

Transcript of an interview with H  l  ne Vletter- van Dort, published as a podcast by TrustTalk (<https://pod.co/trusttalk>), Episode 8, December 20, 2020

Intro Voice: Welcome to another edition of TrustTalk. Our guest today is H  l  ne Vletter-Van Dort. She is a professor of financial law and corporate governance at Erasmus University in Rotterdam, Netherlands. She is a member of various supervisory boards of a Financial Services Company NN, formerly known as "Nationale Nederlanden" and the Dutch Public Broadcasting Organization NPO, as well as chair of the Supervisory Board of Intertrust NV. She speaks about commitment and culture and is inspired by Ben Horowitz's book "*What You Do Is Who You Are*". At the centre of her work is the importance of corporate culture and the relationship with corporate values. Culture is not with us on a corporate website, but what really lives in the company. She talks about Uber, a company that went through a thorough self-reflection on its corporate culture and her experience with the hospital where she was overseeing the board. Your host today, Severin de Wit.

Interviewer: H  l  ne, good to have you at TrustTalk. You are a professor of Financial Law and Corporate Governance at Erasmus University, Rotterdam, Netherlands, and you are a member of various supervisory boards. Today we will be talking about corporate culture and trust. Before we dive into the question of what culture means, do you see a deteriorating trust in large companies by the public?

H  l  ne Vletter-van Dort: Absolutely.

H  l  ne Vletter-van Dort: I think, what you see across the board is that people, because of the fact that that companies are failing and there are scandals that people mistrust, large companies as a whole. Um, and I think they also question the motives of why certain companies are there almost. Corporate culture often is a synonym for core values.

Interviewer: In his book, "What You Do is What You Are", Ben Horowitz says it's not. He wonders what culture is. My question to you is, what's your opinion about Horowitz's book?

H  l  ne Vletter-van Dort: Well, yes, some very interesting observations. And he has done some very interesting studies, and for instance, one of the examples he uses is a culture change that someone wants to achieve at an, I think it was, a basketball team. So every day, they needed to - let's say- they had their team meeting at noon and he said "noon" means you come five to twelve, you're there five to twelve. And everyone who came who was there AT noon was late and got a fine, had to be pay, I making this up, a thousand dollars because he says, "I want to start at noon". So it's all about wanting to be there on time, wanting to engage at the time, he indicated. So if a leader says I want you to engage from a certain time onwards, that doesn't mean you show up at noon. It means that at noon you start. So all the chit-chat takes place before that. I think what would that achieve because you would say why a basketball team? I mean, why do they have anything to do with time? And the

example was, I think very illustrative because it showed that that team actually became champion as well, because, yes, after all because these people learned about commitment and they learned about, being able to trust that someone else would be there at the given time as well for you to engage and also to respect each other's time. Because if one person shows up late, he that's can be considered as a certain amount of disrespect for, uh, for someone else.

Interviewer: Speaking of corporate values, it seems that this is more something conceived by a marketing agency as a signboard for the customers. Those values look nice in the annual reports or on the corporate website, but chances are they don't really exist in your organization, nor are they being felt that way by employees and customers. So how do values relate to culture and what is their relation with trust?

Hélène Vletter-van Dort: Well, I think you're definitely right in the statement that to many people values are something you see on an ad about your company and you don't recognize at all, but I do think that a lot of companies these days are actually trying to bring those values to life and to actually what they then call run culture programs and see whether the values that have been identified at boardroom level, whether they are actually ingrained in almost the DNA of the company. And I think more often than not, they find that the values are not really ingrained in the company and that the average employee doesn't recognize all of the values, maybe some of them, but not all of them. So then I would say the board knows what to do, either change the values or change the way people work in the company. So I think trying to make that alignment between what's on your website and what lives in your company, that's a challenge.

Interviewer: Let me take an example, if I may. It's about Uber. The company faced serious empathy problems, empathy being one of the key ingredients of trust, and that was caused because of his focus on growth at all costs. Relationships with stakeholders, drivers and employees weren't doing that well. Drivers needed to be assured that their safety wouldn't come second to the company's financial performance. So they started with a program to rebuild trust. Internally, they started to rewrite Uber's cultural values. After multiple replies by employees, they ultimately settled on a new cultural motto "We do the right thing, period". Do you see this focus on corporate culture as a challenge for large Dutch companies as well? Or is this typical or for start- or scaleups?

