Return on Values Project

DO DIFFERENTLY

HOW CEOs OF VALUES-DRIVEN COMPANIES SPEND THEIR TIME

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IN COLLABORATION WITH
THE CENTER FOR VALUES-DRIVEN LEADERSHIP & THE SMALL GIANTS COMMUNITY
We asked Ron Alvesteffer, President of Service Express Incorporated, about his work, and his answer surprised us. “The joke that I have is that I don’t actually do anything on a daily basis anymore,” he told our research team. “I don’t have direct responsibilities.”

Alvesteffer’s eyes twinkled as he said this, and our on-site research team (led by Dr. Mike Manning) knew exactly what he meant. As the top executive for the rapidly growing data server maintenance firm, Alvesteffer was removed from the daily work of sales, technical management, and administration. What he was responsible for was much less tangible, and yet absolutely fundamental to the future health of the company. He was responsible for leadership.

For the last three years, researchers from the Return on Values (ROV) Project have explored the question, “what is the relationship between culture and profit in small and mid-size businesses?” The question has taken us inside a dozen high profit/high culture companies. We’ve discovered the relationship between culture and profit (and other measures of success, such as employee retention or customer loyalty) is strong. Incredibly strong.

In the hundreds of interviews we’ve done through the ROV Project, we’ve found dozens of measurable indicators that point toward the impact of a positive culture on business success. The companies we study compare favorably to the competition in terms of:

- Market share
- Customer loyalty
- Cost reduction
- Profit and revenue
- Employee Engagement
- Purchase price (if looking to sell)
- Purchasing power (if looking to buy)

So how can a company create a strong and positive culture that produces those results? There are many steps to creating a powerful culture, but there is just one fundamental ingredient: values-driven leadership.

Early in our research (in fact, it was while doing interviews for our first deep dive case study) we found that leaders within high culture/high profit companies had a different sort of “to do list” than other CEOs we’d encountered. Sure, their time was spent in much the same way as other com-
pany leaders; but the purpose of that time was viewed differently. CEOs at our high culture/high profit companies saw their daily responsibilities through a slightly different lens. We believe that lens can have a significant impact in the long-term success of the company.

Specifically, we’ve identified at least five “to dos” for values-driven leaders – five different perspectives on the responsibilities of an executive that we believe can increase a leader’s effectiveness and expand the overall success of the company. If you are a values-driven leader who wants to create long-term sustainability for the company you’re building, here is your to do list:

1. Put culture first
2. Make people your priority
3. Keep financial freedom
4. Remove disruptors
5. Share ownership

For the rest of this short e-book, we’ll walk you through these five “to dos,” sharing examples drawn from our research and suggesting ways you can implement the insights, starting today.

Put Culture First

On the topic of workplace culture, it seems most leaders fall into one of two camps: those that think constantly about culture, and those who never give it thought. Increasingly, the “think about it constantly” camp is growing.

In 2014, Merriam-Webster, the dictionary people, named “culture” their word of the year based on an increase in look-ups and use. Taking a strong, directive role in organizational culture could be seen as “trendy.” The leaders we study know it goes much deeper than that.

“This term culture can be sort of a buzz word today in business,” says Alvesteffer. “You hear of Google and the foosball tables, the air hockey tables, bring your pet to work, do your laundry, do all those fun things.” But, he says, a strong culture is built on more than just fun. “I think where people lose the connection is back to the [idea that] fun drives great business results.”

In the companies we study, the strong cultures drive business results and create an effective, productive workplace. Bob Hottman of Colorado’s premier accounting and consulting firm EKS&H says that after serving as CEO of the accounting firm for years, there is not much that keeps him up at night. “But part of that’s because the single most important thing to me as a CEO in the organization is our culture,” he says. “And if I was concerned that the culture was not totally aligned with where we want to go and our values that would keep me up at night.”

For CEOs who want to take a values-driven approach to business, putting culture first is job number one. Our research through the ROV Project is building the business case to demonstrate that strong, positive cultures do contribute to a more
profitable, more sustainable, more successful business. CEOs like Hottman and others know this, and invest significant time and resources in building and shaping culture because it improves outcomes of measurable success.

“Managing the culture is my chief responsibility now,” says Tom Walter of Tasty Catering. Why? Because it’s the clearest leverage point for success he knows.

In a very small company, the founder’s character and personality usually defines the culture of the organization. But as companies start to grow, the culture begins to take on a life of its own. Many leaders find the transition from “the culture is me” to “the culture is a living organism of its own” happens around 50 employees.

Does this let the leader off the hook? Not in the least.

In every executive interview we’ve done through the Return on Values Project, the CEOs and presidents have made clear that the culture is their business, regardless of the size of the organization. It may have a life of its own, but the CEO takes care to model it, shape it, and celebrate it on a daily basis.

“I think the keys to continue to scale the culture is to make it a priority, and the priority has to come from me,” says Kim Reed Perell of Adconion Direct, now Amobee. “If I don’t make it a priority, then no one else will.”

The days of the corner office earning you a pass on good behavior are gone. Ron Alvesteffer of SEI illustrated this with a story. His father, who had spent his career at GM, came to visit Alvesteffer at SEI’s office, where he saw his son’s car parked in the most remote corner of the lot. “How come

In his book Organizational Culture and Leadership, management guru Edgar Schein claims that leaders are the main architects of culture. Schein lists twelve things a leader does to build culture. He calls the first six “primary embedding mechanisms” and the second six “secondary articulation and reinforcement mechanisms.” We call them Culture Creators and Culture Sustainers.

**Culture Creators**

1. What leaders pay attention to, measure, and control;
2. How leaders react to critical incidents and organizational crises;
3. How leaders allocate resources;
4. Deliberate role modeling, teaching, and coaching;
5. How leaders allocate rewards and status;
6. How leaders recruit, hire, fire, and promote.

