



# FOLLOW THE LEADER

Guiding Your Organization  
Through Economic Turbulence,  
While Safeguarding Company  
Culture

*“In order to be successful in a volatile world, you must unleash the goodwill and creativity of your people. You must organize your culture in a way that will help your people achieve great things without constant supervision from above. Set this up right, and people will astonish you regularly with their great ideas and ability to take your organization to a higher level.”*

Stephen Covey, Author

It's been nearly 25 years since Stephen Covey wrote *The Seven Habits of Highly Effective People*, the book that launched an open and continuing dialogue about creating a culture of success. Some companies have succeeded, others have not. With the thawing economy and Texas' payrolls increasing, Texas CEO gathered seven Dallas business leaders to talk about their experiences in dealing with culture as companies increasing their headcounts becomes more and more likely.

The discussion was moderated by Bob Barker, Managing Partner of 2020 Outlook. Participating in the conversation were: Stephen Reiter, Managing Director, Savings Corporation of America (SCA); Neal Harper, President, Cadence McShane Corporation; James Weaver, Owner, Total Business Solutions; Catherine Monson, Chief Executive Officer, FASTSIGNS International; Keith Moore, President & CEO, 4Front Engineered Solutions; Steven Pedigo, Chairman, OSEI Corporation, and Sean Huurman, Executive Vice President Human Resources, GENBAND.

# I CHOOSE TO LEAD BY EXAMPLE. I NEVER WANT TO TELL MY PEOPLE TO DO IT ONE WAY **AND THEN ACT A DIFFERENT WAY**

OUR ROUNDTABLE  
WAS PROUDLY SPONSORED BY:



## The Culture Starter - Leading By Example

**Moderator:** Creating a culture or changing a culture is a challenge every leader faces, no matter what the size of the company. Where do you start?

### James Weaver, Total Business Solutions:

Corporate culture is not always easy to change but you can rather quickly change the core values of a company, and those start with the example established by the CEO. When I am engaged in turnaround situations, I quickly evaluate what the core values of the company are. Then, leading by example, I establish very clearly that we are going to operate the business with integrity and honesty and character. From that point, culture will begin to develop. You cannot dictate culture, but you can direct the core values of your company and that will establish the foundation for your company's culture.

### Catherine Monson, FASTSIGNS International:

I choose to lead by example. I never want to tell my people to do it one way and then act a different way. I believe the longer a 'leadership shadow' I cast, the easier it is for my team to make the right decisions when I'm not around. Part of the leadership shadow message is: we're going to be committed to franchise partner success, we're going to do smart things to assist them, and we're going to care about them as individuals. As leaders, we need to be positive even in a negative or dark time. No one wants to follow a negative person. Even in challenging times, we need a plan and need to believe in what we are doing.

**Steven Pedigo, OSEI Corporation:** I

## PARTICIPANTS:

agree. You lead by example, and that carries all the way down. I have 261 employees worldwide, and they understand our major goal is to make sure everybody in the pipe makes money. They also understand you have to bend over backwards sometimes and you may not make as much, but, because you give a little here, you'll make more in the long term. That's how I set the tone from top to bottom. It's amazing when you do that, everyone follows. You don't have to say trust; it's your actions that build trust.

**Weaver:** What I discover when I go into various companies is that they normally have some form of strategic planning in place - some more formal than others. I also find in a lot of companies the critical element that's missing is the vision statement - the statement that best directs the long term direction for the company. I've found in life you cannot get to a destination if you don't know where you're going. Many times companies say they want to be the best they can be, but that's not a vision- a vision statement needs to be very specific and easily understood by all. One of the first things I do is try to create a vision in the minds of the employees, not just the leadership team, but in the minds of the entire organization.

### Measurement

**Moderator:** If you set a vision, and you're implementing that vision through the culture that's been established, how do you ensure the key beliefs are being spread throughout the corporation? How do you measure how well you're doing?

