



SHINE A LIGHT ON COMPANY CULTURE

**Culture exists in every organization.
But the burning question is whether it is recognized,
nourished and cultivated to its ultimate potential.**

“Culture could ultimately be the most important component to the success of a company because the ‘right’ culture attracts the talent a company needs to hire and keep, as well as attracting the customers and partners a company needs and wants,” asserts Wendy D. Pigorsch, vice president, talent development and communications, Murphy Logistics, Minneapolis.

Meanwhile, Chelle Stringer, owner-president, OCM, LLC, Albuquerque, observes, “Culture is receiving increased attention because it is something that can be controlled in these uncertain times. Culture can either help employees overcome workplace stressors or it can be the proverbial straw that renders a company unable to thrive,” she explains.

“Workplace culture is more than an idea,” declares Ron Cain, CEO, LEGACY Supply Chain Services, Portsmouth, NH. “In strong companies it is a discipline that is highly structured and repeatedly measured.” In his white paper (Company Culture Counts), Cain explains, “Company culture is reflected in specific behaviors and trickles down into workplace attitude, work ethic and daily routine, ultimately resulting in a higher productivity and increased job satisfaction.”

Culture irony

There is consensus that culture reflects the behavioral norms that guide how people work together, both in a positive and negative sense. “It is a structured system

of people, beliefs and behaviors that can be analytically evaluated and intentionally developed,” according to Ken Porter, chief learning officer, and Ruth Lund, vice president, organizational development, LEGACY Supply Chain Services.

The issue, however, they argue is, “...whether or not an organization is intentional about how culture is developed.”

Stringer cites an example based on client exposures: When asked to describe their company’s culture, a majority of employees respond with a slogan or mission statement. In following up and inquiring whether that slogan or mission statement describes how the organization operates, many employees respond that the two are unrelated, she reports.

Similarly, the Booz & Company 2013 Global Culture and Change Management Survey (“Culture’s Role in Enabling Organizational Change; Survey Ties Transformation Success to Deft Handling of Cultural Issues,” tri-authored by DeAnne Aguirre, senior partner, Rutgers von Post, partner, and Micah Alpern, senior associate) concludes: “It seems clear there’s a disconnect between what many companies say about culture and how much they attend to it.”

Specifically, the survey finds 86 percent of C-suite executives and 84 percent of all managers and employees say culture is critical to their organizations’ success, and 60 percent see it as a bigger success factor than

either their strategy or their operating model.

However, it also notes, only about half (47 percent) of all employees say their leaders treat culture as a priority on a day-to-day basis. Fewer still (45 percent) say culture is effectively managed at their companies.

“If we are intentional about what type of culture our organization fosters, we can create higher engagement and commitment in our employees and impact our ability to perform to our goals,” maintain Porter and Lund.

Towards an effective culture

Identifying the current culture and defining the desired culture and the projected benefits of said culture is a major process according to LEGACY’s Porter and Lund. “Defining the values, clarifying the vision and creating opportunities for leaders to ‘buy in’ to the vision is key,” they explain. “We spent an entire year introducing our evolved values and new vision to the organization. It was not entirely different, but it was enhanced and targeted to take us into the future.” The process “deeply” engaged every tier of the organization from C-level to vp, director and field leadership after which it was cascaded to the hourly associates.

“You can learn what the culture is and whether or not it is a good one by talking to employees and hearing a common theme about what it’s like to work at the company,” advises Pigorsch. “Talking with customers and folks who interact with company associates also can provide insight into the health and wellness of the culture.” For example, visiting truck drivers can provide insight into the culture when asked how they are treated by company employees when delivering or picking up.

Consistency of culture is a differentiator of strong versus weak culture. Inconsistency appears two ways: first, when norms and standards are different for different groups within the organization; and second, when norms and standards change frequently. “Both of these types of inconsistencies create a negative culture that negatively impacts employee outlook, focus and productivity,” according to Stringer.

The extent to which an organization’s observed culture matches its stated culture—slogan/mission statement—increases its effectiveness, she notes.