**Culture Sustainers**

1. Organizational design and structure;
2. Organizational systems and procedures;
3. Organizational rites and rituals;
4. Design of physical space and buildings;
5. Stories about important events and people;
6. Formal statements of organizational philosophy, creeds, and charters.
you don’t have a parking space right up in front that says President?” he asked his son.

“That’s so old school,” Alvesteffer answered his father. “What, am I going to tell my employees that I have to park up close and I have the shortest walk to the door? They’re the ones doing the real heavy lifting during the day ... I’m way in the back there in the leadership lot.” For Alvesteffer and his executives, the choice of parking spots modeled the culture’s focus on service to the entire team.

**Change Your Title**

The executives we study lead as if their title is not just CEO, but also Chief Culture Officer. Tom Walter of Tasty Catering actually bears that title on his business cards. Bob Hottman of EKS&H says the other partners in his firm sometimes introduce him as the Chief Culture Officer.

As a leader, the best way to make your values meaningful is to invest time, money, energy, and intellect into building a values-driven culture. We’ve noticed several important habits among the high culture/high profit executives we study. These habits reflect Schein’s culture creators and culture sustainers, and include:

- They actively participate in on-boarding, mentoring, training, and coaching;
- They apply resources, hire, fire, and promote to support and reinforce the values;
- They are constantly telling stories and recognizing people who put the values into practice;
- They promote dialogue about the values in senior team meetings, company-wide events, and through all communication channels;
- They use the values to evaluate company decisions;
- They proudly post the values in their offices, on their company merchandise, and in visible public places;
- They use the values to set strategy and build customer relationships; and
- They relentlessly make sure that the values are integrated into every system and process of the organization.

Note: Some of the content in this section is excerpted from our free e-book, *Making Values Meaningful: A Menu of Options for Senior Leaders*. Download your copy at this link.

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Start Today
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For each section of this e-book, we’ll offer specific ideas you can start today. To put culture first, the eight strategies we list above form an excellent starting point. For a few more concrete ideas, consider these opportunities:

- Stay involved in hiring: meet as many of your company’s prospects as possible, and make final decisions based on culture fit.
- Become personally involved in new employee orientation, so new team members can hear first about the culture from you.
- Hone your story telling skills. Look for stories that illustrate the best of the culture, and share them publicly to celebrate and shape the organization’s efforts.
- Start rituals or traditions that reflect the culture and can serve as regular reminders of the culture you most desire.
- Find measures of the culture – such as the Return on Values Inventory, or employee engagement surveys – and learn from the results.
Keep Financial Freedom

Leading a values-driven company requires the nuanced capacity to make decisions with all stakeholders in mind. For most of the high culture/high profit companies we’ve studied, this nuance is dependent on one primary fiscal factor: retaining financial freedom.

To be sure, the ability to stay independent is a luxury. Our CEOs recognize this: many have considered outside investors, holding companies, venture capital, or sale to a larger firm. But they also realize that taking on shareholders comes with certain risks that can threaten the culture. The leaders tell us their ability to make tough decisions that keep the culture strong is aided by their financial freedom. This freedom gives them the capacity to think long term, and to focus on being a sustainable, deeply rooted company rather than targeting fast and flashy growth.

In particular, the CEOs we’ve interviewed cite three primary reasons to stay independent:

1. To protect the culture and the people of the organization;
2. To allow themselves to take a long-term view on profit and sustainability;
3. To make it possible to accept certain “costs of doing culture.”

Let us share a few examples drawn from our interviews, starting first with New Belgium Brewing Company. After years of ownership, founder Kim Jordan began to consider new options for long-term ownership of the company. “Our first consideration was company perpetuation, and how do we make sure that this company goes forward ... with a high degree of commitment to a set of values; commitment to the environment, commitment to the communities where we do business,” says Jordan. Eventually she determined on an ESOP (employee stock ownership plan), which has secured the long term commitment to the values on which New Belgium was founded.

At Integrated Project Management, their commitment to financial independence and zero debt gave them what CEO Rich Panico called “extraordinarily high” cash reserves. These reserves were vital during the recession of 2008 and allowed IPM to avoid layoffs, continue paying healthcare premiums, and make strategic decisions. As a result, the company managed to grow throughout the recession.

We heard stories of making the deliberate choice to remain small, in order to maintain a sense of work-life balance for the leadership and staff; or deciding to fire a customer because of a poor fit. Other leaders told us how their financial independence allowed them to invest profits back into employees and other aspects of the business, rather than needing to return shareholder value. In every case, maintaining independence allowed the CEO to protect the organization’s culture. “If you’re a financial investor, you have a responsibility to your investors to return money on that investment over a period of time. And that means that you’re going to
look at decisions that you make every day ... differently because of the fact that you have that responsibility,” says Paul Spiegelman. “You have a fairly short term view of decisions that are going to be made.” Retaining financial freedom allows for a long-term perspective.

While most of our CEOs have favored financial independence, that doesn’t mean they are lone operators. The values-driven leaders we study actively create networks of advisors, in formal and informal roles, who help them through difficult decisions and provide specialized insights.

Of course, some small and mid-size companies want to be purchased. At the time of our initial research Kim Reed Perell was the CEO of Adconion Direct, an online marketing firm. Her company had already been bought once at the time of the interview; months after our interviews, the firm was purchased again, this time by the international firm Amobee, and Reed Perell transitioned into the role of president. In both sales, Reed Perell and her team were able to negotiate to maintain key aspects of the culture. In fact, she felt the strength of her firm’s culture was a “selling point” that made them more attractive to buyers.

Likewise, in the months following our interviews at BerylHealth, co-founder Paul Spiegelman sold the company to Stericycle, and he became the publicly traded company’s Chief Culture Officer. As with Reed Perell, Spiegelman’s company was more attractive to its buyer because of its strong culture.

“If you’re a financial investor, you have a responsibility to your investors to return money on that investment over a period of time. ... You’re going to look at decisions that you make every day differently.”

