

# Company Culture





# TYREX

GROUP, LTD.

2018 AND BEYOND

As we begin our 24th year of business in 2018 ...



We look back to 1995 and Andrew's Dream, then forward to John's 2018 <u>AND</u> BEYOND Vision

A TyRex **Special** By Design® Business Family's

**CULTURAL** 

# JOURNEY

INTO THE MINDS OF THE FUTURE

**PROFITS** 

**PURPOSE** 

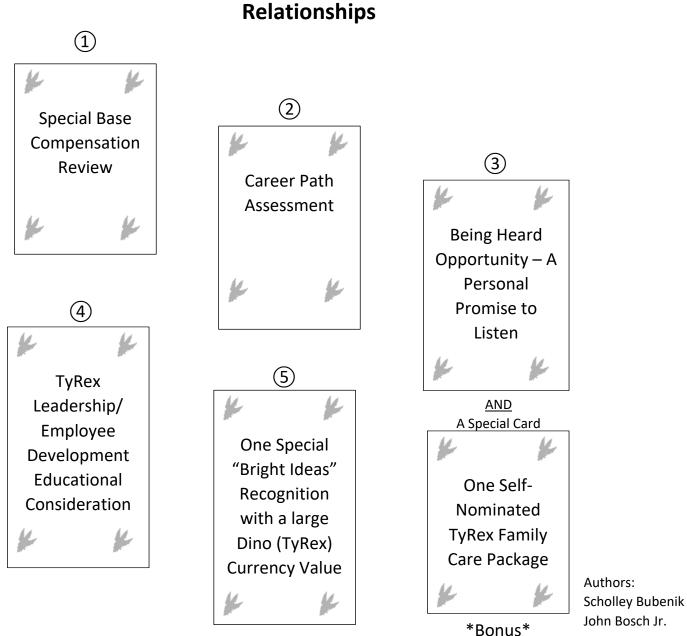
**AND FAMILY** 

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# Five (5) Card TyRex Hold 'em

A Significant Cultural Trust, Respect, and Employer/Employee
Mutual Appreciation – A Cultural Foundation for a TyRex
Business Family by Strengthening its Member (Employee)
Relationships



#### John's Message

According to an article in the September 29, 2017, *Austin Business Journal* from Staff Reports – Maintaining Employee Buy-In is "the hardest problem" entrepreneurs face. And the faster a company grows, the more at risk its culture becomes.

According to a quote by Greg Stock, CEO of Zenoss Inc., "Blending growth and culture is a bit of magic."

There have been more articles, books, and educational programs about the characteristics of leadership, but here is one I don't read much about: "accepting the challenge" personally and then applying all those leadership characteristics while emphasizing the mental fortitude to stay engaged along with the desire to provide exceptional leadership for the TEAM or in the case of TyRex, the business family.

Today, I accept the challenge to create, as an entrepreneurial business identity that begins every day with a business philosophy of Profit, Purpose, <u>AND</u> Family, to connect with every TyRex Family Member and maintain their employee buy-in, creating a sustainable, innovative 21<sup>st</sup> Business Century company culture by reaching inside TyRex's THINKING BOX and being "open to experience," thus creating their own unique, individual THINKING BOX.

# An HR Executive's Perspective Scholley's Message

A Company's Culture refers to the beliefs and behaviors that exist within a company. It consists of the ways the Company conducts its business, treats its employees, customers and the community. It affects productivity, innovation, attendance and punctuality, customer care, quality, safety and employee turnover. Developing and maintaining the company culture involves a commitment by the company and the management team to share their values, hire those with shared values and provide programs that convey a mutual commitment and strong relationships among the workforce. The TyRex Texas Hold'em is one of the many culture programs developed for the purpose.

## START WITH WHY

# A Book by SIMON SINEK

People like Martin Luther King Jr., Steve Jobs, and the Wright Brothers might have little in common, but they all started with why. Their natural ability to start with why enabled them to inspire those around them and to achieve remarkable things.

In studying the leaders who've had the greatest influence in the world, Simon Sinek discovered that they all think, act, and communicate in the exact same way - and it's the complete opposite of what everyone else does. Sinek calls this powerful idea The Golden Circle, and it provides a framework upon which organizations can be built, movements can be led, and people can be inspired. AND IT ALL STARTS WITH WHY.

Any organization can explain *what* it does; some can explain *how* they do it; but very few can clearly articulate *why*. WHY is not money or profit - those are always results. Why does your organization exist? Why does it do the things it does? Why do customers really buy from one company or another? Why are people loyal to some leaders, but not others?

# LEADERS AND ESPECIALLY GREAT LEADERS INSPIRE EVERYONE TO TAKE ACTION BY STATING THEIR WHY

# This is John's WHY

Expanding the importance of communications with employees or more appropriately and descriptive "family members." Improved and innovative multiple communications between company and each business member will become a permanent part of successful entrepreneurial and social business family entity in the 21st Business Century. A place where the essential elements of Relationship (i.e. trust, respect, and mutual appreciation) create positive attitudes with an openness to explore and innovate.

