

# Kahoot!



Session 1C (Part 1) &  
1D (Part 2)  
ESOP Leadership

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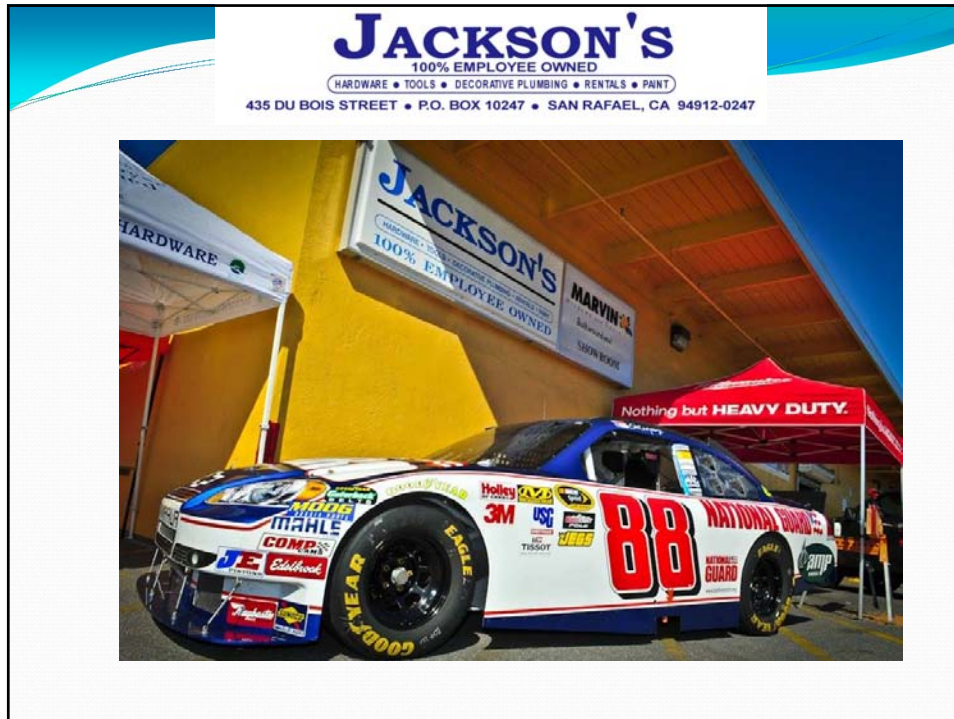
The logo for PRAXIS, featuring the word "PRAXIS" in a bold, blue, sans-serif font, centered within a white oval shape that is partially enclosed by a blue wave-like graphic at the top.

- Philosophy
  - People work better when they are engaged in their work
  - Better workplace = better work = better results
- Organization development consulting
  - Ownership culture, leadership development, strategic planning, succession planning, governance, employee-owner education, business literacy
- Clients
  - Employee-owned, mission-drive, nonprofit, and corporate
  - Hundreds of ESOP clients
- Leaders in ESOP community on ownership culture
- Founded in 1988

The logo for Superior Farms, featuring a silhouette of a sheep standing on a small green patch of grass, positioned above the text "Superior Farms" in a blue, serif font. Below "Superior Farms" is the text "AMERICAN LAMB" in a smaller, green, sans-serif font. The logo is set against a white background with a blue wave-like graphic at the top.

- Largest (and BEST) lamb processor/distributor in the U.S.
- **We offer a wide variety of innovative and delicious lamb products to consumers, retailers, food service operators, restaurants, and the like.**
- Founded in 1963 in Ellensburg, WA.
- Became 100% Employee-Owned ESOP in 1991
- Currently 409 employees operating out of CA, CO, MA, IA, IL, AZ & WA.
- Currently 925 ESOP participants w/balances in the Trust.
- **WE ARE ALL OWNERS** - Superior Farms is an employee-owned company. Each and every one of our employees has a personal stake in our success and in the responsibility to deliver the highest quality products to our consumers.