Start Today

Values-driven leaders carefully consider the decision to sell, take outside capital, or retain financial independence. Regardless of your current intent, you may want to consider these questions:

- Knowing the fiscal arrangements of your company, including debt, how does this status impact your culture? Your people? Would you make decisions differently if the circumstances were different?

- What “costs of culture” are you currently willing to accept? Is this influenced by your financial status?

- If taking on debt or outside investors is a possibility for you, make a list of the “non-negotiable” aspects of your organizational culture. What would a potential buyer or investor have to agree to, in order for you to make a deal?
Make People Your Priority

Jim Horan, CEO of Blue Plate, Chicago’s top event catering company, boiled the responsibilities of a CEO down to just two: 1) Worry about the future, and 2) Spend time with employees. Horan’s to do list might be simplistic, but it captures much of what makes his company, and others like it successful. As Jim says, “When our employees are around, I want to be around the employees.”

As a statement, “make people your priority” may seem obvious. But it is never easy to consistently accomplish, and sometimes requires making tough trade offs. The top leaders at the companies we study have established systems and rituals and habits that make it easier to sustain people as your top priority. Let us highlight a few examples:

Sandy Dupleich, a partner with Seattle-based Dynamic Language (a translation services firm) makes a point of personally signing every employee paycheck. Dupleich walks through their offices, handing out the checks (often with her dog Lucy in tow). “It gives me a touch with each of the employees, every two weeks,” says Dupleich.

At Service Express, President Ron Alvesteffer is quick to refer to a Zig Ziglar quote, “You can have everything in life you want if you will just help enough other people get what they want.” Service Express, under Alvesteffer’s leadership, makes meeting the life goals of people their overall mission, whether those life goals are to get a promotion, buy a new house, or make it to every one of your son’s high school football games.

To help team members accomplish their goals, managers follow Alvesteffer’s example by making life goals part of regular one-on-one meetings. Leaders provide support (the name of a mortgage broker, the freedom to leave early on a Friday afternoon) whenever possible. The result is an actively engaged workforce that knows they are the top priority of their senior leadership. This has translated into improved employee turnover rates, down from 20 percent to just 10 percent.

Regular “walk throughs” are practices mentioned by many of the CEOs we interview. These leaders leave their corner office in habitual ways, taking intentionally slow strolls through office corridors and across factory floors. “My job is to walk through the kitchen. My job is to go talk to the sales people. My job is to just touch the people that work here,” says Jim Horan, of Blue Plate Catering. “It’s just walking around and kibitzing and finding out how people are doing and following up on stuff and asking people about their family. Telling people what a great job they’re doing.”

Our research logs are filled with dozens of other examples of intention-
al actions these leaders take, in order to keep their focus on the people around them. Including,

- Maintaining an open door policy, or an open air office
- Choosing to park in the farthest spot possible, to show humility and to allow conversation time with others as you walk toward the building
- Writing handwritten notes on special occasions, such as work anniversaries or birthdays
- Authorizing and participating in robust mentoring programs
- Maintaining regular meetings with leaders, even when the staff grows large
- Promoting from within whenever possible
- Making a focus on others part of the job description and accountability metrics
- Staying engaged in the recruitment and hiring process, and personally welcoming all new employees

That list is by no means comprehensive, but it is compelling. What struck us, in our research, was the systematic way these leaders intentionally engaged in prioritizing people.

Emotional Intelligence

With these stories accumulating throughout our research process, we weren’t surprised to discover that two of the 10 CEOs we interviewed have professional backgrounds in social work (Kim Jordan of New Belgium Brewing; Jim Horan of Blue Plate Catering). These leaders of high culture/high profit companies have intentionally developed the muscle of emotional intelligence.

“The majority of my time daily is spent being involved with people; emotionally with people,” says Tom Walter, CEO of Tasty Catering, a recipient of multiple American Psychological Association’s “Psychologically Healthy Workplaces” awards. “Leaders are emotionally involved with their followers.”

Psychology Today defines emotional intelligence as “the ability to identify and manage your own emotions and the emotions of others,” including the capacity to identify emotion, harness emotions and apply them to tasks like problem solving, and the capacity to regulate emotions and support others in the regulation of their own emotions.

Care for Your Own Emotional Health

Growing your own capacity to coach others is one of the best ways to improve your own mental health. Why? As team members develop the ability to answer their own questions, your personal burden decreases. You can read more about this in our section on Sharing Ownership, but we also encourage you to watch this video featuring Dwight Strayer, Chief Operations Officer at Service Express Incorporated. This video is part of the Return on Values video series. Find more at www.returnonvaluesproject.com.
The leaders we interview have developed the capacity to care for and support team members as they encounter personal and professional challenges, from failed initiatives to failed marriages. This capacity changes the lens by which a leader looks at every meeting and interaction. Instead of approaching time with employees as solely a business-oriented strategy conversation, high culture/high profit leaders focus on the support they provide to the team members involved. Certainly much of that support is strictly professional (what resources do I need to expend, in order for this effort to be successful?) but a significant proportion is emotional as well (what support can I expend, in order for this person to be successful?)

**Why This Matters**

As CEOs invest more and more time with people, the results begin to show up in the company’s bottom line. “What we have seen over the years is that when we invest in our people to show them that our value is about them, we’re here for them, then we see them much more engaged in their work,” says Paul Spiegelman, founder and former CEO of BerylHealth (now the Chief Culture Officer for Stericycle). “We see them much more able to sit down and think about solutions to problems.”

Bob Hottman, the CEO of Colorado’s largest accounting firm, EKS&H, believes his firm’s investment in people gives them a competitive advantage. “The only thing that can differentiate us and the marketplace is the quality of our people, how they interact with each other, and as a result of that how we are able to take things to our clients,” he told our research team, led by Dr. Mike Manning. “Relationships are everything.”