**Monson:** We measure that with franchisee satisfaction surveys, both the extensive



**Catherine Monson,**  
Chief Executive Officer  
FASTSIGNS International



**Keith Moore,**  
President & CEO  
4Front Engineered Solutions



**Stephen Reiter,**  
Managing Director  
Savings Corporation of  
America (SCA)



**Neal Harper,**  
President  
Cadence McShane  
Corporation



**James Weaver,**  
Owner  
Total Business Solutions



**Steven Pedigo,**  
Chairman  
OSEI Corporation



**Sean Huurman,**  
Executive Vice President  
Human Resources  
GENBAND

# IF ONE LEADER IS NOT 100 PERCENT ALIGNED WITH THE DIRECTION OF THE BUSINESS, IT DETERIORATES THE COMPANY CULTURE

annual survey as well as spot surveys. And I spend lots of time in the field talking to franchisees, asking about the service and support we are providing. Likewise, we have a franchisee forum - a place where franchise partners can ask questions of each other - but sometimes they also use that to sling arrows at the corporate office. We need to ensure we're reading those forums. When an issue is brought forward, we need to respond. So, it's surveys, spending time with people, asking questions and responding.

## **Keith Moore, 4Front Engineered**

**Solutions:** Business success comes down to profitability and revenue growth. I find that measurements are most effective when people have the information to make their own determination as to whether their activity is consistent with the overall objectives. For example, with commodity prices increasing, people can make the decisions about whether they buy inventory or not. They can determine the need for price increases, determine proper use of our borrowing capacity, and make decisions about new products. By knowing our cost and understanding what the customer will pay, the team can make decisions for improving our business for the long term. Decisions that might have come to me are now being made by people in the organization who are much closer to the details.

**Weaver:** Sam Walton had a great management philosophy that focused on getting the decision makers as close to the decision point as possible. The higher up in the organization you are making those decisions, the less informed you are. Stephen Reiter, Savings Corporation of America (SCA): You need to have metrics. Whatever you subscribe to in management philosophy, it's important people understand what those measurements are, and how they are going to see rewards, because people follow their wallets. If people don't

know what the target is, they don't know what success means and how to achieve it.

## **Neal Harper, Cadence McShane**

**Corporation:** You have to constantly challenge yourself, too. We establish goals at the start of each year, and then measurement becomes key. Instead of saying, 'This is who we've been,' and we're not a product based company, we're a service provider, we say, 'Here's our number one objective for this year.' We reinvent ourselves by constantly changing those parameters.

## **Trust**

**Moderator:** A large part of culture is foundational. I was talking with a group of execs recently about trust. When I asked how they established trust, they told me their CEO says, "Trust me." I think that's a coaching opportunity with the CEO. What do you think?

**Moore:** We never use the word trust. The first time it comes out, that means there's a level of distrust. Actions must support the expectations.

**Harper:** Earning trust is a long term proposition - if you want to win, get in short term victories to influence that culture, without sacrificing the end goal.

**Sean Huurman, GENBAND:** [Trust] is also very much about visibility. When you are a smaller organization, as the leader, it's somewhat easy to be visible. As your organization grows it becomes critical to remain visible as a leader. Companies can become so large and executives "untouchable" that individuals don't know the true identity of their CEO or other senior leaders. To have the CEO visible at a sales conference, information sessions and ongoing employee roundtables sets the tone, I think, for the culture. Obviously, you have to establish the core values of the company, but being present and visible goes to the concepts

previously mentioned such as the 'servant leadership' and 'leadership shadow' models. These models become a reality when you're visible to your employees.

**Pedigo:** What really helps [establish trust] is when you can stand toe-to-toe with a big company, and they scrutinize you and they don't find any kinks in your armor. That makes all the people working for you excited that they are doing something where they can stand up and never have to apologize. When there is no backing up, they gain confidence and it makes them do their job even better.

**Monson:** I have never told anyone they have to trust me; trust is developed over time. What I have used is the word honesty. I will tell you the good and the bad. Every month at our Company Meeting, I review our financial statement and explain it all the way down to earnings after taxes. I believe 'leadership shadow' is about being honest, direct, open, and focusing on the company's key strategic objectives - people will learn to mimic your behavior.

