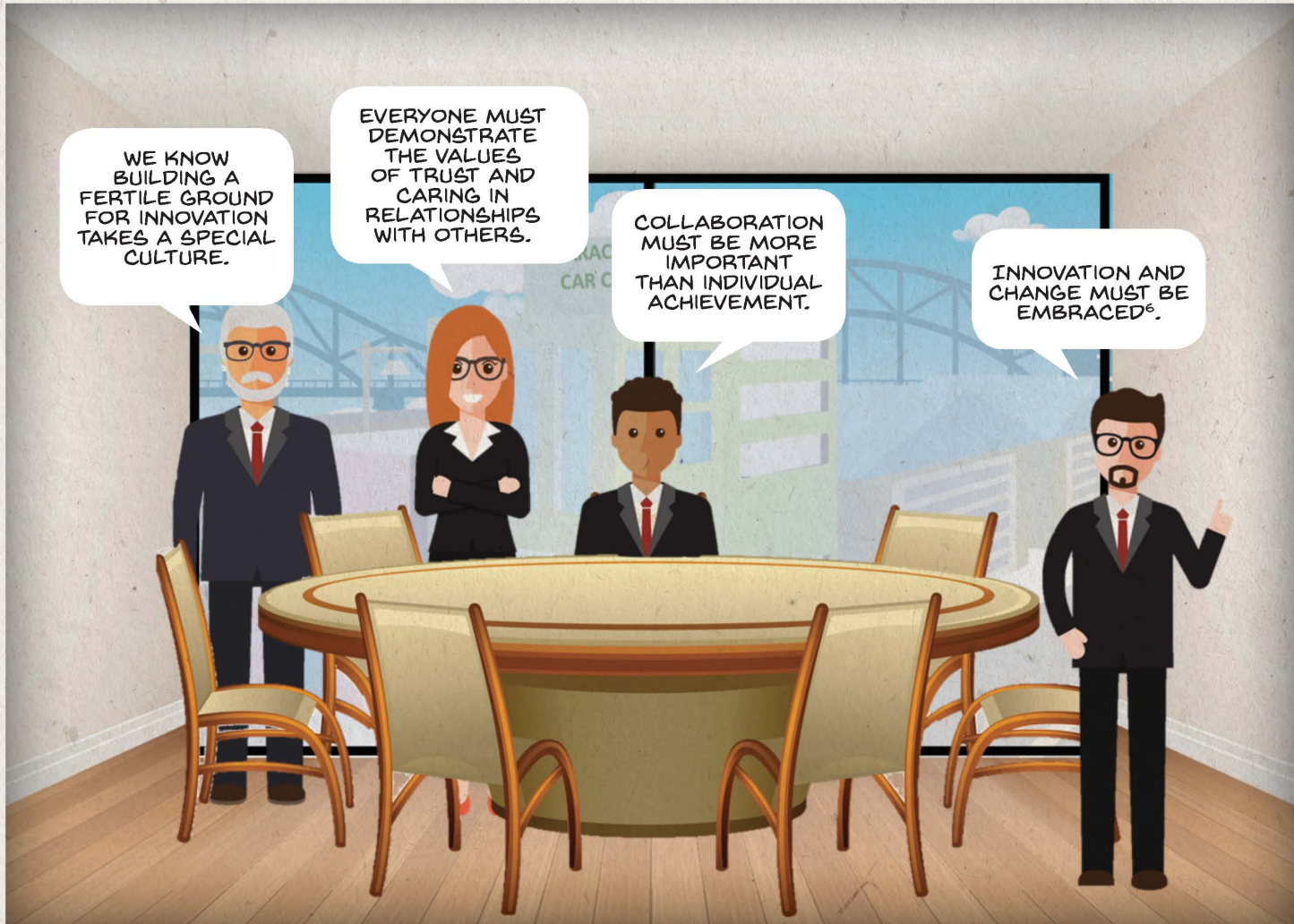
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The family knew that to lead the auto industry toward making electric cars, the company's vehicles must attract customers by performing as well as cars with gasoline engines. Many innovations were needed, especially improvements in batteries.

