



Leading With Culture

NRHA and Retail People Solutions Team Up to Drive Performance

Business management guru Peter Drucker once said, “Culture eats strategy for breakfast.” While delivered tongue-in-cheek, what the father of modern management theory suggests is that even the best strategies and business practices won’t get you very far if you don’t have a healthy culture where everyone knows their role and is pulling in the same direction.

A research study on improving corporate culture published in the January 2018 issue of *Harvard Business Review* (HBR) further underscores the importance of culture: “When properly aligned with personal values, drives and needs, culture can unleash tremendous amounts of energy toward a shared purpose and foster an organization’s capacity to thrive. It can fluidly blend the intentions of top leaders with the knowledge and experiences of frontline employees. ... Leading with culture may be among the few sources of sustainable competitive advantage left to companies today. Successful leaders will stop regarding culture with frustration and instead use it as a fundamental management tool.”

While the HBR research illuminates the importance of culture as a driving force for any organization in any industry, as independent home improvement retailers, you have an even more pressing need to establish and embrace healthy cultures in your stores. This industry has always been people-centric, and your competitive advantage is having friendly, caring and knowledgeable employees. So the question becomes, can a company’s culture be intentionally changed for the better?

The answer is yes, according to HBR, and to Linda Small, owner of Retail People Solutions Inc. Since Small started her independent consulting practice nearly a decade ago, her Vision Process has focused on organizational culture development as the key to building great teams. Small has utilized many of the culture improvement concepts outlined in the HBR study for years.

Instead of “culture eating strategy for breakfast,” Small calls for setting a table where culture, strategy and a healthy portion of accountability continuously nourish each other.



The North American Retail Hardware Association (NRHA) is teaming up with Small to begin offering her Vision Process to independent home improvement retailers. The initiative is set to launch at the NRHA All-Industry Conference, which takes place at the National Hardware Show® in Las Vegas, May 7-9. Visit nrhaconference.com for more details, including speakers, independent retailer networking opportunities and more.

To learn more about NRHA's new alliance with Retail People Solutions and Small and how you can get started on improving your company's culture, contact Scott Wright, executive director of the NRHA Retail Leadership Institute at 317-275-9417 or swright@nrha.org.

Visit TheRedT.com/leadership-video to hear Small talk more about her thoughts on leadership and culture.

Small's Vision Process is a yearlong, all-encompassing program focused on four phases of implementation. *Hardware Retailing* talked to the following four retailers about their recent participation in Small's program and the benefits they saw from her method of culture improvement.

- **Mark Schulein, President**
Crown Ace Hardware
17 stores in California, Hawaii and Arizona
- **Amy Kaplanis, Owner**
Country Ace Hardware
Granby, Colorado
- **Michael Wynn, Owner**
Sunshine Ace Hardware
9 locations in southwest Florida
- **Mike Brackin, Owner**
HomCo Lumber & Hardware
Flagstaff, Arizona

Phase 1: Establish

- Discuss and agree on vision, purpose and values.
- Create or modify core values.
- Agree on a vision statement.
- Identify the roles of owners: What is best for the business?
- Address organizational needs and address the organizational chart.
- Review job descriptions and revise them to match the vision of your organization.

- Review and revise human resources handbooks, policy and procedure documents and operational standards to ensure they align with the culture.
- Begin a yearlong management journey, a development program for all management and potential management.
- Establish a one-year plan for implementation.

Mark Schulein: My mantra is that the best place to work makes for the best place to shop, and you can't get there without building a great team. I've always been a big believer in culture, training and empowerment. Linda helped us take our core values, which were always very strong, but weren't embedded, and turn them into tangible, actionable words that we can employ and bake into everything we do. It was a really cool process.

Amy Kaplanis: For us, initially, it was developing job descriptions, which is always painful to establish, but Linda made the process easier. That has been super helpful in recruiting. The next piece of it was the development of my management teams, particularly my store manager, so she could really take the reins going forward. The beauty about working with Linda is her flexibility and her ability to work wherever your need is the greatest at that time.

Michael Wynn: During the economic downturn, we saw how difficult it was to hire and retain people. We had a good culture, but we knew if we wanted to recruit and retain the best talent when the economy rebounded, we were going to have to be more purposeful with our culture. I met Linda at an Ace Progressive Leaders meeting in Nashville through another retailer who was working with her. I heard her presentation, and I knew I wanted to work with her.