Hottman estimates he spends 75 percent of his time mentoring and meeting with the people of his firm. This percentage is common among the CEOs we interviewed, and it makes for more successful companies. Other studies have found that CEOs who spend more time with their employees lead more productive companies. Making people the priority pays dividends.

**Start Today**

To Make People Your Priority, consider:

- Prepare for each meeting on your calendar by asking the question, “Who is in this meeting, and how can I help them succeed as an individual and as a team member?”
- Review your routine: does it reflect an orientation toward people? How do you know?
- What new habits could you start to make clear your prioritization of people? Office walk-throughs? Handwritten notes?
- Among your executive team, who are the best at caring for people? How do they illustrate this care? Has it made them more successful? How could you celebrate their approach publicly, in order to encourage others to do the same?
Remove Disruptors

We first recognized Removing Disruptors as a differentiator among values-driven leaders through a story told by Tom Walter, CEO of Tasty Catering. Walter had a team member, Jodi, who sat in a high traffic area. A door outside her cubicle was opened and closed hundreds of times a day. Finally, Jodi casually mentioned to her boss that the noise of the door was maddening.

Walter knew this wasn’t just an annoyance; it was a distraction. How could Jodi concentrate on her work if, hundreds of times each day, her attention was drawn away by the banging of the door? That night Walter’s business partner had the door’s latch changed to a quieter model. Two months later, they moved Jodi’s desk to another area. “Her productivity increased tenfold because the disruptor was resolved,” Walter reported.

Walter’s language of “removing disruptors” caught our attention. Our researchers quickly saw that the values-driven leaders we interviewed were exceptional at identifying disruptors – big and small – and removing or mitigating them. The result is usually a workforce that feels the respect of their senior leadership and is better equipped to meet their expectations. Like Walter found, this often leads to measurable increases in productivity. We’ll share a few below, starting with the one we hear most often, poor culture fit employees.

Poor Culture Fit Employees (and Clients): “Take a look around,” said the human resources director at BerylHealth during our visit. “You won’t find any assholes here.”

While his language was strong, his point was clear. The leaders of the high culture/high profit companies we study know that “one bad apple” can really spoil the barrel. They act quickly to dismiss employees who aren’t a match for the company’s values and culture.

At Integrated Project Management, a Chicago-area firm led by CEO C. Rich Panico, honesty and integrity are so important that lying leads to immediate dismissal. “We have elements of success that we have identified, the particular traits that are important to be successful at IPM, and there are only two that are absolute, which means you have them or you’re not here. Those are honesty and integrity. And we have lived that out. Fortunately, only twice in our 25-year history [has there been a time] where someone lied to us, and they were fired on the spot,” says Jo Jackson, former CFO of IPM and current Vision Realization Officer.

Common Disruptors

Across the 100+ interviews we’ve done, we’ve identified a handful of common disruptors that values-driven CEOs are expert at removing. We’ll...
Sandy Dupleich, a partner with Dynamic Language, says she found firing someone difficult in her early days of leadership. “But now, because I think I really understand when someone has reached the point where it’s just not a good fit, I’m actually in many cases doing them a favor and giving them an opportunity to hopefully succeed in another company,” she says.

Values-driven leaders also develop the skillset of “firing” poor fit clients – clients whose attitudes or demands violate the values of the company and its team members. Paul Spiegelman, former CEO and Co-founder of BerylHealth, says this ability to “turn away” is critical for leaders.

Removing the disruptor of a poor fit employee or client reinforces the values of the culture and creates the best possible environment for team members to meet their goals and feel personally rewarded.

Personal Life Distractions: As every working adult has experienced, personal life distractions can disrupt your work. The values-driven CEOs we interviewed try to create work environments where the personal needs of individuals can be respected and met, when possible.

“My job is to make sure that everybody in the company is whole—everybody in the company’s needs are satisfied,” says Tom Walter, CEO of Tasty Catering. To do so, the company has created a room where new mothers can pump milk or catch a quick midday nap. They’ve established a financial assistance program that offers low interest loans to meet the financial needs of the staff. Realizing that the high school or GED educations of many of their employees left skill gaps in their personal lives, Walter established Tasty University to teach family budgeting, English as a second language, and basic business skills.

Leaders at BerylHealth are on the watch for employees facing extenuating life circumstances. One man’s story was repeated in multiple interviews: shortly after joining the company as an entry-level employee, the man’s mother became sick. He wanted to spend the last few weeks of her life with her, but lacked vacation time and money for a plane ticket. Paul Spiegelman, then CEO of the company, authorized the purchase of the ticket and gave the man leave to stay with his mother until she passed away. Years later, the man is now the company’s senior facilities director, and a strong champion of the culture.

“It amazes me, the loyalty that is integrated into somebody by the simplest of kindness,” says Lara Morrow, Beryl’s former “Queen of Fun and Laughter.” (See video side bar for
Leaders also must become skilled at helping team members make space for their personal lives. For Dynamic Language leader Sandy Dupleich and her brother and partner Rick Antezana, that means managing the growth of the company. “It’s really important to us that we still are able to maintain who the company is and not to grow to such a large extent that we’ll lose track of who we are or that we can’t have a personal life,” says Dupleich. “And for our staff too, we don’t want to be working them to the point that they’re working so much overtime that they can’t spend time with their families.”

Removing the disruptors of personal life challenges and creating the capacity for balanced living produces loyalty and fosters productivity. This kind of leadership has to be modeled from the top down, as the CEOs of these high culture/high profit companies illustrate.

Cultural Pitfalls: If a company’s culture is organized around a few key values, then the leadership practices of its CEO and other executives need to encourage these values, rather than invite violation. Removing the disruptor of potential cultural pitfalls is the job of the CEO.

We saw a strong example of this at the accounting firm EKS&H. The firm wants to prevent unhealthy competitiveness, so CEO Bob Hottman relies on transparency to remove the potential disruptor. “We are one of the few top hundred firms in the country that has what we would call an open compensation system, where every partner knows what every other partner makes within the organization,” he explains. “And as a result of that, we have one conversation on compensation once a year and then people move on.”

