

HOW A GOOD COMPANY CULTURE SPURS A VIRTUOUS CYCLE

GOOD CULTURE REQUIRES GOOD PROCESSES

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Achieving and improving a stellar company culture remains an elusive goal to quantify in metal fabrication. But some companies are measuring it. In one sense, it could be treated as a central tenet of process improvement.

Measurement and manufacturing go hand in hand. You measure the part count, the bend angle, the tolerances, on-time delivery, machine cycle times, sales growth, machine downtime, maintenance activity, and more. But whenever I ask managers about their greatest challenges, the conversation inevitably goes back to finding good people.

What attracts good people? Money's part of it, but people usually lean on business jargon first: specifically, something called "company culture." If you have a good culture, you can attract good people, develop and document better processes, train staff, increase capacity, attract more customers, build market share, make more money, pay people more, improve culture, hire more talent, and the virtuous cycle continues. In the real world, the "attract new customers" link in the cycle isn't a guarantee, particularly if the larger economy falters. But if the virtuous cycle becomes entrenched, external factors like a weak economy could be a mere bump in the road instead of a looming roadblock.

Of all the terms in that virtuous cycle, "culture" is the toughest one to define. I view "good culture" in the broadest sense as a place where people care and share similar values. Put another way, people get along and engage easily in the company's work environment, whatever that may be. It could be a command-and-control environment, though I don't see this in many shops these days. Instead, I hear a lot about ideas coming from those inspecting parts, welding, and operating machines—those who do the actual work of fabricating products.

So how does bad culture fester in custom fabrication? Every situation is different, but here's a hypothetical one to consider:

The issue starts with high revenue concentration, so high that losing just one major customer puts a shop in a world of hurt. Layoffs follow, which triggers mistrust. Those remaining go on a quest to become (at least from their perspective) as indispensable as possible.

A press brake operator with decades of experience doesn't share much, and who could blame him? His knowledge kept him employed during the last recession, so it probably will do the same for the next. He doesn't teach rookies the ropes, doesn't do much of anything except continue to produce perfect parts. No one in the brake department learns from him; everyone just tries to get by.

But employees remain disengaged. They're not learning. They just churn out parts. Leaders can't afford to invest in the business, so the shop floor is full of old, tired machines. Employee turnover rises as the economy gets better and people leave for greener pastures. Then the recession comes, people lose their jobs, and the cycle starts again.

How did this cycle start? You could argue that it started with that major customer pulling its business. But why did the customer pull its business? More than that, why did the fabricator have so few customers? And why was one pulling its business so catastrophic?

It turns out that the fabricator had a hard time landing new business simply because it couldn't meet its delivery promises. Those large legacy customers were always given priority, so winning and sustaining new customers always was an uphill battle.

Gregg Lederman can probably relate to this story. Years ago he worked for an advertising and marketing agency. He wasn't happy. "He didn't like communicating marketing messages, and then finding out that his clients really weren't delivering on them," said Linda Piontek, vice president of client services for Rochester, N.Y.-based Brand Integrity. "They weren't delivering on their brand promises."

Customers weren't happy, and neither were the companies' employees—and here Lederman saw a connection. A company with happy customers usually has happy, engaged employees.

Eventually Lederman, along with business partners Patrick Ahern and Doug Bennett, launched Brand Integrity, a company that uses software to measure what businesses, including manufacturers, often think is impossible to measure. They measure culture.

The service includes carefully worded surveys for both employees and customers, web-based message boards where people can give feedback, and (most important) training on how to use it all. Survey results show managers so-called "engagement trends." Would employees recommend the workplace to others? Would they take a similar job at another company for slightly higher pay? How are co-workers living up to the company brand? Answers to these questions and more are tracked over time, as are answers to customer surveys.

All this information helps solve a basic mystery in business. As Piontek asked, "Does the customer experience match what employees think they're delivering? Not only that, can you use that information to have conversations with customers that help strengthen the relationship?"

Regarding those messaging systems, employees post compliments, but they also write narratives about exactly what that employee did that stood out, perhaps a new idea that made his life easier.

Piontek referred to some recent entries from Waukesha, Wis.-based MetalTek International, a diversified metal manufacturer and casting company that's a Brand Integrity client. The narratives told stories of small improvements made in specific areas in specific plants, all with appropriate "thank yous" and other appreciations. The stories not only helped people feel good, they helped spread process improvement throughout the organization.

Piontek added that, to improve culture, a company needs to have solid processes in place. "When we're working with companies to change culture, and if they don't address bad processes, they're going to have a real problem changing their culture."

If processes are undocumented or nonexistent, dysfunction rules, and people take any "culture change initiative" as just another flavor of the month. Meanwhile, people such as a skilled press brake operator keep their knowledge to themselves, a temple of order amid the chaos around them.

Alternatively, if people feel like they have the power to change things, change may well happen. Perhaps methods employed by companies like MetalTek spur communication and trust, which act as kindling for process development and improvement, which in turn improves culture, attracts talent, improves productivity and quality, attracts new customers ... and the virtuous cycle continues.



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