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Angus Convention 2016: Angus University

Cultivating A Better Business Culture

This company renamed their CEO the CCO — chief culture officer. Should your business do the same?

by **KINDRA GORDON**,
field editor

“There’s a better way to do business; there’s a better way to engage family members.” That’s the message Tom Walter wants family business owners — including farmers and ranchers — to realize with regard to working with employees who are family.

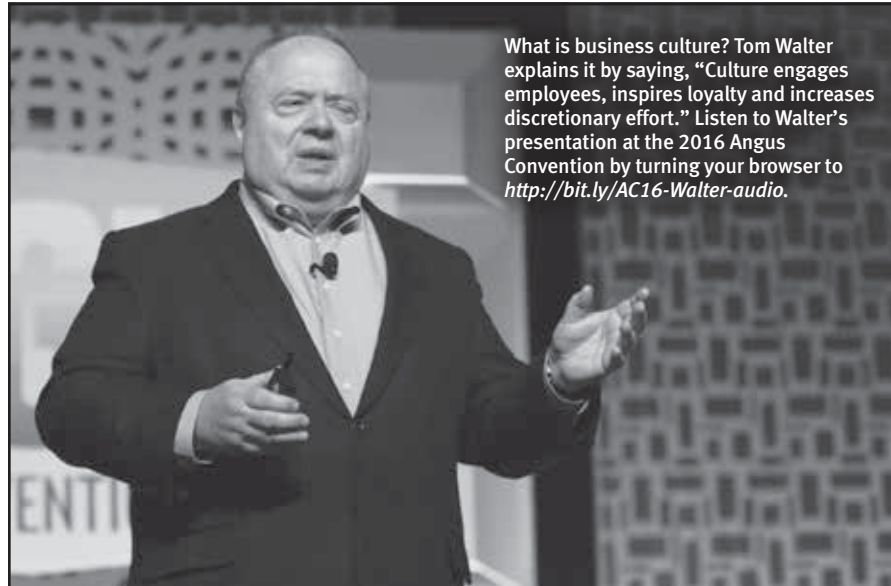
Like many farms and ranches, Walter works daily with some of his siblings and now some of his own adult children. They operate Tasty Catering, one of Chicago’s top catering businesses, and Walter sees a parallel to farmers and ranchers.

In addressing attendees at the 2016 Angus Convention in Indianapolis in November 2016, Walter noted, “It’s so good to be with other family businesses and small businesses. ... You deliver product to the packer, and we deliver it to the consumer; so we have a connection.”

That “connection” also has Walter keenly aware of the daily challenges of working with family — particularly when dealing with generational differences. Walter recognizes that often the senior generation takes a “command and control” management style to which everyone else must adhere. He knows this because he used to be in that role.

It was a management style he acquired from his father. In a family of 11 kids, Walter’s father ran the family “like we were a squad,” says Walter. As the oldest, he would often get the brunt of his father’s authoritarian rules.

Once Walter became an adult and business owner with two of his brothers, the command-and-control style was all they knew — and it made for some



What is business culture? Tom Walter explains it by saying, “Culture engages employees, inspires loyalty and increases discretionary effort.” Listen to Walter’s presentation at the 2016 Angus Convention by turning your browser to <http://bit.ly/AC16-Walter-audio>.

PHOTOS BY LEANN SCHLEICHER, ANGUS MEDIA

raucous arguments within the business. Even when Walter’s son Tim came on board, as did a host of other employees, the “iron fist” management continued.

Change or leave

One morning a decade ago, an ultimatum stopped Walter in his tracks.

He was met in his office by two employees — one of whom was his 24-year-old son. They told Walter, “Either you change or we’re leaving.”

Fortunately, Walter was willing to be open-minded and listen. He readily recognized this was a defining moment, and said he realized pretty simply, “I couldn’t lose them.”

Walter’s other aha moment was this: “I realized I had spent 24 years raising this boy, and if he couldn’t take on the business, I was a poor leader ... Realizing I was wrong was the first big step.”

He adds, “They didn’t want command and control. I recognized the authoritarian style didn’t work with my father, and it wasn’t going to work for the next generation.”

For Walter, this event sparked a management transformation that has unfolded during the past decade toward an employee-generated culture within their family catering business. The journey of change has been a boon to the business, as well as to Walter’s employees, his family and his personal life.

Walter says a starting point for him after recognizing the need to change his management philosophy was reading the book *Good to Great* by Jim Collins. The book profiles the success and mind-set that has helped several companies become successful, and those examples helped Walter realize it was time to set in motion a company culture shift and a succession plan for the next generation.

He notes, “As an old man I have

wisdom, and I may have capital, but I don’t really have knowledge. I don’t understand today’s marketplace like they (the younger generation) do.”

Initial steps for Walter and Tasty Catering in this business transformation included creating engagement from employees.

“We got rid of the words ‘department’ and ‘manager’ and focused on teams and training,” explains Walter.

A team of employees also worked together to identify core values for the business, set audacious goals and identify a unifying purpose. A succession plan was put in place with one-year, three-year and five-year benchmarks, along with a focus on employee engagement. Integral to this effort, Walter says, were identifying the values, vision and mission of the company.

“If you don’t have that,” he notes, referring to the values, vision and mission, “employees can’t become emotionally engaged with the company.”

As team members began using the language of the values and mission of the business within their interactions, the employee-centered culture emerged in the form of trust, mutual respect and buy-in from staff.

Walter, who turned management responsibility over to his son and employee teams via the succession plan, had a change in title and responsibility, too. Instead of CEO, he became the CCO — chief culture officer.

Of this, he says, “Managing the culture is my chief responsibility now.”

