

Independent Distributors Transforming the Playing Field Culture: The Linchpin of Continuous Improvement

By Jonda Vance

The planning and deployment of Continuous Improvement (CI) as a business strategy through the process of Visual Policy Deployment (VPD) assists the gases and welding distributor in establishing a clear strategic direction with aligned goals and objectives throughout the organization (see *“Linking Strategy and Continuous Improvement to Achieve Superior Performance,” CGI June 2011, pp. 40–42*). The importance of this alignment cannot be overstated. It provides the line of sight for all stakeholders, and sets the foundation for the discipline, commitment, and collaboration necessary for implementation. Carrying these plans forward and sustaining them depends largely on how conducive the existing company culture is to CI. In this article, we discuss the importance of establishing a culture where continuous improvement is a way of life.

Culture Defined

The Merriam-Webster Dictionary defines culture as “the set of shared attitudes, values, goals, and practices that characterizes an institution or organization.” From a CI perspective, these shared characteristics reflect the beliefs and values of the organization’s leaders, and are seen in the attitudes of all employees. Culture is created by words, actions, and choices and an organization’s culture should articulate the fundamental reasons why it exists to those inside and outside the company.

Gases and welding distributors oftentimes find it difficult to articulate their culture and values as they tend to be made up of many segmented operations that function independently. This can lead to dysfunctional systems that are not aligned with the common goals and objectives of the organization. And dysfunctional systems can make or break the distributor’s efforts to improve performance.

For CI, culture is the linchpin that holds the

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people, plan, and processes of the distributor together. We often spend up to 80 percent of our time helping the distributor develop and cultivate this new paradigm. This is not always easy to do, as it is common to find employees working amid outdated processes and performance measures that motivate the wrong behaviors. As Robert Webb, Director of Purchasing and CI facilitator for nexAir puts it, “It’s like trying to fill cylinders using 21st century technology with 1980s thinking.”

It is critical for owners, managers, and employees to deeply understand their existing culture. Not doing so can undermine all other efforts to create a CI driven organization, improve performance, and increase profitability. Success is also directly related to how well CI is embraced by the distributor’s leaders. Our objective is to create a positive shift in mindset. We start with identifying the values that are most important to an organization, so that common practices, discipline, and accountability for CI can be established. For example, during a workshop with one distributor, I helped them better understand their culture by learning how the employees viewed what they believed was important to management. The exercise itself brought the leadership team closer together and resulted in identifying the core values needed to drive the desired behaviors of every employee, including the leaders: act with integrity; exceed customer expectations; work as a team; stay able, agile, and innovative; and improve continuously. These values now provide the framework for that distributor’s culture.

Values, coupled with the key strategic business objectives identified through the VPD process, set the stage for developing a CI



The Gas and Supply team working on continuous improvement.

culture. By directly engaging leadership, managers, and employees in improvement efforts and creating standardized processes, this “top-down, bottom-up” approach brings the need for change to the forefront. nexAir’s President, Bill Proctor, acknowledges how important this is. “As we began changing the culture, there were some of our traditional ‘ways’ of doing things that did not ‘fit’ with our future direction, and our values helped us make the right changes.” Proctor explains that nexAir’s “traditional strategic planning was based on typical financially driven goals and profitability measures. Although we were meeting those goals, we realized we really needed to get more involved in understanding the processes. If we really wanted to make an impact on who we are or what we needed to do as a company we needed to get more involved where the rubber meets the road.”

The Commitment to Change

Changing the culture can be even more gut-wrenching than identifying it. Merely acknowledging that a culture needs to change rarely leads to fundamental change. Fundamental change requires a large amount of preparation and work. Our approach to preparation is slow and deliberate, and often difficult. But these efforts are essential to create a culture that will persevere.

Distributors have told us that in order to remain competitive in an ever-changing, more demanding global marketplace, world-class benchmarks and innovation are needed for a successful transition into the 21st century economy. Even those who have been successful in the past recognize the need for something different. Proctor admits, “We

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need to start looking outside our industry [for best practices] to see how we can do things differently.”

Building a culture of continuous improvement takes a long time, unwavering commitment, discipline, and accountability at all levels. Our role is to guide the distributor through this process. It can take decades before the “always have done it this way” attitude is replaced by one that is “always finding a better way.”

