

Hidden Value: How Great Companies Achieve Extraordinary Results with Ordinary People

by Charles A. O'Reilly III and Jeffrey Pfeffer

Boston: Harvard Business School Press, 2000. xvii., 286 pp.

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Charles O'Reilly and Jeffrey Pfeffer are both professors at Stanford University's business school. The basic argument of *Hidden Value* is that great (leading, profitable) organizations are built not by attracting the most talented (e.g., top ten per cent) people but by creating an organization that knows how to unleash the value of "ordinary" people. The argument is made by devoting eight of the ten chapters in the book to extended case histories of Southwest Airlines, Cisco Systems, AES, Men's Wearhouse and other companies. Cypress Semiconductor is included among the eight companies as an example of a company that doesn't quite yet get the point.

What are the key characteristics of these great companies? First, they emphasize a clear set of values above everything else, including profits. They concentrate on getting their structures and practices aligned with these values. Senior managers focus on making these values alive and real to the employees. Second, they carefully screen and hire for cultural fit, not just for job skills. Third, they invest a great deal in their people's training and growth. Fourth, they are characterized by widespread information sharing. Fifth, they rely heavily on team-based systems. Sixth, they develop rewards and recognition systems that constantly reinforce their values.

The remarkable thing is how terribly sane and common-sensical all of this is when you read an extended, well-illustrated presentation like *Hidden Value*. But the most obvious lessons of life often escape us. *Hidden Value* is a magnificent antidote.