Stringer explains that culture becomes a strong influence when three conditions are in place:

- The desired outcomes are shared among all levels of the organization
- The culture is intentionally monitored and driven to achieve these outcomes
- The policies, processes, resource distribution,

communication, technology utilized, recognition and reinforcement, and leadership decisions are aligned toward that shared outcome

A healthy culture creates a group of high-performing individuals aligned to a common goal, according to Porter and Lund. At LEGACY, a strong, healthy culture is defined as being aligned to the espoused corporate values and low in entropy (waste caused by behaviors that are dysfunctional and limiting). Specifically, within the LEGACY culture:

- **Strong vs. weak.** Intentional, measured, with systems in place to improve, grow and protect it.
- **Positive vs. negative.** The right balance of financial stability, customer focus and being the best. These three values are very important, they note, but each can be overplayed and therefore create dysfunction.
- **Nurturing vs. smothering.** The infusion of servant leadership, integrity and making a difference at LEGACY brings a level of outward, selfless leadership with the intent of equipping others to achieve their full potential.

According to Pigorsch, “The values and attitudes of Murphy’s leaders and employees serve to form our corporate culture. It’s the way people behave and interact with each other on a consistent basis.” The Murphy culture, she notes:

- Defines the experience our employees have every day at work
- Defines the experience our customers and vendors have working with us as partners
- Defines the experience the visitors and community surrounding our facilities have associated with having us as neighbors.

Critical components of the Murphy culture include:

- Clear, open, honest, consistent communication throughout the organization.
- Employees are empowered to “right the ship.”
- Trust—allows people to speak the truth without fear.
- Consistency and integrity in practices and policies
- Consistency and integrity in behavior of leaders.

When a newly hired employee joins our company they will soon adopt the same behaviors: work hard and have fun; be a team player; hold up their end of the deal; put the customer first; be independent and self-motivated, entrepreneurial, and so forth,” she explains. “The culture is so strong and dominant that if a newbie

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doesn't adopt and adapt, they don't stay. The culture is bigger than any individual or position," Pigorsch declares.

Along similar lines, Porter and Lund share, "Our culture is tightly tied to our vision: Impacting Lives and Developing Leaders, and not all leaders will resonate with that. When they don't, the organization needs to demonstrate the fortitude to make decisions that ultimately guard the culture, but can be difficult in the short term."

Where culture begins

"Both authority and influence drive culture," maintains Stringer. "It is defined by the top leadership and then disseminated throughout the organization. An indicator of an effective culture is the congruence of leadership actions in the direction of the company, the look and feel of the organization, and the expected behaviors of employees," she expands.

At LEGACY, culture begins at the top of the organization with the CEO and reinforced by the executive team. They also have a dedicated Organizational Development Department headed by a chief learning officer and vice president of organizational development. When an unhealthy culture is building in the hourly workforce, Organizational Development works with the leadership team to turn that around.

"We have espoused values that are designed to help us remain successful and sustainable well into the future," explain Porter and Lund. The values cover all of the balanced business needs, including stakeholder value, evolution, fitness, societal contribution, and culture and fitness.

"We consider those very intentional values as the cornerstone of our culture, and are confident that we will build an organization that stands the tests of time," they declare. Further, LEGACY has a cultural measurement process that evaluates alignment to the core values of the company and the level of entropy, or potential dysfunction of the organization.

Developing leaders who display the characteristics of financial stability, customer focus, being the best, servant leadership, integrity and making a difference is also an essential part of its approach. "Attention to the behaviors that support these six core values and using them to anchor our decisions are key to a culture that is the foundation of our long term growth and impact," Porter and Lund maintain.

Focus on leadership

Every leader in the LEGACY organization has accountability to live and lead with its values, and they are provided feedback from direct reports and a customized 360 feedback tool. "Our intent is to protect the culture by hiring, developing and promoting leaders who are aligned to our core values, thereby limiting the impact in the positive culture we are working to build," they explain. "When we don't do this well, we do see negative cultural impact. When we do it well, we watch our culture grow and improve."

The company also equips its leaders to hire for fit and alignment at the hourly level, and to reinforce its values-driven culture in its operations. This includes messaging, recognition practices and most importantly, their own leadership impact.

