

ExecConnect

Establishing a Culture

How to Build a Best Place to Work

By Tom Schuman

Building a strong workplace culture is certainly not an easy task. Much less difficult, however, is spotting a poor atmosphere or a false attempt to portray “all is well” when that is not the case.

Andrea Davis Cranfill, vice president of the Indianapolis-based FlashPoint human resources firm, tells of visiting two different manufacturing facilities owned by the same company. Even though she had never been to either plant before, “it took probably less than 60 seconds to walk into each of those facilities and see very different cultures.”

She explains that at the first facility, “People were looking up, smiling ... very engaged with the plant leader. People seemed to be having fun at work.” At the second plant, “No one said a word. It was like night and day. You can tell by how people react, how they behave, how they look, whether they’re interacting with you or not.”

Rich Boyer, co-founder of the ModernThink human resources consulting firm (the group that evaluates the Best Places to Work in Indiana applications), also tells of a fairly recent manufacturing plant visit.

While the human resources manager giving the tour was very friendly with the workers, “it quickly became apparent to me that that wasn’t typical behavior. He was going out of his way to acknowledge people. And folks were looking at him as if he had two heads. It became pretty clear that wasn’t consistent with what happens day in, day out.”

This story has an extra kicker. During a stop in the cafeteria, a video played with the company CEO and plant manager discussing a culture change and employee empowerment. Boyer terms it a “compelling and somewhat motivating message.”

But as Boyer moved closer to the television, “On the stand on which the TV rested was a white poster board with the following message in big black magic marker, all caps: ‘DON’T TOUCH THE TELEVISION!’ It was signed, ‘the management.’”

“I can guarantee you the CEO and the plant manager had nothing to do with that sign being on the TV. And I can also guarantee you that the power of their message was impacted by the inconsistent message between that poster and what they were saying on TV.”

The goal is to avoid these “war stories” and actually build an atmosphere that can truly qualify as a leading workplace. Joining Cranfill and Boyer to discuss how are representatives of two dramatically different companies on this year’s Best Places to Work in Indiana list:

- Tom Morales, president and CEO of Morales Group, Inc., a nearly four-year-old company that focuses on the staffing industry and warehouse fulfillment. It’s nearly 40 employees represent 13 different countries. Morales Group is No. 15 in this year’s small/medium employer rankings.
- Greg Bednar is a partner in the assurance practice of Ernst & Young, an international professional services firm specializing in auditing, accounting, risk-advisory, tax and transaction services. The company, No. 8 on the large employer list, has more than 460 Indiana employees, approximately 26,000 at 95 U.S. locations and 114,000 in 140 countries.

Evaluation 101

From the internal perspective, Morales and Bednar offer their thoughts on how to tell if workplace improvement efforts are paying off – or if trouble is in the air.

“I use the word territorial,” Morales explains. “I love when people take responsibility and accountability for what they’re doing; yet we know as a whole, that we’re all intertwined one way or another. But when there are signs of territorialism – ‘this is my piece, don’t invade, don’t get involved with it’ – that’s my first indicator that things aren’t flowing in the direction I’d like to see them.”

Bednar says client feedback, through surveys and direct dialogue, are invaluable. There is clear evidence, he adds, when people rally around each other to either celebrate an accomplishment or mourn together in a tragedy. "There is also the gut feel that leaders have. They live it and feel it every day and know when it's ebbing and flowing. It's just a gut feeling."

No matter the level of success thus far, it's clear that more companies are paying attention to the internal workings of their organization. It's a necessity in today's competitive environment.

Boyer says the intense battle for talent, nurses in particular, prompted the health care industry to increase the focus in recent years on the "quality of the experience they offered their employees." Law firms and other professional service businesses are following suit.

Industry competition is another important factor. Boyer began seeing this when he was at the Great Places to Work Institute, which did the analysis for *Fortune Magazine's* "100 Best Companies to Work For" (the forerunner of the various state programs). If one major accounting firm makes the list, others feel the pressure to keep pace.

A third reason, Boyer adds, is that "we see more senior leaders from organizations being tuned into the legacy they want to leave. Part of that legacy, in addition to being a successful business, is having some impact on the lives of their employees and the larger company they keep."

Cranfill sees many start-ups and younger companies with this attitude of "we just want to be a different kind of place to work." The missing ingredient for many is not what, but how. "It's easy to put in new benefit programs and some of these other things. What's much harder is the leadership side, the management side, the behaviors that people are doing every day in the organization that make it a great place to work."