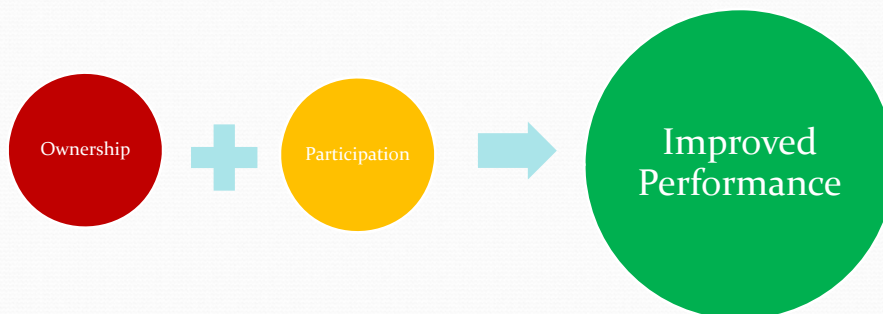


- Founded in 1964 by HC Jackson
- ESOP Started in 1989
  - 100% Employee Owned 1998
- Single location started out as 5,000 sq. ft. now 50,000 sq. ft. same location
- Currently have 40 Full Time / 2 Part Time Associates

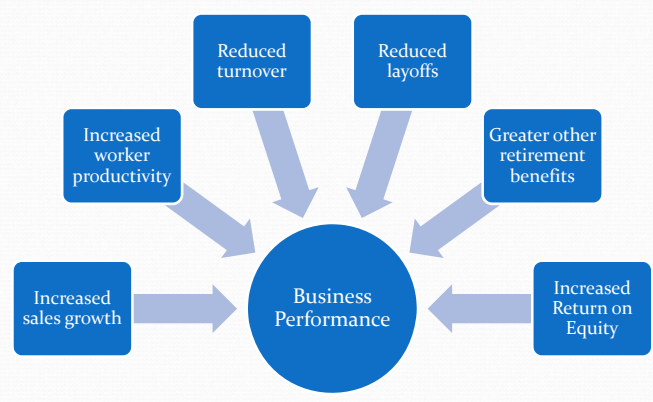


- We offer a variety of products from Clothing, Boots, Fasteners, Simpson Metal, Gas & Electrical Power equipment, Electrical & Plumbing Supplies, Decorative Plumbing and Door Hardware.
- Jackson's customers include contractors, homeowners, municipalities, designers and landscapers.

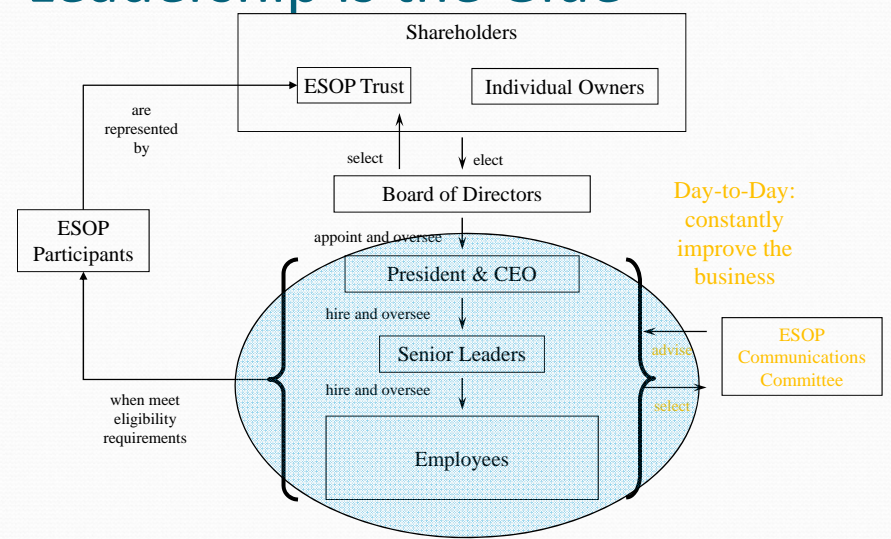
## The Secret Sauce



# ESOP + Participation: Impact on Business Performance



# Leadership is the Glue



## The Leadership Equation

- If we're going to run the company without outside investors / owners, we'd better do it very very well
- We need highly capable leaders...
- ...who understand, drive, and continually enhance our culture
- It's really hard to find (most) next-generation leaders from outside: we need to develop our own people
- It requires systematic efforts to develop leaders at all levels

## Thought for the Day

"What happens if we invest in developing our people...and they leave us?"