"Cultures that are struggling with dysfunction and/or lack of alignment typically show a decrease in operational performance, higher frequency of safety incidents and increased turnover," they observe. "All of these contribute to an impact on the bottom line, whether directly or indirectly."

Culture metrics

Key elements of a company's culture can be and should be measured periodically. "Culture should remain aligned to the desired outcomes of the company, therefore, when the outcomes shift, the culture needs to be examined and shifted, if necessary," advises Stringer. Among the early warning signs that the existing culture is changing, according to Pigorsch, include discord at any level and employee or customer turnover.

At LEGACY, for example, an organization-wide Cultural Assessment process annually evaluates entropy, employee engagement and values alignment to determine how the company is doing and where it has strength and risk. As an example, employee engagement is measured by the ratings of eight key indicators: collaboration; recognition; career growth; connectedness to colleagues; connectedness to leader; fairness; autonomy; meaningful work.

The annual measurement coupled with strong analysis, planning and execution to top area of need help them maintain and build their culture. "These measurements are part of our strategic planning for the organization and communicated back to the leaders," Porter and Lund explain.

They determine what changes to the culture need to

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Wendy Pigorsch

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Touring Facilities

by Donald B. Benson, PE

It seems that those of us in the Material Handling industry like touring other facilities. Each of us has at one time or another, conducted or taken a tour as a way to share or learn something new. There are many reasons and opportunities to take tours, but for the most part they all are part of our continuing education and work at continuing improvement which is part of our culture. What is also true is that each tour takes time away from your regular work and can be costly (transportation, etc.). The challenge then is how to make the most out of each tour.

I have been on both sides of the touring situation many times. Wanting to make the most of these experiences I offer some suggestions you may want to consider in planning to make the most out of your next tour experience.

- Often we are not aware of the reasons a particular site was chosen for our tour. The tour may have been suggested by the president of your company, your boss, or someone in your own sales department, or a vendor, a systems integrator, or a consultant. Whoever suggested the site will have had an intent based on their needs and some understanding of your situation. In addition, you have your own understanding of your situation (it may be the same) and other possible reasons to take a tour or reasons not to. The challenge is to find out what they have in mind and to identify clearly what you have in your mind. Without that clear understanding, you can spend a lot of time and money and learn nothing.
- Our western civilization is dominantly a visual one, giving more attention to what we see than to what we hear. This characteristic has two consequences for our experience of tours. First, we usually cannot “see” the elements that make the operation, systems, equipment and people effective. Specifically, what we miss are the values that guided the design for how the operation works, and the methods, procedures, planning and control systems that animate it.

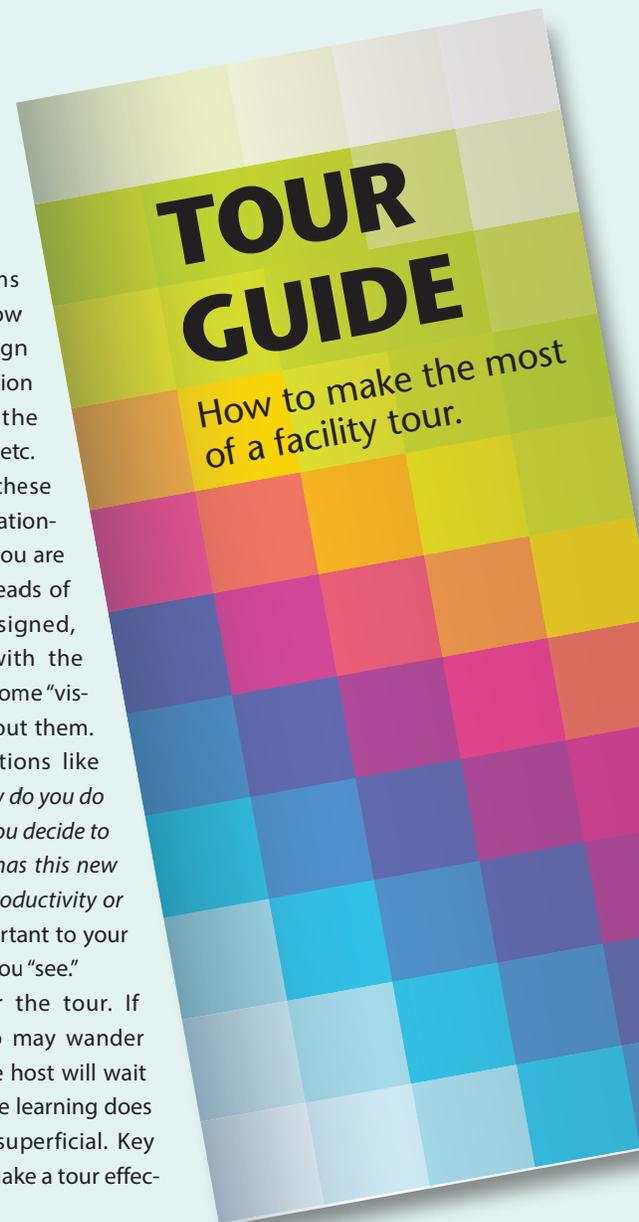
Second, in looking at any individual element (e.g., piece of equipment or WMS) we often lose awareness of the importance of its context. Specifically, what we are seeing always operates as a part of a larger whole. And each whole is part of an even larger whole. That reality has moved us to acknowledge the design