Mike Brackin: It all started when the advertising group I was part of agreed to do the customer engagement survey. I scored the lowest of the 15 stores in the group. Of course, being a lumberyard, we thought we were different and poked holes in the survey. We were in denial. Linda told us that to validate the results, the employee engagement survey generally mirrors the customer engagement survey. So we agreed to take the employee engagement survey, and it came out even worse. We were bad. We had a heavily male-dominated, take-it-or-leave-it culture that I learned from my father. In today's world, that type of culture absolutely does not work. Even after we started, we weren't walking the walk.

Through Linda's help, we kept breaking it down, and eventually, she got my people on board. Holding people accountable was a big part of the issue, and it seemed we would take a couple steps forward and then take a step back. Linda persevered with us and had some straightforward conversations where she said that in order for her process to work, we have to hold our people accountable. I had to make some very tough decisions on personnel regarding who was on board and who wasn't.

Phase 2: Align

- Align the vision and values to current workforce and processes.
- Identify training and development needs.
- Introduce DiSC personality profiles and learn how to build relationships within the store team.
- Assess the development needs of the management team through a management journey and introduce a task management system and communication tool.
- Introduce retail best practices (one-to-ones, independent development plans, store walks, department checklists, floor observations, etc.).
- Perform store visits to assess the frontline staff and management team. Observe the implementation of best practices on the retail floor.

Schulein: Early on, Linda had us read a book called "The Energy Bus." It's the "one bad apple" or the "rusty link in the chain" concept. Ultimately, what it helped me realize is that some of the most knowledgeable hardware folks can still be a detriment to the company if they don't have the cultural tie-in and a moral code. I'm a big believer that if we have a problem with a person, we will do everything in our power to turn it around, including coaching and mentoring, even discipline, whatever it takes. But if they don't change, they are gone, because culture is so important, and it can be so easily ruined by one bad actor.

Kaplanis: DiSC profiles have been amazing for our team. We actually contracted with Linda two or three years ago just to do them. It ties into everything else, and it has been enlightening for us. The team loved it as well because it has helped them understand that everyone has their strengths and their preferred way of handling situations, and we all have to respect each other. In the end, it makes us a much more successful team, and it ties back into the culture to help us move toward a team and not just a group of individual contributors. We're all in this together.

Wynn: We had a good culture, but not a great one. Our culture reflected more the behaviors we tolerated instead of those we really desired or wanted to target. We had our mission and vision creeds, those high-level statements regarding our purpose and where we were going. But it wasn't purposeful or documented or integrated into our organization by any means.

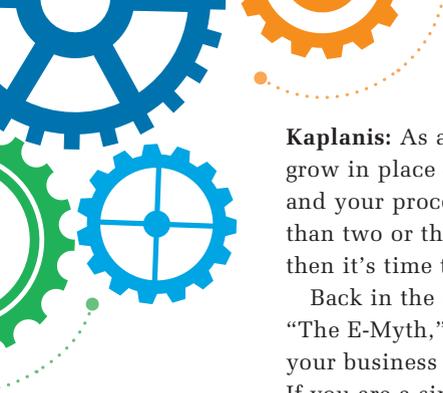
Once we started working with Linda and formalized the program, we did see an overall improvement in customer engagement and employee retention. We started doing a better job of coaching, praising and disciplining on the behaviors that now we were saying defined us as an organization. We are much more purposeful now in who we attract, hire and bring into the organization.

Brackin: As owners, we have tunnel vision. We look outside of the tunnel for growth and change, but we don't really know how to implement it, and it puts us back in the tunnel. Linda always says, if you give this 100 percent effort, it will make life easier. That's 100 percent true. When we did the visioning and established our core values, it started to work.

Phase 3: Standardize

- Introduce the interview process and standardize the hiring process to reflect core values and vision with the use of group interviews and one-to-one interview processes.
- Present options for the performance management process to link to vision and core values.
- Embed task management systems on the salesfloor.
- Continue to monitor and implement the management journey.
- Evaluate Future Leaders opportunities and discuss options.