"What happens if we don't invest in our people...and they stay?"

## ESOP Leadership – Jackson’s Hardware

- I feel part of my responsibility of leading an Employee Owned Company is creating a Strong Ownership Culture..

For Jackson’s part of our strong ownership culture is  
**Open Book Management.**

## What is Open Book Management?

- What it’s not:
  - Simply distributing annual financial statements to employees (Pre-2012)

What it is: (Post 2012)

- Every Employee is given the measures of business success.
  - I review Monthly/Quarterly Income statement including all operating expenses in monthly store meetings openly with questions encouraged. Our goal is that everyone understands them and creates better financial knowledge.



## What is Open Book Management?

What it is: (Post 2012)

- Every Employee is expected to use their knowledge to improve performance
- Every Employee has a direct stake in the company's success.

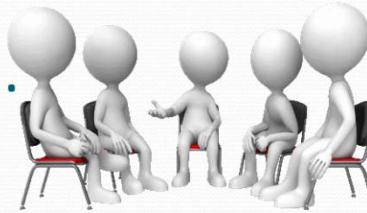
## Creating Ownership Culture – Open Book

Expectations & Needs -

1. Employee Stock Ownership program
2. Understanding of the Program
3. Business Literacy
4. Information Sharing
5. Incentive Plans
6. Employee Involvement / Participation



## Let's talk about it....



Year	Value	% +/-
1998	\$14.00	+24.8%
2000	\$25.05	+78.9%
2002	\$26.30	+5.0%
2004	\$26.55	+0.9%
2006	\$22.15	-16.6%
2008	\$16.00	-27.8%
2010	\$7.70	-51.9%
2012	\$1.65	-78.6%

Imagine this is what  
happen to your Stock Value  
from 1998 to 2012...

- For us Open Book Management helps create three things:
  - Purpose
    - – People want to have purpose and pursue goals
  - Stimulates Involvement
    - To Feel like an owner people need to feel informed
    - Transparency coming from open book creates Trust
    - Shows reasons behind decisions
  - Increases productivity and effectiveness
    - Creates clear shared goals.
    - Employees think and act like business owners.

## Break Time..Part 2 Session 1d following break



## Our Leadership Development Journey at Superior Farms

- Goals for Leadership Development at Superior Farms:
  - Increase Engagement
  - Empower our Employees
  - Reduce Turnover
  - Build Trust
  - Expand Strategic Thinking
  - Learn to Inspire Others
  - Increase Innovation
  - Succession Planning
  - Increase Profitability
  - Drive Shareholder Value

## A good starting place = Core Values

- ***People*** - Successful individuals are the driving force behind our success. Superior Farms remains the leader by attracting, retaining, developing and motivating the best people. We will be accountable for our actions through honesty, integrity, teamwork and respect.
- ***Ownership*** - Superior Farms is proud to be an employee-owned company where everyone works together to make the company successful. Each of us is committed to company growth, increased profitability and enhanced shareholder value.
- ***Industry Leadership***
- ***Excellence***
- ***Innovation***
- ***Customers***

## And...with me.

- Leadership begins with the mirror.
- With you.
- With the Executive Team.
- With the Company Leadership.
- We engage in continuous learning.
- We set goals, we execute, we return and report.
- We STRETCH. We get UNCOMFORTABLE. WE GROW.
- We are accountable and we hold others accountable.

## This is Not a “One & Done” event.

- We elevate the importance, visibility and show our commitment to leadership development through our Strategic Planning and Initiatives.
  - (and MBO's, Personal Goals, At-Risk Compensation)
- And through talking the talk and walking the walk.
- Developing Leaders should be part of your DNA
  - Leadership is not managing or supervising.
  - Look to build leaders at every juncture.
  - Hire Right – Train Right – Treat Right