Eric Smith, Manager of Operations at S.J. Smith in Davenport, IA knows personally how difficult this can be. “That little word—culture—is the biggest thing I have learned in the past three years. I came to realize that improving S.J. Smith won’t happen with just one person but it takes everyone’s involvement to make a company change [its culture]. The only way that can happen is if you make the culture something that is always striving towards excellence. If you don’t have that culture in place, any improvements you make won’t be sustained.” For S.J. Smith, CI is a key strategic objective, and is at the heart of their performance improvement efforts.

Culture is often overlooked as a major contributor when something does not go as planned. Many distributors pass over the importance of readying their organization for CI with a solid culture. Instead, they focus on CI as a “program” or a set of “tools,” assuming these will create the change necessary for the desired outcomes. While some positive gains are possible with this functional approach, they are typically short-lived. The tools and processes of CI are necessary, but it is the person who uses these tools and processes that achieves the desired results. People effect change, solve problems, and achieve desired results that are measurable in the company’s financial performance. That is the difference between establishing a solid culture for CI and having a functional focus of CI.

Successful Transition

Our experience with CI confirms that employees enjoy being involved and able to contribute to making positive changes to improve quality, cost, and delivery in their workplaces. World-class organizations real-

ize the importance of this. By taking care of their people first, they will in turn provide impeccable service to customers, who will reward the company with profitability. Only through people can sustainable CI be achieved. They are your cornerstone.

Change is hard but the benefits are rewarding. At Gas and Supply in Baton Rouge, LA, the Accounts Receivable and Collections team has seen the benefits. Since starting their CI process in 2010, this team alone has documented over \$270,000 in tangible savings, a direct result of their cultural transition and empowering employees.

According to the team spokesperson, Lori Neagle, “The CI process at Gas and Supply has helped to foster changes in the culture of our company. The initial [CI] teams were apprehensive about the scope and commitment required. However, with support from all levels including upper management, supervisors, ground level employees, and consultants each of the teams has evolved. Initial resistance declined as more and more employees became involved in the CI process either by participating in team activities or viewing results generated by the team efforts. Using the techniques and tools learned through CI we are continually striving to initiate policies and procedures to eliminate waste, improve our efficiency, and streamline our operations.” Not every attempt has been immediately successful, as she explains. “Some changes have worked well; a few brought up unexpected issues; others generated additional teams or highlighted new areas of concern. By working together as a team at Gas and Supply we can follow the cycle of Plan, Do, Study, Act to continuously improve our operations.”

And Gas and Supply is not alone. nexAir is also experiencing similar results. Robert Webb of nexAir notes, “We are beginning to see our culture change. Our employees are starting to talk about how we do things and making improvements and changes to processes without waiting or asking permission. It’s actually exciting to watch!”

Credit Department Account Manager Sandy Gee sees the transition from a reactive to proactive CI-driven company as one of their greatest accomplishments. “In our day-to-day rush we tend to “fix” the symptom [of problems], not the root cause. CI has taught us to be more systematic in attacking the root cause instead of just putting a bandage on the symptom. Sometimes that means starting from scratch in implementing a procedure with the ultimate goal of zero errors.” Zero errors mean more time to create greater value for customers and increase their overall financial performance.

Research has shown that companies with strong CI cultures tend to outperform their peers in the long run. Distributors like S.J. Smith know how important this is to their long-term survival and to achieving their mission. “In many categories S.J. Smith is still in the fire-fighting spiral,” states Richelle Smith-Brecht, President and COO, “but we know that if we make CI our culture, we will soon be in a Continuous Improvement spiral.”

The Journey Continues

The gases and welding distributors we work with are making a life-long commitment to CI and are determined to build company cultures where CI is the foundation for performance. They realize it is imperative for their future success and profitability. It takes a significant amount of work to develop a culture of continuous improvement, along with unwavering commitment and strategic alignment of goals and objectives at all levels of the organization. The culture must be responsive to change, adhere to its core values and be relentless in ensuring the expected behaviors are upheld by all. For Jeff Kearns, an owner at Gas and Supply, CI is not just a commitment. “CI is an investment. And it’s an investment that’s proven itself with real returns. It is not going away [at Gas and Supply]. It will be here as long as I am. And I plan on being here a long time, so get used to it.” As Sandy Gee points out, “CI is a complete culture overhaul. Sometimes it’s a mindset overhaul.” n

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