

Reprint

Corporate Culture: Myth or Must?

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Loren M. Smith, CEO
Blue Valley Capital

“Corporate culture” may seem like B-school hype with few implications for smaller companies grinding it out making wire harnesses, but I believe culture often spells the difference between exceptional performance and just getting by—for companies of any size.

The culture and company service of airlines is one of many easy examples. Whenever possible, I choose a particular US airline because of my consistently hassle-free experiences booking its flights and getting on its planes. And whenever I have needed to change a flight or request any other kind of service, I have encountered thoroughly helpful and pleasant employees. Not so with other airlines. Too many burdensome interactions with them keep me running back to my preferred carrier.

What’s going on? Clearly, the founder of this airline established a priority on constructive corporate culture—beginning with the hiring process and reinforced through ongoing communications, training and recognition. This asset became a cornerstone of success.

When I reflect on 25 years in the wire harness business, it’s clear that a key attribute enabling us to outperform our competition was our culture. When I acquired a small (under \$1 million) harness company in the late ‘70s and grew it to \$85 million, I had dozens of competitors trying to do the same thing. With the same material and labor costs, and access to the same processes and IT, how did we do it? Our culture of excellence and strong customer orientation gave us a distinct edge.

So what were the outstanding ingredients in our culture? I would identify four as the foundation.



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Frequent expression of appreciation. From the start, I conveyed gratitude to the good folks who worked in my company, and I stressed that managers and supervisors needed to do the same. This wasn’t a calculated labor-employee relations strategy; it merely reflected my commitment to making sure the daily challenges of running a company didn’t get in the way of consistently recognizing good work. Many studies have shown that employees value a feeling of appreciation over their paycheck in measuring job satisfaction.

Clear and honest communication. I regularly gathered all employees together to discuss a wide variety of work and non-work issues affecting our lives. Openness, even about missteps I had made, built trust—essential to a culture of excellence. Employees quickly learned they could ask anything, in private or in a public forum, and no topic was off base. Employees always got an answer, including some they didn’t like. And if time was needed to develop a response, I just said so and always followed up within the time frame I had committed to.

Customer focus. Rather than content ourselves with attaining proficiency in our job descriptions (a lofty aim in itself), we all aspired to complement expertise with customer orientation. Our attitude was that everyone in the company worked for the customer. I preached that our pay

was determined by our customers, and that there were dozens of companies who'd love to get the work we were doing in our plants. If our prices were not competitive, if our quality was not first-rate, and, especially, if our customer service was not distinguished, volume would erode. This approach was consistently communicated, often with examples--including discussion of how we had lost business and how we would try to win it back.

Recruitment from within. We never drew a line between the plant and the office. I made it clear that anyone had the opportunity to apply for other positions, and if someone from the plant tried an office job and didn't like it or it did-

n't work out, there was no penalty for them to return to their former role. We recruited outside talent only when we had to.

Working with as many harness companies as I do, I generally can get a feel for culture pretty quickly, and I have found a close connection between culture and success. No matter a company's size, corporate culture is crucial, and building an atmosphere of trust, teamwork, appreciation and customer orientation starts at the top.

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