## Multi-Year/Multi-Level Efforts

### Practice Makes Perfect

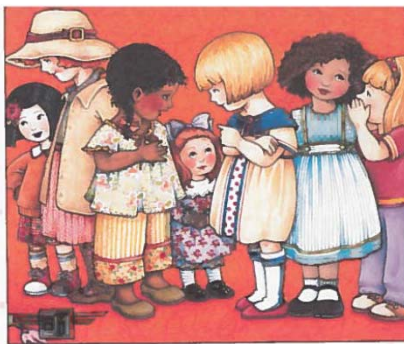
- Evolution of SF's HR & People Strategic Initiatives:
  - 2014 - Implement System of Employee Performance Reviews
    - Train managers on the review process.
    - Develop personal goals and objectives tied to corporate initiatives
  - 2015 - Enhance our culture of ownership - Identify, develop & mentor.
    - Mission, values and culture beliefs.
    - Screening/hiring program – find employees who are qualified and match our culture.
    - Onboarding/orientation/mentoring programs
    - Job descriptions and required skills for all positions
  - 2016 – Develop comprehensive skills and leadership training programs,
    - Develop training programs for: Sales, Ownership, Leadership & Product Standards
    - Engagement & Morale - Increase survey scores by 10% - (communication)



## Multi-Year/Multi-Level Efforts – Practice Makes Perfect

- 2017 - Establish foundational programs to train and develop our employee owners.
  - Establish Employee Advisory Committee
    - Project One: Recognition Program
  - Launch Next Generation Training – “Red Hats”
    - Curriculum: Recognition, leading people, feedback, communication
- 2018 - Further deploy development programs in two primary areas: manufacturing/production functional proficiency and leadership training/career development.
  - Develop and implement formal skill assessment - production new hires (+retention).
  - Execute Red Hat Training 2.0 – (- turnover/+engagement)
  - Execute Leadership HIPO Training – (+leadership development/succession planning)

## Two Ears and One Mouth



One of the most sincere forms of respect is actually listening to what another has to say.

– Bryant H. McGill

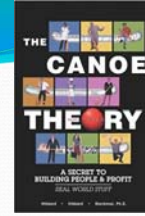
## The Employees Have Spoken:

- Most Consistent Survey Comments:
  - Employees want more training and better trained employees to work with.
  - Employees want more communication and what to feel like their boss listens. They want to be heard.
  - Employees want to feel valued and to be recognized.
  - Employees want more pay.
  - Employees want their machinery and equipment to work and to be fixed in a timely manner.

## Not a “One-Size Fits All” Approach

- What have we tried and why?
  - Canoe Theory
  - Encouraging the Heart
  - Tribal Leadership

## Canoe Theory



- 7 basic tenets:
  - 1) Think of your company as a long canoe.
  - 2) The canoe has a destination.
  - 3) Everyone has a seat and a paddle, and everyone is expected to paddle.
  - 4) Those who don't paddle have to get out of the canoe.
  - 5) Those who paddle well, but prevent others from paddling, have to adjust or get out of the canoe.
  - 6) The canoe is understanding.
  - 7) The canoe theory says you have the right to be happy.
- Functional canoes rely on strong leadership and overall sense of team.
- Functional canoes have a clear purpose, course, culture and destination.
- A solid canoe of individuals, work with what they are given, or better said, ***make it work!***
- The most dangerous individual in the canoe is one that is negative and interferes with the positive performance of others.
- Functional canoes discover the “non-paddlers” quickly and take action.

## Encouraging the Heart

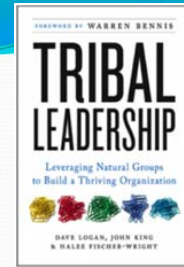


- Getting extraordinary things done is hard work.
- Leaders encourage others to continue the quest.
- They inspire others with courage and hope.
- Leaders give heart by visibly recognizing peoples contributions to the common vision.
- Leaders recognize contributions by showing appreciation for individual excellence.
- Leaders let others know how much they mean to the organization and they tell the entire organization!
- **What sustains a leader? The answer is LOVE!**
- Leaders are in love!
  - In love with the people who do the work
  - In love with what their organizations produce
  - In love with their customers