aspects of systems integration, e.g., how does the dock design support the distribution center and also the unique supply chain, etc.

The point is that these elements and their relationship to the operation you are seeing reside in the heads of the people who designed, manage, and work with the operation and only become “visible” when you ask about them. The answers to questions like *how do you do that, why do you do it in that way, how did you decide to buy this, what change has this new “thing” made to your productivity or quality, etc.* are as important to your learning as the things you “see.”

- Finally, prepare for the tour. If not, the tour group may wander around together, the host will wait for questions, and the learning does not get below the superficial. Key elements that help make a tour effective include:
 - a) **Know what you want to learn**, e.g., what is the question or problem you want to answer?
 - b) **Prepare questions** that will specifically get you to learning what is important to you and the person that sponsored your tour. Additional examples include, *how does this work, how do you plan your day, why did you buy that “thing,” how do you measure change.*
 - c) **Divide the operation you are going to visit into sections** and assign one person in your group to be responsible for learning all that you can about each section. Sections may be divided physically or by work areas (shipping dock, case picking, etc.) or based on time (planning, control, measurement, etc.), or other ways.

And with all this preparation, be open to surprises. After 25 years, I still find something new and useful with every tour. 



be when the combination of measurement (How aligned is the culture to our values? How much dysfunction is at play?) and the operational performance of a location indicate problems.

Cultures are impacted by extreme stressors in the business environment: neglect (lack of reinforcement), poor communication and influx of new leaders whether by the normal hiring process or merger/acquisition, to name a few. Whether or not those changes are positive or negative depends on the source of the change.

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Ron Cain

“At LEGACY, the intentionality surrounding our six core values protects us from forces that will take us somewhere we don’t want to go,” assert Porter and Lund. “Our disciplined approach to measuring our culture, its alignment to our values and levels of entropy, as well as our intentional hiring processes, and values-based leadership development help us remain on course despite innumerable stressors. Clarity on our mission (why we exist) and values, and the will to protect them from the top of the organization ensures that we will be less prone to drifting toward an unhealthy culture,” they believe.

As LEGACY’s Ron Cain concludes: “Culture is more than a philosophy: it is a structured system that can be analytically evaluated. Without structure and measurement, company culture is not impactful, sustainable or repeatable.”

Wendy D. Pigorsch, *Murphy Logistics, www.murphywarehouse.com*
Ron Cain, *LEGACY Supply Chain Services, www.legacyscs.com*
Ken Porter, *LEGACY Supply Chain Services*
Ruth Lund, *LEGACY Supply Chain Services*
Chelle Stringer, *OCM, LLC, www.ocmlc.com*

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1100 Jorie Boulevard, Suite 170
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phone: 630.990.0001
fax: 630.990.0256
e-mail: wercoffice@werc.org

www.werc.org