9.1. PHILOSOPHY

The formulation and progressive evolution of a coherent company philosophy underpins all of a company’s activities. It is responsible for the attitude which employees are encouraged to adopt towards the manufacture of the company’s products and towards customers, suppliers, and each other. For a philosophy to be credible, a company’s activities must be seen to be derived consistently from it. In its most basic form a company philosophy is a positive statement of the approach adopted towards the challenge of staying in business. Two very simple and different philosophies are:

1. We will operate from a high technical expertise, giving us an outstanding ability to take on high value and personally rewarding work.
2. We will operate conventional, well-established methods in an extremely cost-effective manner, enabling us to offer our products at a lower price than our competitors.

Expanding from the basic philosophy of the company’s business platform, there are a number of areas in which a clear statement of company policy is necessary:

1. The company’s responsibilities to its beneficiaries.
2. The company’s expectations of its employees.
3. The company’s attitudes and responsibilities to its employees.
4. The company’s policies and attitudes in its dealings with suppliers and customers.
5. The nature and direction of company development.
6. The company’s responsibility for the environment in which it is located.
7. The company’s responsibilities for the local communities, particularly those from which it draws its employees.

Additional major items include policies on unions and union membership, and relations with governmental and legislative bodies.

Operating a company within the context of a well-formulated philosophy provides a basis for consistency and reliability in business and yields that important attribute—"a good reputation." The lack of a coherent philosophy results in expediency becoming the keynote of company activities, which makes planning very difficult and leads to unpredictable and unreliable dealings, both internally with employees and externally with suppliers and customers. This arises from individuals or groups within a company evolving their own policies for company activities, which may be in conflict with their own interests, those of their colleagues, and those of the company.

The nucleus of the company philosophy is usually dictated by the beneficiaries of a company’s activities, tempered by legislative and social constraints. It is then amplified into a practical manifesto, from which a business plan may be formulated, by the executive management, headed by the chief executive.

Publication of a summary of company philosophy can establish a consistent base from which dealings with customers, suppliers, and employees can proceed. It may also have the effect of enhancing the business reputation of the company, provided that the philosophy is praiseworthy and the company’s activities are seen to be consistently within the stated philosophy.

9.2. COMPANY ORGANIZATION

9.2.1. The Company’s Beneficiaries

A company exists primarily to benefit the owners or shareholders through the making of profit. To do so, it also has to provide adequate benefits for its employees, for them to continue to work for it in a constructive and reliable manner. This in turn benefits the communities from which employees are drawn. In addition, many companies include the support of community projects and activities in their philosophy. However, the shareholders or owners and the employees are the beneficiaries whose actions exert the greatest influence on company activities and viability, and this section will be mainly concerned with them.

If a company does not consistently provide a level of benefit which