BerylHealth is a concierge-level call center for the health care industry. The Beryl associates are on the phone with worried parents and caretakers, helping in the mist of a health care crisis. While other call center employees are measured by the number of calls they take in a day, Beryl compensates their employees by the minute instead. This allows Beryl associates to spend as much time with a caller as needed, demonstrating their value of compassion and helping ensure their consistently high ratings and customer loyalty.

At Integrated Project Management, where honesty is above all, CEO Rich Panico works to create an environment where mistakes are accepted and forgiven. If he failed to do so, it would instead encourage team members to lie, in order to cover up their mistakes. Likewise, Amobee President Kim Reed Perell has created a culture where passion, resilience and opportunity are the core values. She works to disrupt pitfalls by making it okay to “fail fast.”

Many of the CEOs we’ve interviewed have created robust employee feedback processes, and integrated their cultural practices and company values into these feedback systems. This close integration of values with employee feedback also helps navigate pitfalls by making clear the expectations of the organization.

Systemic Disruptors: Finally, CEOs of high culture/high profit companies work to remove systemic disruptors, whether they are internal or external. Internally, personality differences are addressed and resolved. Secondary businesses that distract from the core business are sold or disbanded. Executives such as Dave Price, Chairman of the Board with Fresno First Bank, fight the disruptor of “the way it has always been done.”

Kim Jordan, Co-Founder and former CEO of New Belgium Brewing Company, also works to remove external disruptors that create obstacles to the progress of her company and its team members. For Jordan, this means taking a public stance on issues related to the environment or living wage increases. She says these public debates allow her to clarify for her team members what the company values. “It gives us the opportunity to have real conversation with people, and to also check our own beliefs,” says Jordan. “Not everyone may love us for that, but it’s important to us that we take a stand in some areas.”

“My job is to make sure that everybody in the company is whole—everybody in the company’s needs are satisfied.”
Removing disruptors is the work of any leader, but values-driven leaders do so not only because it is good for business, but because it is also good for culture and people. The examples of the ROV CEOs offer several suggestions of where you can start. These items may help you assess your own company:

- Do you have team members or clients who are a poor cultural fit for your team? How have you worked with them to resolve the situation? Is it time to let them go?
- Evaluate your company’s efforts at meeting the personal needs of your employees, or making space for their personal lives. On a scale of 1-10, what is your score? What are small changes you could make to remove the disruption of personal concerns?
- Cultural pitfalls often revolve around how team members are compensated or rewarded. Do your processes in these areas align well with your culture? Why or why not?
- Is your company facing external disruptors? How have you taken the lead to face these challenges? Will addressing them clarify the culture or reassure your team?

Share Ownership

So far we’ve covered five of our six habits of effective leaders of values-driven companies. Our final item is to Share Ownership.

Strong leadership and strong culture are most effective when they foster shared ownership, which we see present in the team members of many of the companies we study. Shared ownership is the concept that employees have autonomy and are trusted and empowered to lead within their area of responsibility; it may include actual ownership, through an ESOP or other equity structure, but it also includes circumstances where the employee is not an actual owner but feels a strong emotional connection in the company regardless, as is often seen in companies that practice Open Book Management.

When people feel like they are an owner of the business, they are more engaged, they make better decisions, they take better care of customers and each other, and they are deeply invested in the success of the business. Dave Price, chairman of the board at Fresno First Bank, identifies the benefits of an ownership mentality. “People work harder; less turnover; people enjoy coming to work; they feel they’re part of something big or this could be part theirs.” Price, in an interview with our colleague Dr. Kevin Lyncy, used the metaphor of home ownership to ex-
plain, saying that you take better care of a home you own than one you rent.

Of the companies we’ve interviewed, some are actually employee owned, in part or whole. These include New Belgium Brewing and Fresno First Bank. Others are transitioning to employee ownership or are taking partial approaches to actual shared ownership, including launching employee-owned satellite businesses and offering phantom stocks for executives. Still others foster a shared ownership environment without relinquishing actual ownership. Regardless of the model, the companies who employ this philosophy do so through a unique combination of education and autonomy.

Creating an Educated Workforce

Often the phrase “educated workforce” implies college degrees and advanced certificates. To share ownership, however, the concern is focused less on the degrees earned, and more on the employee’s ability to understand the complexity of the company’s business model and values, mission and vision. Let’s take those one at a time.

Business Model: Do your team members know what makes your company profitable? You might be surprised. Some CEOs we interviewed shared stories of “moments of realization,” when it suddenly became very clear that employees didn’t understand the true business model the company operated under.

For establishing financial understanding, nearly half of the companies we’ve studied have employed the principles of Open Book Management (OBM) and the Great Game of Business. Leaders in OBM companies take a transparent approach to company financials and teach financial literacy to all employees, with the understanding that as a team member’s competency with the business financials grows, their decision making capacity will improve.

When Kim Jordan of New Belgium Brewing first adopted OBM she gave her staff a quiz, asking them, “Of every $100 we earn, how much of it is left after we pay for raw materials, staff, and other expenses?” On average, team members estimated $60 in profit from every $100 earned.

“Wouldn’t that be great!” she says. With the gap in understanding identified, Jordan set out to create an educated workforce. They trained their staff to understand the relationship

Growing Business Acumen through OBM

Many of the companies we study practice Open Book Management (OBM), including New Belgium Brewing, who has been using OBM for more than 20 years.