The founding family selected Executive<sup>2</sup> Leaders with a track record of putting together "the right people, processes and product"<sup>3</sup> to make a successful business. The Executive Leaders realized the importance of encouraging actions that not just make money, but also inspire peoples' hopes and desires<sup>4</sup>. Most importantly, they knew how to build a culture that was a fertile ground for innovation<sup>5</sup>.







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Working at the Character-based Car Company was Rainbow's dream job. She was born on a tropical Caribbean Island with exotic plants and beautiful beaches. Her father was a car mechanic with his own repair business. Rainbow developed her love for automobiles while going with her father to test drive customer's cars. The family moved to this country when she was eight.

When Rainbow was old enough for college, she earned degrees in engineering and business. After finishing school, Rainbow immediately applied for a job with the Character-based Car Company just as it was starting up. Rainbow radiated energy. When the Executive Leaders interviewed her, they liked that Rainbow was excited about working in the automobile industry and that she wanted to make the world a better place. Her sense of humor and attitude of "let's try it and do it" sealed the deal. Rainbow was hired on the spot.





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The Executive Leaders' first step toward an innovative culture was to develop a set of values that clearly stated how people should behave toward each other. Sharing core values that include trust and caring creates a workplace that puts people first, so everyone feels comfortable expressing ideas without fear. And this in turn drives innovation.

It was important for employees to own the values. Instead of telling them to employees, the Executive Leaders formed and guided a team to create the values. Rainbow was on the team. Members came from different departments and organization levels, so all employees felt represented. The team members started by talking about leaders each admired and the qualities they had in common. They noticed that the common qualities included trust and caring. Next, the team developed the shared core values for the company.





WE EACH PICKED OUR TOP FIVE VALUES AND LISTED THEM ON THE BOARD.

1. Trustworthiness
2. Respect
3. Responsibility
4. Fairness
5. Caring
6. Citizenship<sup>7</sup>

SIMILAR VALUES WERE CLUSTERED. THEN, WE VOTED TO SELECT THE ONES THAT ARE MOST IMPORTANT FOR THE COMPANY.

WE'VE DONE IT! THESE WILL BE OUR COMPANY'S SHARED CORE VALUES.

WE USED THIS CHECKLIST OF VALUES.



To make sure the meaning of each value was clear, the team created stories about employees' every day behavior that followed the values and achieved results. Then, using the stories, Rainbow and a teammate wrote definitions for the values. The team made a presentation to all employees about the values. Everyone at the Character-based Car Company put the shared values into action. This created the company's character and built a culture of Character-based Capitalism for "Making more money by doing what is right for all stakeholders\*".

The company's values touched employees' hearts and minds. Rainbow loved her engineering job and exchanging ideas with co-workers. Everyone lived and breathed the values which were reinforced every day.



\*Stakeholders include employees, customers, suppliers, investors, the community, the country, and the planet.

### Hiring

CAN YOU GIVE ME EXAMPLES OF HOW YOU'VE SHOWN TRUSTWORTHINESS AND CARING IN YOUR PAST JOBS?



### Everyday Behavior

JANE, WHEN YOU YELLED AT HELEN, YOU BROKE OUR VALUE #2 FOR RESPECT.

YOU'RE RIGHT. I DIDN'T REALIZE. I'M SORRY<sup>8</sup>.



### Recognition

THANKS FOR SHOWING TRUSTWORTHINESS AND CARING IN SOLVING THAT CUSTOMER'S PROBLEM.



### Performance Feedback & Self Evaluation

YOU DID A GREAT JOB FIXING THAT PROCESS. NOW, LET'S TALK ABOUT HOW YOU LIVED OUR VALUES WHILE WORKING WITH OTHERS.



Starting a new car company was a big challenge. Rainbow and other employees at the Character-based Car company worked well together and with suppliers to get the first electric car model made. Rainbow felt a sense of accomplishment when it was introduced. Car Buyer Magazine did a comparison test with a four-door car from Make More Money Motors. Rainbow drove the car to the test track. The people from the magazine were eager to drive the electric car. The cars attracted customers who wanted to protect air quality and save money by using no gas.

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### **MAKE MORE MONEY MOTORS**

- + Goes fast, beautiful design
- Uses lots of gas and has gas guzzler tax



### **CHARACTER-BASED CAR COMPANY**

- + High quality, electric instead of gas
- Slow, geeky looking, battery charge takes hours and only lasts 50 miles



