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Congressional Testimony - Education and Workforce Committee - House of Representatives

C. William Pollard

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**Education and The Workforce Committee
of the House of Representatives
Washington DC
June 24, 1998
C. William Pollard, Chairman
The ServiceMaster Company**

Thank you, Mr. Chairman and members of the Subcommittee for this opportunity to present our views on issues confronting the workforce in America. I am here today on behalf of ServiceMaster. I serve as its Chairman.

We are a public company, listed on the New York Stock Exchange. We employ or manage over 230,000 people, and serve over 9 million customers. In addition to providing services under our ServiceMaster name, we also provide services under other market-leading brands including TruGreen-ChemLawn, Terminix, American Home Shield and Merry Maids. While most of our business is located here in the United States, we also serve in 38 foreign countries.

We are a company that has doubled in size every 3 – 3 ½ years for the past 25 years, adding more employees to our enterprise each year during this period. Over 50% of our workforce today are minorities and women. We have an aggressive program of promoting from within; 60% of our officers and senior managers today have started with us in entry level positions.

The growth in our business has also resulted in remarkable growth in the value we have produced for our shareholders. The compounded total return to our shareholders during this period has been 22%. We have consistently outperformed the S&P 500 and have been rated among the top 5% of Fortune 500 companies for our consistent return to our owners. This value creation has directly benefited our employees as over 20% of our company is owned either directly or on behalf of them.

But is profit an end goal or a means goal in business? Are the demands upon the firm to produce profits consistent with the development of people? In a world of downsizing and restructuring, where does the person fit? Should the corporation serve only as an efficient unit of production for quality goods and services or can it also become a moral community to help shape human character and behavior? What is the social contract as we enter the 21st century? Can a business be a community? A community with a soul? Is profit an end goal or should it be a means goal? Can the demands upon the firm to produce profits or results be consistent with the development of people?

In ServiceMaster, we are attempting to respond to these basic questions of the market place.

Much of our business may be classified as routine and mundane. We do such things as clean toilets and floors, maintain boilers and air handling units, serve food, kill bugs, care for lawns and landscape, clean carpets, provide maid service, repair home appliances. The task before us is to train and motivate people to serve so that they will do a more effective job, be more productive in their work, and yes, even be better people.

Our objectives as a business are simply stated: to honor God in all we do, to help people develop, to pursue excellence, to grow profitably.

The first two objectives are end goals, the second two are means goals. As we seek to implement the objectives in the operation of our business, they provide for us a reference point for seeking to do that which is right and avoiding that which is wrong. We do not use our first objective as a basis of exclusion. It is, in fact, the reason for our promotion of diversity as we recognize the potential and worth of every individual. It does not mean, of course, that everything will be done right. We experience our share of mistakes. But because of a stated standard and reason for that standard, we cannot hide our mistakes. They are flushed out into the open for correction and, in some cases, for forgiveness.

Nor is it a standard that should be used as a simplistic reason for our financial success. It cannot be applied like some mathematical formula.

In a diverse and pluralistic society, some may question whether our first objective belongs as part of a purpose statement of a public company, but regardless of your starting point, the principle that can be embraced by all is where it leads us, and that is the dignity and worth of every person.

So for us, business is not just a game of manipulation that accomplishes a series of tasks for profit with a gain going to a few and with the atrophy of the soul of the person producing the results. People are not just economic animals or non-personal production units. Every person has their own fingerprint of personality and potential. *Fortune* magazine recently described the soulless company as suffering from an enemy within and cited Henry Ford's quote as descriptive: "Why is it I always get the whole person when all I really wanted was just a pair of hands?"

As we recognize the importance of dealing with the whole person, we seek to link the performance of the task with the development of the person and at the same time assume responsibility for what is happening to the person in the process. What are they becoming in their work? Is the task as defined, the tools as designed and the training so provided contributing or detracting to the work and the worker? These questions force a self-energizing and correcting process that is never over and is the basis for our quest for continuous improvement in how we serve.

It does work and has been working now in our firm for over 25 years.

What then are some of the issues before us as we seek to grow and develop our business and, yes, create more jobs, but more importantly, to influence people in their work so that they can be contributing citizens in their communities and in their homes? What is the role of government in supporting, assisting, regulating and providing standards for the workforce and work environment of the future?