Executives who practice OBM create a transparent environment around company financials, and actively teach all team members about the company’s profits and losses. See how Tasty Catering practices OBM in this video:

BETTER BOTTOM LINES THROUGH OPEN BOOK MANAGEMENT

Find more videos at www.returnonvaluesproject.com, and learn more about OBM through Jack Stack’s book The Great Game of Business.
between the balance sheet, the cash flow statement, and the profit and loss (P&L), as well as how earnings were reinvested in capital improvements. “That was really freeing because I realized that it was easier to be trusting and transparent,” says Jordan. With those understandings established, Jordan was free to engage her team members in more strategy development. Now, 22 years into the practice of OBM, her staff is educated and more than capable of making sound financial decisions on the company’s behalf.

Team members who understand the complexities of a company’s financial workings can contribute to the success of the organization. Rick Whitsell, former President of Fresno First Bank, summarizes the results the best: “Once they understand it, they have a responsibility to come back and be problem solvers, not be problem givers.”

Values Statement: Creating an educated workforce is not just about the business fundamentals – it’s also about the culture. When team members are well versed in the values of the organization, they are able to evaluate choices or nurture relationships according to the set of principles that the company’s leadership hold most dear.

Bob Hottman of EKS&H says this sort of ownership of the company’s values equips everyone, not just executives, to lead. “I personally believe one of our best leaders is our receptionist,” says Hottman. For him, it recalls the adage that if serving others is below me, then leadership is above me. By creating clarity around the culture and values of EKS&H, the company has essentially created a team of people who care so much about the company that they act as leaders, regardless of their place on the org chart. “It’s not about a title. And we can have six hundred leaders out there and that makes a force that’s pretty hard to reckon with.”

One Tasty Catering story illustrates this perfectly. The company hires many high school and college-aged workers to serve at the summer picnics the company caters. At one such picnic, the service was not going well: it was a hot day and the beer was flat, the wine was warm. The crew leader that day was a college-aged woman named Ashley who had been well educated in Tasty Catering’s core values, including their principles of providing quality in all they do and meeting high customer service standards. She kept her cool even as the client’s anger grew, and offered to refund the client for the alcohol service.

“You can’t do that!” said the exasperated client, questioning the young woman’s authority to make the decision.

“Oh yes I can,” said Ashley. She called her boss, Larry Walter, a founder of the company. Walter immediately affirmed Ashley’s authority, and applauded her application of the company’s core values.

Autonomy

What Ashley’s story illustrates is that in companies where every

“It’s not about a title. We can have six hundred leaders out there and that makes a force that’s pretty hard to reckon with.”
employee has clarity around the organization’s business model (what makes them profitable) and values (what makes them principled), the team members can be trusted to make challenging decisions.

Executing on those decisions requires autonomy, the second factor of ownership thinking. It creates, as Rick Whitsell at Fresno First Bank explained, “something other than top down leadership.”

For Kim Reed Perell in the fast-changing business of internet marketing, creating a workforce she can trust is imperative. “You have to act at the speed of trust,” says Reed Perell. Because her seasoned staff understands the metrics that influence their business decisions, and can make choices that fit the company’s culture and values, she can push the company toward innovations. “We move fast because we have high trust in the people,” she says. “I don’t second guess anyone cause I trust they are empowered to make those decisions. However, I always look at the results.”

At Tasty Catering, this value of autonomy is so important it is their seventh and final value. They call it, “freedom and responsibility within the culture of individual discipline.” That value is what gave the young crew leader, Ashley, the confidence to refund the alcohol service without first consulting her boss.

Why is sharing ownership the last item on our “to do list” for values-driven leaders? Essentially, this single principle, when executed in its complexity, is what gives CEOs the ability to take a vacation, to not check their email at night, to make a quick decision on a difficult issue.

Rick Whitsell explains it through a parable. “I’m sure you’ve heard this one about two workers out in front of the cathedral and they’re both laying stones for a pathway. And the question is asked of one of the workers...well, what are you doing? And he said ‘I’m laying a pathway.’ And the second question came to the other laborer, and he said ‘I’m building a cathedral.’ Totally different view of life. And that, in kind of a bigger picture way, is what we had hoped to deliver.”

Ownership thinking takes team members at all levels of your company and gives them clarity around the cathedral you, as CEO, are building. When your team knows what you consider to be important, it helps them evaluate choices based on your priorities as a leader. It gives them a chance to think like an owner. When employees are able and empowered to do that (which requires a great deal of trust on the leader’s part), it contributes to the organization’s overall success.

“I’m sure you’ve heard this one about two workers out in front of the cathedral and they’re both laying stones for a pathway. And the question is asked of one of the workers...well, what are you doing? And he said, ‘I’m laying a pathway.’ And the second question came to the other laborer, and he said, ‘I’m building a cathedral.’
Final Thoughts

Whether you own your own company or have risen through the ranks to sit at the top of the org chart, your schedule is undoubtedly busy. You’re focused on making your company successful, and probably aren’t looking for additions to your to do list. So why should you adopt the five practices we’ve identified as essential for values-driven leaders who want thriving companies?

Because they deliver results.

The companies we feature in this e-book, and that we study through our Return on Values research project, are at the top of their game. They lead organizations that are nationally recognized as culture leaders, while also out-performing their competitors. Some have experienced double-digit growth year after year for more than a decade. Others charge 25 percent more than the competition, because the quality of their work is worth the price difference. Many grew throughout the recession. They excel at retaining employees and customers.

None of this would be possible if it weren’t for the day-in, day-out consistency of their senior leadership.

We could write an entire book on the exceptional practices of these CEOs, but much of it boils down to five key items:

1. Put Culture First
2. Keep Financial Freedom
3. Make People Your Priority
4. Remove Disruptors
5. Share Ownership

Want to lead a high culture/high profit company? Start here, and let us know the results.
How One CEO Spends His Time

In 2014, we asked Paul Spiegelman (the founder of the Small Giants Community and BerylHealth, and Chief Culture Officer for Stericycle) to write a blog post about how he spends his time. His answer was so inspiring, we’ve republished it here. It perfectly illustrates the different “to do list” items values-driven leaders prioritize.

How do you spend your time?