Schulein: We have doubled down on being a people-driven business, and that means everything begins and ends with culture for us. That's who we are, and the differentiator between other retailers is our customer service, not just in words, but in practice. It's the No. 1 commitment we have toward our communities. We have been awarded for it with praise and accolades and foot traffic. We might be selling nuts and bolts, but we are a people business first and foremost.



Kaplanis: As a single store, if you are looking to grow in place or you've been growing in place and your processes haven't caught up so more than two or three key people can handle them, then it's time to call Linda.

Back in the day, the book of choice was "The E-Myth," which was about working *on* your business instead of *in* your business. If you are a single store owner who has been working in your business, Linda can help put the organizational structure and processes in place that will allow you to have time to work on your business and grow it.

Working with Linda has brought peace of mind that we have the processes in place. I have the support of my key management team, and we can continue to grow and still live up to the reputation we have established as an employer and an independent hardware store of choice in our county.

Wynn: Our employee retention has drastically improved and is well above industry averages. Our customer engagement scores are now best-in-class. When we look at the consistency of how both retention and customer engagement are across the country, given so many other variables

between stores, I'm confident that the culture strategy we developed with Linda deserves a lot of the credit.

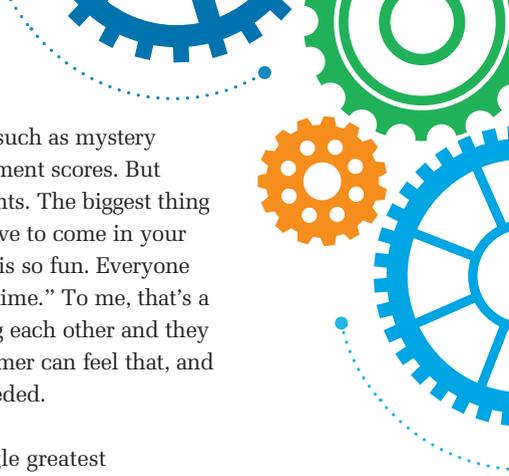
Brackin: Now we do group interviews, and our candidates have to answer questions on core values before they start the interview process. We have eight to 12 individuals from different facets of the business taking part in the interview process. The candidates receive our core values in their employee handbook when they are hired, and they sign off on them.

We also coach to our core values. It makes it consistent and cohesive. When we have to terminate someone, we go to the handbook and show them where they violated the core values that we live by. It has even helped us in some unemployment hearings. The message is consistent from the top to bottom.

The one-to-ones have also become an ongoing conversation that we've gotten a lot out of. They have helped us fill positions from within where we normally would have gone outside.

There is no black and white in retail. There is a lot of gray. The core values are the glue that hold everything together.

Phase 4: Evaluate



- Evaluate the management journey team and identify next steps.
- Create an action plan for consistency and long-term success.
- Formalize the measurement of all results.
- Evaluate the communication plan.
- Review the progress of all implementations, tweak as necessary and discuss future needs.

Schulein: We've always tracked our performance metrics with our customers. But what we've found is our internal metrics have become much better. Our turnover is lower. Our engagement is higher with our team. You can feel it when you walk in our stores. The overall energy has improved. We are a culture-driven company because Linda's process helped us understand what that means and how to improve and accomplish it. Linda has been an incredible resource and a significant part of my company.

Kaplanis: Our average ticket size and our customer counts have gone up. We continue to get great scores

on any survey our co-op does, such as mystery shoppers and customer engagement scores. But really it's the customer comments. The biggest thing someone can say to me is, "I love to come in your store because the environment is so fun. Everyone is laughing and having a good time." To me, that's a sign that my team is supporting each other and they are working together. If a customer can feel that, and it's palpable, then we've succeeded.

Wynn: Culture is still the single greatest competitive advantage available to businesses today against Amazon and the big boxes. Everyone has a culture, it's just a matter of whether yours is by accident or purposeful. So my advice is hire Linda and make your culture a purposeful one that will absolutely drive success for your organization.

Brackin: Today, our training program is the best it's ever been. Our store looks the best it has ever looked. We're doing some really neat things to continue growing the business, despite what Amazon is doing and that the big boxes and specialty stores have come to town. We're doing a very good job, but the second we start resting on our laurels, we're done. ➡