Defining culture

What is business culture? Walter explains it by saying, “Culture engages employees, inspires loyalty and increases discretionary effort.” In a nutshell, if employees are engaged in the culture,

(Continued on page 34)

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A focus on core values

Family business owner Tom Walter likes to share an interesting statistic: Individuals have some 60,000 discretionary thoughts every day — but employees usually spend a mere 6%-8% of their thoughts on the organization they work for.

Walter notes that if you can increase employees’ thoughts on work, you can ultimately reduce mistakes and increase performance.

How can that be accomplished? Walter and his employees established seven core values for their Tasty Catering business — addressing the expectations and empowerment of employees. The

core values leave no doubt among employees what the expectations and business focus are. To keep the core values top-of-mind, they are posted within the business, repeated at every meeting of more than five employees, and when mistakes are made, instead of attacking the individual, a discussion is held about which core value was not followed.

Walter notes that another important tool was numbering their seven core values. He’s found it makes it easier for people to remember them, and if “No. 3” was violated, it’s easy to bring it up and discuss.

For reference, the core values that Tasty Catering’s employees identified to guide their business include:

- 1) Always moral, ethical and legal
- 2) Treat all with respect
- 3) Quality in everything we do
- 4) High service standards
- 5) Competitiveness: strong determination to be the best
- 6) An enduring culture of individual discipline
- 7) Freedom and responsibility within the culture of individual discipline (meaning employees have the ability to make decisions as necessary)



Angus Convention 2016: Angus University: **Cultivating A Better Business Culture** *(from page 33)*

their performance will reflect it.

Walter notes that culture is not something that can be replicated or mandated — because every individual in

the business or organization contributes to it. Of culture he adds, “Some are toxic, some are wonderful. A prized culture attracts and retains top performers. Our top

priorities at Tasty Catering are now culture, human capital, marketing and then product.”

So how can businesses enhance their

culture? Walter points to employee engagement, which he defines as “the emotional commitment an employee has to the organization and its values, vision and mission, resulting in the increased use of discretionary effort.”

In short, do employees care about their role in the business and the business’s overall success, and do employees contribute their best work to that effort? Conversely, does the business care about their employees and the employee’s overall success?

Walter explains that when employees view the business being about “us,” they perform better. He shares Gallup poll data that indicates the average employee is only 33% engaged with their job. At Tasty Catering, polling showed employee engagement at 94%. Additionally, the company reports only about 4% turnover — which is impressive for a foodservice business.

Key ingredients for fostering employee engagement include ethical behavior, honesty, and a focus on shared responsibility, Walter says. “I thought it was a privilege that I was an owner; now I think it’s a privilege to have responsibilities.”

Examples of activities that Tasty Catering does to foster culture and employee engagement include weekly lunch meetings with employees, competitions between sales teams with rewards chosen by the employees, and hiring — and firing — responsibility given to teams.

Walter explains, “We screen for skill, but hire for attitude. Our vetting process includes sharing our core values with the

Culture killer

“Nothing destroys culture more than a semi-annual or annual review,” says Tom Walter. Instead, he advises, “If you’ve got something to say, say it.” He advocates an open-door communication policy between employees and management, and says he avoids doing reviews in a formal setting because it creates aggressive-defensive behavior.

At his Chicago catering business, Walter explains their review process includes involving the team, taking individuals out to a favorite restaurant and, Walter says, “The ideas flow without filter.”

Specifically, he likes to focus on asking three questions:

- Where are you doing well?
- How can I help you?
- If you were me, what should I be doing?



“I used to believe profit drives everything, but today I know culture comes first and profit comes second,” said Tom Walter. As a result of increasing employee engagement in his business, profits have skyrocketed.

potential employee and having them meet the team they’d be working with. The team then does the hiring — and firing — if necessary. That transfers the power to the team.”

Emotional intelligence is important, he says, explaining, “I was never emotionally concerned with employees; they were profit generators.” Today, he has come to realize that if you want employees to care about the business, you must care about their lives, as well.

As testament, he shares, “I used to believe profit drives everything, but today I know culture comes first and profit comes second.”

Walter reports that as a result of increasing employee engagement in his business, profits have also soared. In 2014, their sales revenue increased 10% over the previous year, but their profit was up 57%. Walter attributes this to the fact employees were engaged, focused on doing a good job and costly errors were significantly reduced.

Moreover, Walter and his family and employees have begun to branch into other entrepreneurial ventures because they recognize they’ve become a high-functioning business team. They are attracting new employees to their business because employees are spreading the word about the positive business culture.

All told, Walter says, “If you follow the Tasty Catering culture, you are part of our family. We ask those who don’t to leave — family or not. ... To young people this sends a clear message that you just have to contribute to be a partner. You don’t necessarily have to be a family member.”

Listen to Tom Walter talk about the process of transitioning to a “people-centered culture” at this link:

<http://cvdl.ben.edu/blog/build-people-centered-culture-ground/>.

As additional resources, Walter recommends the books *Good to Great* and *Finish Big: How Great Entrepreneurs Exit Their Companies on Top*. Both are available via *Amazon.com*.

Walter’s presentation was part of the general session kicking off Angus University, the Nov. 6 educational series sponsored by Merck Animal Health at the 2016 Angus Convention. To listen to his presentation, go to <http://bit.ly/AU16-Walter> in the convention

newsroom. For more news from the Angus Convention — including summaries, speaker presentations, photos, videos and much more — visit the convention

newsroom at www.angus.media/news/Angus-Convention.



Editor’s Note: Kindra Gordon is a freelance writer and a cattlemaster from Whitewood, S.D.