Counting on E&Y

The accounting profession, as a whole, experienced a dramatic downturn in the late 1990s when the technology boom, consulting and investment banking were far more popular. Although a comeback began when the tech bubble burst, there was little differentiation among the firms.

Global surveys were the beginning for Ernst & Young. "We began to get a real good sense of where our human resources stood and how people thought," Bednar shares. That led to telecommuting and a "lot of different programs" that are necessary in today's society in which the lines between work and personal lives have been all but erased.

Flexible work arrangements, mentoring, concierge programs, daycare backup and other employee assistance efforts are investments, Bednar notes, which helped Ernst & Young and others in the profession overcome a strong lack of females.

Gender equity has improved greatly; an ethnic balance has yet to be achieved.

In addition to client feedback and the global employee surveys that can be broken out down to the office level, Bednar offers that another important tool has been what the organization calls a "360-degree review in which all the partners and leadership are evaluated annually by the younger folks.

"It's about 10 questions that get right to the point. 'Are they living their values? Are there actions behind their words?' It was pretty sobering for all of us initially. We've changed. We learned to model things or do things a little differently."

The Morales story

Morales seeks the same end results for his company, but size is just one of the many differences between Morales Group and Ernst & Young. While internal surveys provide some "constructive criticism," a number of other methods come into play.

"I'm a strong proponent on taking best practices and utilizing them, but instead of just incorporating them, they're really

just a platform to build on," Morales states. "I really look to my management team, which I consider the eyes and ears of what's going on. I tend to be much more of the touchy-feely (type). My management team is very oriented on processes. It's a good mix."

The staff at Morales Group includes a lawyer from Venezuela, a doctor from Ecuador, a petroleum engineer from Peru and other talented individuals with diverse backgrounds. "We are in a unique position because we're not only dealing with the culture as it is here in the United States, but another culture that's sort of been transplanted here. Our challenge is: How do we mesh those two cultures together?"

Cranfill puts the Morales culture count closer to 40 when one considers employees, clients and the crucial role of meeting staffing needs. She also credits Ernst & Young for its approach.

"You have different employees, different issues, different needs. It's not a list of 20 different things you need to do and that's suddenly going to make it a

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FlashPoint*



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ModernThink*

great workplace,” she contends. “There are some basics obviously, but beyond that it’s: ‘What kind of company do I want to have? What’s our strategy? What are the needs of my individual employees?’ It’s really taking more of a customized approach.”

Sizing up the differences

Who has the easier job of establishing the desired workplace culture – a small, growing company like Morales Group or a larger, global organization such as Ernst & Young?

Statistically, Boyer says, the small and medium companies score about three to five percent higher on the survey benchmarks. While the simple answer would be “the larger the organization is, the harder it is just in terms of scalability, the flip side is a larger organization is going to have, for the most part, more resources, more infrastructure, more support that they can offer.”

Cranfill adds, “When you’re smaller, you can be more deliberate about it and you can see results more quickly with some of the things that you want to do differently or new initiatives that you want to take.”

Morales says that, even with a small company, it’s becoming more difficult to “come in and embrace the entire thing.” While putting the structures and processes in place to address what he previously was able to handle personally, he admits, “One challenge I have is: ‘How big do I want to get?’ ”

There are several ways that Ernst & Young tries to defuse the big company mentality, according to Bednar. An e-mail titled “The Daily Connection” focuses on people or teams within the organization. “We try to humanize a fair share of it,” he details. “You get a couple of pictures. It’s a one-pager and it takes a minute or two to read. It’s something that tries to connect people in a big place.”

Affinity groups, known as People Resource Networks, are another way to break down the big organization into smaller units and bring people sharing common characteristics together.

Leading the way

No matter the size of the organization, it’s senior leadership that is critical, the panel agrees. Cranfill often sees a disconnect when dealing with clients.

“When we work on training initiatives, for example, for management, I bet nine times out of 10 we will hear comments from the group: ‘Have the senior leaders gone through this? Are they going to do the same thing? How come they’re not doing this?’ ” The perception, she says, is powerful.

Boyer adds a few questions to the mix, which senior leaders have to ask themselves. “Do our actions match our words? Do we actively model the organization’s values? Do we keep our promises? Do we communicate openly, authentically?”