## **Alignment**

**Moderator:** What's the role of measurement to make sure the things you want to have happen, do happen?

**Moore:** When I joined the company in 2003, the culture consisted mostly of concerns about who was going to get fired next. My primary objective in coming on board was getting everybody aligned with a common set of values. We put in place a compensation plan that aligned everybody with the same set of measures. We communicate on a monthly basis across the board with the total performance of our business, including profitability and sales. That communication approach has allowed us to transfer ownership of key activities down to the lowest levels of the organization. If we, for example, miss an application in customer service and the mistake ends up creating

# WE'RE IN A TUMULTUOUS PERIOD . . . PEOPLE ARE GOING TO BE WORRIED, AND THEY WILL BE LOOKING FOR SOMEONE TO FOLLOW THEY CAN BELIEVE IN

an extra cost, we translate that to clarify the business impact: If we make this mistake, we have to sell 20 more products to make up the lost margin. Over a period of time, we are able to create a culture in which everybody is aligned. The culture revolves around taking care of one another - making sure nobody in the organization fails. If anyone stumbles, then we view it as a collective failure, and the result is managed as a future opportunity to improve in meeting both internal and external customer's needs.

**Huurman:** Organizations constantly struggle with alignment of objectives and vision - you must ensure your key leaders believe in the way in which the company will get there. If one leader is not 100 percent aligned with the direction of the business, it deteriorates the company culture and what you're trying to accomplish. It's absolutely critical throughout the organization, but especially at the leadership level, that you have very strong alignment on where you are heading and how you plan to get there.

**Harper:** I think communication is still the key. What we like to do is try to communicate from the front lines with the people who are building that relationship with the client and communicating the key points and key aspects. That front line communication sells the rest of your people so much more. We like to communicate from the bottom up.

## Transparency & Communication

**Moderator:** What role does transparency play in culture?

**Moore:** We have a matrix - working capital as a percentage of sales and EBITDA - we use to communicate performance on a monthly basis. People know exactly what their percentage of target bonus is as a result of the performance each month. With these measurements, we can tell each person each month what their percentage of

target bonus is. Now, we're at 105 percent of our bonus target for fiscal 2011. Results are posted so that all our people know where they stand. It makes it very easy to keep us all on track.

**Pedigo:** When someone solves a problem or finishes a project, and they've added something to it that's new or slightly different, we make sure everyone in the organization is given that information. It's not as though we're setting up a competition; but, it is amazing how, when you give a little recognition, the entire group now wants that recognition. It persuades them to work harder.

**Harper:** You have to have in the back of your mind who that individual is, and whether they are an implementer or not. I have this thing I call, 'Think big,' and even though I got it from Donald Trump, don't judge me based on that.' When I'm meeting with my management team I ask them, "Where do we want to go next...think big!" When they constantly hear that and are also asked, "If you had no limitations, nothing holding you back, where would you want to go, where would you take this company, and how would you get there?" When you hear that feedback and direction, you can use that knowledge in promoting or reorganizing because you know where they see the company going and where they personally want to go.

**Moderator:** And what final advice would you share with your CEO peers?

**Weaver:** Simply go back to the basics. You probably have read Good to Great. It's about getting the right people in the right seat, on the right bus, and doing the right things. It sounds very simple and basic, but it's the core problem of many companies today. Consider this fact: Harvard did a study that said 70 percent of Americans are unhappy in their job - and it relates to either the people they are working with, or the job

they are assigned to do. Forty percent of those people will end up leaving, and that turnover is very disruptive and costly. Getting those right people in the right slot is critical - I've learned this lesson the hard way. I started off thinking if you have a good salesperson, let's make him/her a sales manager. In many case you just ruined a good salesperson and impacted the people in his/her organization because they are not being managed properly. A good example of this fact is that a great baseball player does not always make you a good coach. We often face this problem; we put the wrong people in the position and wonder why they are unhappy and non-productive. It gets down to the basics of studying what the needs of the job are, identifying the specific qualifications, and selecting the right person for the position. Get that right person in the right seat on the right bus with the right driver - this is essential to real success.

**Reiter:** We're in a tumultuous period, and people are looking at us as leaders and how we act. Are we willing to stand up, take the hits and sacrifice when necessary? We're in a period that is going to test the mettle of nearly every leader in every organization. It's going to take more than words; it is going to demand action. People are going to be worried, and they will be looking for someone to follow they can believe in.

Creating culture is a top down function. As the group was reminded by Stephen Reiter, "With the right corporate culture you can achieve dramatic success over time. Over the years corporate culture does change dramatically. It has to be cared for and fed."