Hélène Vletter-van Dort: Well, actually, what's interesting also in Ben Horowitz's book, he actually uses the Uber example as well.

Hélène Vletter-van Dort: And the question, of course, but me being a lawyer, maybe that's the initial reaction. We do the right thing, OK, what's the right thing and why "period"? And so are you consider "right". Because right depends on, I guess, which stakeholder you're talking to, because what may be right for a driver may not be right for the customer of the driver and may not be right for the shareholder in Uber. So I guess what he wants and what they want is for people to think about what

is right for all stakeholders and what is the best solution, given the fact that you need to take into account the expectations of all of your stakeholders, which in the end for Uber is that you want to have a safe drive from A to B.

Hélène Vletter-van Dort: I understand where they're coming from, but I do wonder whether that statement brought them what they wanted. But I do think it changed the company. So in a sense, you can say it did bring them what they needed. I don't think it's defining corporate values and then trying to shape the culture so that it matches the values, because that's what Uber did. So they first defined the value, "we do the right thing" and now I want everyone to act in accordance with that. I think that is something that probably any company needs to do. Even if you're only working with one other person, you still need to be able to understand what you mean, unless you're holding each other's hand 24/7. I mean, you are bound to do your own thing and then you need to be able to trust each other in doing what the other feels is right as well. And again, we have this discussion about what's right.

Interviewer: Isn't there any difference between large public companies and scaleup or start-up companies?

It's probably easier in the start-up companies. If you're with less people, you can sort of check the culture slightly easier, than if you have a couple of thousand people spread out over so many countries, it's much harder to understand what the culture is in that specific branch or subsidiary. And also you get if you're a company with subsidiaries in multiple countries, you also get the I would almost say the national culture or value mix ingrained in the corporate culture of that specific location. So the question also is, do you take that into account or do you want to have one uniform culture no matter in which location you are? I think that also very much depends on what kind of company you are. But that's something you need to consider as well.

Interviewer: A corporate culture that punishes dissent or buries conflict seems to be a major enemy of trust. Would you agree with that? And have you experienced that in companies where you are in the role of supervisory director?

Hélène Vletter-van Dort: I certainly agree with them. I think I would almost say as a professor in governance and corporate governance, I mean, you value the added benefit of an open dialogue and checks and balances. I mean, isn't that what it's all about? It's checks and balances and people feeling free to speak their mind. And if there is a culture where people don't feel free to speak their mind, they are likely to distrust each other because they don't know what the hidden meaning is of what someone says and whether they're, for instance, a leader that doesn't have an inclusive leadership style, but leads through one on one, conversations with the team will almost always create a culture where the individual members of that team will ask themselves, have I been told exactly the same story as my colleague? And if that happens, then either they check with the colleague or they don't.

And if they don't, then individually they'll have their own interpretation of what the CEO said, which creates uneven balance or almost imbalance. And I think in the end, that will lead to people leaving.

Interviewer: In an earlier interview at TrustTalk with Jaap Winter, it came up that proximity is important for trust. In corona times that's quite a challenge.

Hélène Vletter-van Dort: That's also why I'm going to say maybe two months ago I wrote an article in the Dutch Financial Times about the challenges of a supervisory board in corona times, meaning in times where you don't get to be in the office in person. So if you only have meetings through video calls, then you don't get the opportunity to actually walk along the corridors to actually knock on someone's door, to have I call it the coincidence information. You don't get that.

Hélène Vletter-van Dort: You only get the information, which is that has been scripted and is especially presented to the supervisory board to read and advise upon or decide upon. Whereas as a supervisory board member, because you're not in the office every week, the value of the coincidental meetings that you have. And I actually purposely create those sort of coincidents.

Interviewer: the famous coffee machine,

Hélène Vletter-van Dort: the famous coffee machine, the lunch breaks, the when I was on the board of a hospital, I used to come to the meetings, which were always held at the hospital. At the end of the day, I would come like half an hour or three quarters of an hour before the start of the meeting. I would just sit in a waiting room and look at how happy the people were looking that was sitting in the waiting room. Were there really angry because they've been waiting for an hour and they still weren't able to see the doctor? Or was the sort of machinery working like clockwork? If you see a lot of unhappy people, there were like, jee, you know, my appointment was half an hour ago and I'm still here. And then you have your board meeting and the CEO tells you what, everything is going fine. You know, everyone's happy then, you know, that's not true. So I think the the added value of actually being there and feeling what the atmosphere in the company, in the hospital, whatever organization you are a non-executive at, feeling that, that is something you need to be able to function properly.