This is such a great question – one that all leaders should be asking ourselves every day. As I reflect on my years as a leader and business owner, it occurred to me that the answer to this question has changed many times over the years.

My own ability to grow as a leader has been the same as many entrepreneurs – we learn by doing, making mistakes, celebrating successes and continually moving forward. The biggest influences on my growth came from reading books and trusting mentors who were willing to spend time with me.

I hope the lessons I’ve learned about how to spend my time might be helpful to others:

**Strategy**

I used to think about how to build a strategy to help us grow – I spent time worrying about the product, the market and how much customers would pay for our service. I felt the need to control most of what we did and have my stamp on everything.

I realized that my time was better spent on people – finding the right people, instilling a set of core values people could live by, getting rid of the wrong people, and getting out of the way. Once I realized that there were many people who were smarter than me that could help the company grow, I knew my place was to focus on building a culture and environment where people enjoyed what they did every day and were able to follow their personal passions.
Developing People

I used to spend my time hiring people who already had experience doing the things we needed to do to help us grow. A consultant told me long ago not to hire or promote people with potential, since this would increase our risk of failure.

I realized my time was better spent helping people stretch themselves and take advantage of their personal visions to grow, even if it was into new areas. There is so much underutilized talent in every organization.

Vision & Culture

I used to be obsessed with making the next sale. I loved the sales and marketing aspect of the business and I was good at it.

I realized my time was better spent helping the company articulate “who we were” so we could sell that. So many companies focus on the features and benefits of the products we offer. But to truly compete and become a premium provider, we have to show a way to differentiate. So I spent a lot of time educating our team members how to sell the vision and the culture.

Presence

I used to be the first one in and the last one to leave – I felt like I had to put in the most hours, be the quickest to respond and keep things moving.

I realized my time was better spent being present no matter where I was, at work or with my family. I don’t believe in work/life balance because I don’t think that exists anymore. It is just “life.” If we can find our passion, we should be enjoying what we do with our colleagues just like we enjoy the time we spend with our kids. The key is to pay attention to ourselves – our health, our fitness, our family and our work.

Significance

I used to spend my time focused on success – making the company bigger, growing value and making money.

I realized my time was better spent focusing on significance – the impact I can make on other people’s lives (comes with age). Quite a while ago, I came to realize that happiness is not the money you make but the people you touch, whether at work, at home, or in the community.

So I think this question can really only be answered at a point in time for each person. Having sold my core business, I’m probably asking myself this question more often than ever! I wish more CEOs and leaders would ask themselves the same question and be honest about where they could make the most impact for themselves and all of their personal and professional stakeholders. They might be surprised at the results.

“My time was better spent helping people stretch themselves and take advantage of their personal visions to grow ...”
About the ROV

The Return on Values Project (ROV) is a multi-year, $1.2 million research initiative to explore the link between culture and profit in small and mid-size businesses.

Does a positive, people focused culture just make for a nicer place to work, or can we see the difference in your bottom line? We want to know, and we’re exploring the question through:

- Qualitative deep dive case studies of 15-30 “exemplar” companies: highly profitable, industry-leading companies that are known for their strong, people-focused cultures. The case studies offer inspiring best practice examples, which are shared through our publications and video series.

- A quantitative longitudinal survey, sent to more than 25,000 CEOs, that when complete will offer never-before available comparison data on the influence of culture on important metrics for privately-held businesses, including profit, employee engagement, and customer loyalty. Once validated, this will be a powerful resource for companies worldwide.

We believe companies with values-driven, people-focused cultures are not just creating better workplaces, they’re creating more sustainably-successful companies.

The Return on Values project helps provide the evidence-based business case for this way of leadership, opening doors to a future where CEOs of mid-size companies are eager to create people-centered companies because it is a clear, documented pathway to profit.

We’ll share our results through videos, discussion guides, business school and executive education curriculum, books, journal articles, and more. But to get there, we need your help.

Supporting the ROV Project can help you meet your business-to-business goals as well. Learn more at www.returnonvaluesproject.com.

The ROV Research Team includes:

Co-Principal Investigators

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Dr. Kim Cameron, University of Michigan’s Center for Positive Organizations

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Dr. Dave Smith
Dr. Benny White
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Companies Studied to Date

The following companies and their executives have been studied as part of the ROV Project, to date. (In alphabetical order.)

AMOBBE (formerly ADCONION DIRECT)

www.amobee.com | studied June 2013

Amobee is a global digital marketing technology provider. President Kim Reed Perell previously founded and self-funded Frontline Direct, a performance marketing company born at her kitchen table, and grew it to over $100 million in annual revenue. Frontline Direct was acquired in 2008 by Adconion Media Group and in 2011, and in 2014 by Amobee. (At the time our research was conducted, the company was known as Adconion Direct.)

Through many transitions, Reed Perell’s company has held true to their core values of passion, resilience, integrity and innovation – a commitment which has led to year after year of record breaking numbers. Throughout its steep growth, Reed Perell’s team hasn’t lost sight of their original noble cause of building lifelong relationships while realizing their mission to become the global leader in cross channel digital advertising.

BERYLHEALTH

www.berylhealth.com | Studied October 2012

Paul Spiegelman’s Dallas-based company BerylHealth is a concierge-level call center for the healthcare industry. Because Beryl’s advocates are working with callers in the midst of a health care challenge, Beryl hires and trains for compassion. They also include a healthy dose of fun in their daily work life. It’s working. Beryl has seen double-digit revenue growth, triple digit profit growth, and estimate their profitability to be 5-6 times higher than their competitors. BerylHealth was purchased in 2013 by Stericycle.

BLUE PLATE CATERING

www.blueplatechicago.com | Studied January 2013

If you’re having a formal event at a premier location in Chicago, chances are you’ll call Blue Plate Catering. CEO Jim Horan has created a culture that fosters (and demands) happiness. They say they are happy people making people happy – an attitude that makes employees focus on solutions rather than problems. Because of their happy, solution-focused orientation, Blue Plate enjoys a strong reputation. In an industry that has seen its fair share of market swings, Blue Plate regularly sees 20% profit growth.