We are all familiar and have all experienced some of the positive changes that have occurred because government has led in encouraging and, in some cases, mandating changes in social mores and conduct in the work environment. There has been a need for fair labor standards. There has been a need to protect and enhance the opportunities of certain classifications of workers. These requirements have added to the cost of doing business but they have provided a healthier community and society and a growing number of productive households who in turn are paying taxes and purchasing goods and services. But as these various legislative mandates are reviewed and modified or new initiatives are added, I would ask that you consider the following.

1. What is good for the goose is good for the gander. Government should never exempt itself from any of the legislation it passes relating to the employment

environment. We commend you for the action taken in 1995 to make a panoply of various employment-related laws applicable to Congress and other federal employers.

2. The use of certain civil remedies in employment litigation has severely hampered the orderly and fair resolution of claims and violations of various employment laws. Please reconsider the present philosophy of using the trial bar and the court system to be a primary incentive for enforcing legislation. It is inefficient and does not lend itself to mediation and reconciliation.

3. The cumulative effect of the discrimination laws provides a presumption that any termination involving employees in a protected class is discriminatory. When a restructure becomes necessary, there is little flexibility in seeking alternative positions for those in a protected class. As a result, the laws as implemented are creating more dislocation of employment than is necessary. There must be another answer to this dilemma.

4. The Americans with Disabilities Act (ADA) and the Family Medical Leave Act (FMLA) have created difficult administrative problems for most employers. The definitions and coverages are just too broad and ambiguous. You have already received numerous comments on this subject in previous testimony given to the subcommittee.

5. The Fair Labor Standard Act, originally enacted in 1938, has simply not kept pace with modern times by recognizing the changing work environment and composition of the workforce. The hours of work, the definition of the job and the location of the job are changing rapidly. This subject needs to be thoroughly studied and reviewed before any changes are made, but an out-of-date law does not help anyone.

6. What is the new social contract between the employer and the employee for the 21st century? What role will government play in helping to define this contract? This is a serious issue in the workplace today. We live in a workplace that is rapidly changing. We use words like downsizing and rightsizing to mask the reality that people lose jobs for reasons other than performance. In fact, it has been suggested that we now live in a post job world.

Over 75% of what we are doing in ServiceMaster today we did not do ten years ago.

How does one keep up with the pace of change? Continuing education and training is no longer a nice thing to do – it is a necessity.

This means that the workplace is increasingly becoming or should be becoming a place of training and education - what I refer to as the University of Work. The distinctions we once made of going to school and being educated during part of our life

and then working for the other part of our life are no longer there. The lines between school and work are blurring.

What role will government play in encouraging business to further invest and prepare for this responsibility? Will there be benefits to the employee who participates in a qualified educational program conducted by an employer? How will Congress encourage better communication between the educational institutions in this country and the employers in this country in determining relevant curriculum for the future? Work and learning must go hand-in-hand if we are to continue to keep our competitive edge in a world economy.

7. Unemployment is at an all-time low. There is a scarcity of available workers and employees. Are we prepared to review our current immigration laws and restrictions? As we begin a new century, is it time once again to open our doors – the doors of opportunity? Are you ready to seriously review this subject as part of your workforce responsibility?

8. Another question before us in the work environment is how to provide a greater opportunity for the employee to participate in the overall governance of the business firm. This is a subject that needs further study. It should be on your agenda. The model in some European countries is not working effectively, but we have to do more than we are

doing today. Greater employee participation in governance should be part of our future as a country.

Now as I come to a close, I want to thank you again for this opportunity to participate. I hope my comments have been helpful – at least have sparked an interest for further inquiry. In the 21st century, people and information technology will be the key resources for competitive advantage. You can't have one without the other.

So how are we investing in our people? How are we investing in the private sector in the development of people? Let us never forget that it is only the private sector that creates jobs. All other sectors of our economy, including the government, are economically dependent upon the growth and profitability of the private sector. The business community cannot solve all of the burdens of our society. But it can be a moral community for the development of people, generating profits and paying taxes. This continues to be the grand experiment of ServiceMaster.

Thank you.

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Revised June 23, 1998