Interviewer: right, and taking the temperature of the organisation.

Hélène Vletter-van Dort: Yeah. And I think now because of the fact that we are unable to actually be there physically, we miss all that. So we have quite a few, yea, questions about how should I explain, how should I, in what kind of a context, should I put the information that people you know, but, um, in my corporate app where we all will get our books and documents and everything.

Interviewer: Right. Right, right. Another thing I would like to ask, I know you are intrigued by the question how you measure if a company or organization lives up to the culture promises.

Hélène Vletter-van Dort: One of my things I'm working on is the question, do you as management know why your trainees decided to stay with you? I know why they signed up to do a traineeship because you had a beautiful website and all that and because you have a good reputation and that's why they became a trainee. But why do they stay? What do they expect from this particular company? And I think if you as management, as leadership, understand what the expectations are of your youngest trainee and how they want to shape their future and their career, then you will understand how your culture is actually being perceived by those people. And then you can check whether that actually matches with how you want the company to be. And I think that check that almost check-in, that is something that companies need to do and not many actually do. I mean, they run all of these culture surveys, but from the people I've spoken with, hardly anyone is really truthful and honest when they fill out an employee engagement survey or whatever, because they say, if I say anything negative, I'm sure my boss will find out and I'll get punished anyway, so you need to find a different tool to actually measure what is it that makes my company attractive to young people? Because in the end, if you're able to home-grow talent into future leadership, I think then you are a successful company.

Interviewer: If we talk about measurement of culture and wonder if the company lives up to its expectations, would third party measurement tools, prefer it over internal procedures?

Hélène Vletter-van Dort: Absolutely.

Hélène Vletter-van Dort: I think that's what my example of the employee engagement survey, which is usually run by the company itself, um, the only question is, of course, you need to have a reliable third party because it means that that third party will have your data. And again, in order for employees to freely speak their mind to an outsider, they need to, there we go again, they need to be able to trust that third party. So it's all about how you present that third party and what you then allow that third party to do with the data. For instance, make sure that everything an employee says will be anonymized and that it will not be brought back to someone's boss if the employee says something negative or whatever. So I think it's really important that you that you are that you take good care of presenting this outside party as a party that is, on the one hand, fully trustworthy and on the other hand has free reign to ask anything they feel is appropriate to measure the culture of the company and to measure, I think, the expectation of its employees. And I think if you do that, then it's likely to give you as management, probably some more honest results, which you may like or you may not like. If you like them, then you're doing a good job. If you don't like them, you have some work to do. But in the end, I mean, you shouldn't, and I think that's also where some companies do this sort of thing almost as a tick the box thing in my mind, you, when you decide to do such a thing or have it done by a third party, should be prepared to work with the results, because if there's one thing that

makes your employees lose trust is if they spill the beans to an outside party and then nothing happens. So then they want they really want for management to take their concerns serious. And of course, you always have negative employees who will say awful things because they're unhappy. So you need as a management, of course, need to carefully assess what kind of comments you take on board and what not. In the end, it's your company,

Interviewer: you have to filter out some negativism that may be due to unhappiness because you get the best sleep or exactly as an awful colleague that he can't get along with stuff like that. So if we're talking about measurements for the last. My last question would be, are you actually aware of companies in the Netherlands or outside the Netherlands that actually do that, that measure the culture in the company?

Hélène Vletter-van Dort: Yes, there are. There are companies that measure culture, um, however, most of them do that through the traditional employee engagement. So still with almost with a questionnaire and there are these days, there are much more sophisticated tools to measure how someone is feeling. For instance, if someone, if you monitor someone's inbox and you see some emails this the employee responds to immediately and some he reads and almost marks again as unread or flags or discards and then looks feels like I have to have to reply to this, so then it looks at it again. That'll give you a sense of how this employee is feeling towards colleagues or maybe outsiders and customers. So there are very sophisticated tools that can actually do this. Of course, it all depends on data privacy and all that, how much of that you can use. But there are much more sophisticated tools that will actually give more of an honest answer than the traditional interview.

Interviewer: Thank you Hélène for being our guest today at TrustTalk.

Intro Voice: We hope you enjoyed this episode of TrustTalk, don't miss out on future travels around trust and subscribe to this channel or visit us on our website, TrustTalk.co or on Twitter @TrustTalkCo. We look forward to seeing you again soon.