DYNAMIC LANGUAGE

www.dynamiclanguage.com | Studied July 2013

Dynamic Language is a Seattle-based company that provides translation and interpretation services in over 150 languages. With a lean staff and an exceptionally efficient process, Dynamic Language is more streamlined than their competitors. They are more responsive as well, with a corporate goal of responding to requests for language support within 30 minutes. The result is an extremely satisfied customer base and sustainable growth path for this family-owned business. The company was founded by CEO Maria Antezana, and is now led by second-generation partners Rick Antezana and Sandy Dupleich.

EKS&H

www.eksh.com | Studied August 2015

The largest accounting firm based in Colorado, and the fifth largest based in the western U.S., EKS&H, has earned their reputation for providing exceptional service for nearly 40 years. Established around a core set of values and the intention to be a true “trusted advisor” to their clients, the company has routinely been recognized by the Great Places to Work Institute and others. CEO and managing partner Bob Hottman says it is the company’s culture that has led to their exceptional growth. The company is now expanding their services to meet the needs of more clients in California and elsewhere.
FRESNO FIRST BANK

www.fresnofirstbank.com | Studied April 2014

California’s Fresno First Bank has outpaced their industry with exceptional growth despite tough economic conditions. The bank’s leadership (including Dave Price, Chairman of the Board, and Rick Whitsell, former President) attributes this record-setting growth to their empowered employees who are part owners in the bank and have a clear understanding of what does and does not make the company profitable. This ownership is a source of motivation that inspires problem solving and innovation – equipping them to better serve their local community.

INTEGRATED PROJECT MANAGEMENT

www.ipmcinc.com | Studied November 2012

IPM is an award winning project management consulting firm established in 1988. IPM is led by C. Richard Panico, its founder and CEO. Based in Chicago with offices across the country, IPM’s brand is recognized by its focus on ethical leadership, uncompromising honesty, and planning and executing critical initiatives to achieve sustainable results for clients. Rich believes that IPM’s greatest competitive advantage is its values-based culture. Because clients trust IPM, the company enjoys 90% repeat business.

NEW BELGIUM BREWING

www.newbelgium.com | Studied August 2015

What started as a dream for founder Kim Jordan has grown into one of the nation’s leading breweries, ranking as the fourth largest craft brewer in the U.S. Committed from the start to creating a “high involvement culture,” New Belgium has an incredibly engaged and passionate workforce who live out the company’s core values, including a focus on sustainability. The company transitioned to employee ownership in 2012, with the intention of preserving the organizational culture as they continue to grow. Headquartered in Fort Collins, CO, New Belgium will soon open a second brewery in North Carolina.

SERVICE EXPRESS

www.seiservice.com | Studied April 2013

Based in Grand Rapids, Michigan, with regional offices across in the Midwest and Southeast, Service Express is a data center maintenance company run by President Ron Alvesteffer. Like their name says, SEI has a service orientation at the core of their culture. They motivate their employees by making personal goals a primary company objective. It’s a growth industry, to be sure, but SEI’s growth is tremendous. Since instituting the culture 10 years ago, they’ve cut employee turnover in half, seen double-digit bottom line growth in every consecutive year, and enjoyed a 98% customer retention rate.

TASTY CATERING

www.tastycatering.com | Studied February 2013

Tasty Catering is the scrappy little business that could. It grew from a single hot dog stand to now hold the place as Chicago’s top business caterer. CEO Tom Walter also holds the title Chief Culture Officer, and he’s built a culture that relies heavily on their core values to drive decision-making. By focusing so heavily on their core values, the staff has developed characteristics like respect and autonomy. As a result, employees found a way to significantly cut food costs.
About the Research Partners

The Return on Values Project is a partnership of the Center for Values-Driven Leadership at Benedictine University and the Small Giants Community.

The Center for Values-Driven Leadership at Benedictine University helps top executives and entrepreneurs drive strategic growth through values-based approaches to culture and leadership. Housed in the College of Business at Benedictine University, the Center advances its mission through education, research and consulting initiatives.

www.cvdl.org

The Small Giants Community is a community of business leaders who are working to establish a “from the ground-up” body of knowledge to support and develop values-driven leaders and educate the business community about the importance of values-driven business.

www.smallgiants.org

About the Authors

James D. Ludema, Ph.D., is the Co-founder and Director of the Center for Values-Driven Leadership and a Professor of Global Leadership at Benedictine University. Dr. Ludema is the co-principal investigator for the Return on Values Project, with Dr. Kim Cameron of the University of Michigan. He is a sought-after consultant on issues of leadership, culture and change, and has worked with a variety of organizations including GlaxoSmith-Kline, Merck, BP, McDonald’s, John Deere, USG, and the U.S. Navy.

Amber A. Johnson, M.A., is the Chief Communications Officer and a Senior Research Associate at the Center for Values-Driven Leadership. She is a specialist in the integration of culture, values and brand. At the Center, she directs communications for the Return on Values research project.

Together, they are the co-authors of the e-book, Making Values Meaningful: A Menu of Options for Senior Leaders, which you can download at www.cvdl.org/menu.

Reach Jim or Amber at info@cvdl.org.
Benedictine University’s Doctoral Program in Values-Driven Leadership is the first of its kind, uniquely designed for senior leaders who want to connect values with strategy to drive results.

**Integrated Fields of Study**
- Leadership
- Strategic Change
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**Rigor & Relevance**
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**Student-Centric Focus**
Our core faculty’s student-centric focus enables completion of the program in three years: two years of once-a-month weekend classes, and an annual eight-day intensive, plus a third year of dissertation work.

Learn more: download our program booklet at [www.cvdl.org/lead](http://www.cvdl.org/lead)