# Tribal Leadership

- Every company is a tribe, or if it's large enough, a network of tribes
- Tribes are more powerful than teams, companies, or even CEOs.
- 5 Stages of Tribal Leadership:
  - **Stage 1: Life Sucks**
    - World sucks. No way it will work. They develop their own values (bad).
  - **Stage 2: My Life Sucks**
    - World works – just not for me. 25% of workplace culture. “If only..”
  - **Stage 3: I'm Great – You're Not**
    - Worked hard & paid price. Professionals. 49% of tribes.
    - Knowledge hoarders. No innovation/collaboration.
  - **Stage 4: We're Great-Our Competitors are Not**
    - 22% of tribal cultures. To move from 3 to 4 an epiphany of some sort is required.
    - You realize as good as you are as an individual- if you join w/others – WE'LL BE GREAT!
  - **Stage 5: Life is Great!**
    - Competitors don't even exist! Shift from building “their” career to “our” career.
    - Potential to make history. Remarkable Innovation. They lead industries.
- **3 Distinct Leadership Types:**
  - Positional, Expertise & Character



# Other Leadership Training

- Fail Fast – Fail Often – Fail Forward
- Paid Consultant Exercise
- Next Generation Training
- HIPO
- Innovative Leadership, Inspirational Leadership, Mediocrity on Your Team





## Our Common Message: Leadership is Everyone's Business

- Leadership is not about position or title.
- It's not about organizational power or authority.
- It's not about being the CEO or the President.
- Leadership is YOU...
  - Leadership is about relationships, about credibility, and about what you DO.
  - Leadership is OWNERSHIP
  - YOU ARE AN OWNER



**You**

## Know How Important You Are



- People are watching you, regardless of whether you know it or not.
- And you are having an impact on them, regardless of whether you intend to or not.
- If you are a manager, to your direct reports **YOU** are the **MOST IMPORTANT** leader in our organization.
- **YOU** are more likely than any other leader to influence their desire to stay or leave, the trajectory of their careers, their ethical behavior, their ability to perform at their best, their drive to wow customers, their satisfaction with their jobs, and their motivation to share the organization's vision and values.



## Alex Moss

### Praxis Consulting Group, Inc. – President



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Alex is a founder and president of Praxis Consulting Group, Inc., where he advises employee owned, nonprofit, and mission-driven corporate clients in fully engaging employees to drive organizational performance. His expertise includes ownership culture, strategy, governance, leadership, and workforce education and engagement, and he is a frequent speaker and author on these matters.

He currently serves as a Trustee of the Employee Ownership Foundation and on the Board of Governors of the ESOP Association, he has chaired the Association's professional advisory committees on Fiduciary Issues and on Ownership Culture, and he has served the employee ownership community in numerous other capacities. Alex is a current Board Member of two ESOP firms.

## Karen Ellis, SPHR

### Superior Farms – EVP HR



- Karen is Executive Vice President of Human Resources for Superior Farms. She is also a Corporate Officer and serves as a member of the Board of Directors. Karen joined the company in May, 1996 and has corporate-wide human resources oversight for all Superior Divisions. She is also heavily involved in corporate initiatives including legal, strategic planning, executive coaching and employee training and development programs and oversees the company's retirement accounts, including the Employee Stock Ownership Plan.

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- Karen is also very active and committed to the ESOP Community as a whole. She is proud to be a Past President of the CA/Western States Chapter and remains an active member of the Steering Committee for the Chapter. In addition, Karen also participates in The ESOP Association on a National Level, serving as a member of the Executive Committee of the State and Regional Chapter Council.

## Matthew Olson

### Jackson's Hardware, Inc. – President / CEO



Matthew is the President/CEO of Jackson's Hardware, located in Marin County California. Jackson's Hardware was founded in 1964. Their ESOP was formed in 1990 and since September of 1998 Jackson's has been 100% Employee-Owned. Matthew has been with Jackson's since 1987 and has been involved in all aspects of the store. He has served on Jackson's Board of Directors since 2005 as well as the ESOP Board of Trustees since 2011. Matthew is also very involved in the ESOP community and is currently Chapter President of the California/Western States Chapter of the ESOP Association. Matthew has served on the Steering Committee, Executive Committee and several subcommittees for well over a decade and looks forward to continued involvement in the promotion and support of employee-ownership.

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