Not all communication, he reports, is equal. A colleague “aptly described that great workplaces don’t confuse information sharing with communication. Great workplaces are very, very diligent about ensuring that there’s interactive communication, that it’s a two-way process.”

Bednar illustrates the impact when a new 45-year-old CEO came to Ernst & Young about five years ago. “There was a change there because of his energy, his leadership, his vision. He instituted a very crisp strategy of people, quality and growth being the three legs, three pillars, of how we’re going to be successful.”

Although Ernst & Young will never be as nimble and agile as a Morales Group – “we’re like moving a ship around,” Bednar admits, because of the company size – “you’ve just got to get back to those basics that the best people will give you the best product.”

Starting point

Cranfill points out in the beginning of the discussion that while many companies want to improve their cultures, they’re often not sure where to start.

Bednar advocates for outside assistance to begin the process. Morales cautions to be sure that the initial assessment takes



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*Greg Bednar
Ernst & Young*

place outside of a crisis situation. "It's more about what I can do to improve, not so much because I had to improve or I'm forced to improve. The timing is really critical in order to get the best information needed in the evaluation process."

A strong first step, Cranfill advises, is defining the type of organization one wants to create. Focus groups and discussions with individual employees are useful methods, in addition to obtaining customer perspectives. Asking the tough questions,

she says, is essential.

Boyer agrees as approaches differ depending on the starting point. "If you're lousy and trying to get good, that's a very different strategy than if you're an excellent workplace and you're trying to maintain that."

The ModernThink leader also offers perspectives that define the employer-employee relationship.

"As a function of being involved with these lists for a while

now, I think it's clear that you simply can't buy your way into being a great workplace. It isn't simply a function of paying top dollar and offering very glamorous or sexy or fun benefits.

"I've seen lots of organizations that on paper, if you were just to look at the audit of their policies and practices, you'd think, 'My gosh, this is a great place to work.'" Boyer continues. "When you talk to their employees, they're miserable."

A growing employer challenge, he adds, is making the distinction between what is available at different levels within the organization. Many employees, he reasons, believe "fair means the same. It's not quite that simple. Having an equitable situation doesn't necessarily mean that everybody's going to have the same opportunities or the same benefits."

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Meeting individual needs

Much has been written and discussed about the mixing of various generations in the workplace. Contrary to the common belief that this makes developing and maintaining a strong workplace culture more difficult, Bednar enjoys the open dialogue and the evolution in the employer-employee relationship.

He says that when his career began in the mid-1980s, "you put your head down, you did your work for the firm and did good work for clients. Today, we've asked them to go in the community and do some things. This younger generation wants activity like that. We've given them time to be on boards, to be volunteering and doing things that, in the end, are making them a better person and probably a better worker."

It goes beyond generations, Cranfill says, to meeting the needs of your

organization. She gives examples of benefits for people who share rides in transportation-challenged Chicago or allowing employees in Denver to have time during the week (before the weekend crowds arrive) to enjoy the ski resorts and other area amenities.

Again, no matter the make-up of the employees, their expectations are higher. Boyer asserts, "If your goal is simply about getting on a list, your employees will see through that. You have to connect how the culture affects the success of the business. If

you can do that, you've got somewhat of a reinforcing cycle."

Morales summarizes his company's approach as a "blend of accountability and compassion for successful results. Accountability without compassion is sort of harsh and heartless. Compassion without accountability produces sentimentalism. I kept looking at that over and over. When you take it through a filter like that, it's a little different on how you evaluate or how you come up with your own perspective on things."



Looking ahead

Asked to bring out their crystal balls, panelists looked at potential workplace issues and developments in the next five years.

Bednar: With the commoditization of data putting more organizations on an equal ground, "you're going to stand out by having the best and the brightest. You need to make sure you find ways to get them in the door and keep them."

Morales agrees and warns about the impacts of technology reducing personal communications. "I worry about some of the humanizing aspects of it."

Extending the culture throughout the organization will be critical, Cranfill believes. "Culture is not just leadership. It's every single person in the organization. That may mean having conversations and staff meetings around what it means to create the culture where people want to work."

Boyer: "I don't think this focus on culture is a fad. At the end of the day, these things circle back to being attentive and intentional to what our employees experience in the workplace, how we better mesh personal and professional work lives, and provide some sort of meaning as a function of the work that we do."

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