# BUT END WITH HOW AND WHEN

An Expectation of Achievement by Stating Specific and Realistic Goal(s) and Their Timeline(s) (based on their practical applications). Composed from the Understanding Pathway Benchmarked of disciplines by John Bosch Jr.

Creating a base understanding a top tier organization's commitment to its family values, allowing the employees to focus on the possibility of understanding then seeking purposeful employment.

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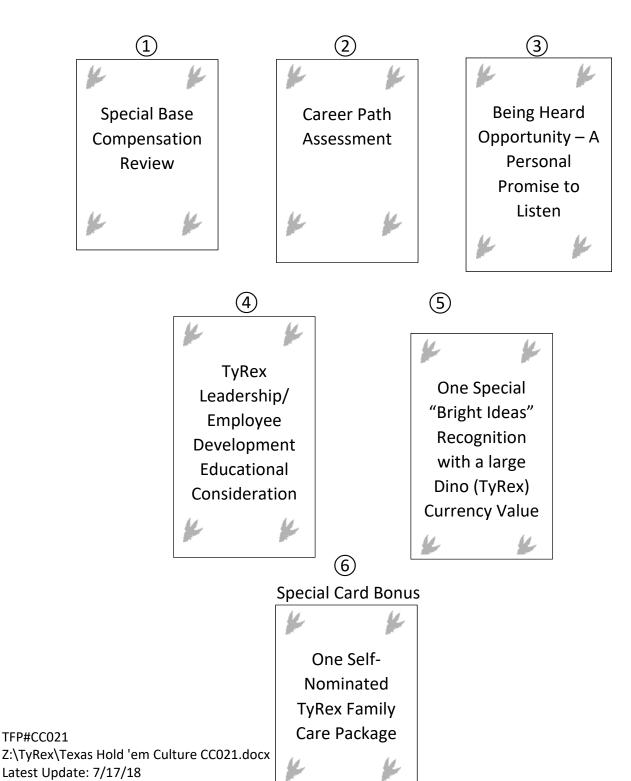
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# **Cultural Cards Program Description and Overview**

The Five (5) Cards of TyRex Hold 'm Employee Initiate A Human-Centric Cultural Awareness



6

The Cultural Cards Program consists of:

Let's Play Let's Make a Deal and Create a TyRex Family Relationship Founded on Mutual Commitment Encased in a Series of Interlocking Personal Commitments

The deal is this: in exchange for an employee commitment described in detail in the following pages, the employee receives five (5) very extraordinary cards and one special card. These cards represent opportunities and incentives designed to engage and empower employees in a unique and trusting way. The cards will be explained in more detail in the following pages.

## Five (5) Card TyRex Hold 'em

The program is loosely based on the popular card game of Texas Hold 'em. The significance is simply that employees control when they play each card provided to them.

Each card holds a Special Employee/Employer Relationship Significance. Categories covered range from base compensation review to simply a guarantee to be listened to and truly being heard by management.

The TyRex Family Cultural Card Design is composed of two sides, i.e. a front and a back as depicted below.

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|---|----|-----|------------|---|---|
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|   | ı  | IIL | J          | u |   |

- TyRex Family
- Cultural Card Logo
- Employee Name
- Location of Website terms and conditions
- Expiration Date

#### **Back Side**

Cultural
Card
Category
Description

#### Changing the Cultural Communications between Employer and Employee:

In the 21<sup>st</sup> Business Century, how TyRex as a Business Family Communicates with its employees will absolutely need to change in multiple directions that elevate the fundamental elements of relationship as defined and described in numerous communications. The equation is represented below:

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### Trust, Respect, and Mutual Appreciation = A True TyRex Relationship

A 21<sup>st</sup> Business Century communications style is one that supports, accentuates, reinforces, and most importantly elevates each piece of the relationship between employee and employer equation.

Every part of this document and subsequent discussions must be filtered through this relationship equation and its complete and distinct statement of TyRex definition which is believed to be cultural fact based.

### Vision

Building a Better Entrepreneurial Family Business based on the Trust, Respect, and Mutual Appreciation with its Team Members.

Trust, respect, and mutual appreciation are the base substances of the TyRex family culture. Without these substances, the company cannot achieve and maintain its culture during times of emerging growth. Other factors including economic and emotional pressure can dominate over a company culture during times of growth. These factors can suffocate the company culture and become the new norm. That is why it is very important to stay focused on the three important components of the TyRex company culture - Trust, Respect and Mutual Appreciation.

A 21<sup>st</sup> Century Business that does more listening in its two-way communications with its business family members.

In today's business environment, employees seek to work at companies where their voices are heard and lead to their individual contribution. This is accomplished only through a two-way communication between employees and management and employees to employees. Staying in touch with employees by communicating on a regular basis develops respect in the workplace. Developing a culture where employees and managers are truly listening to each other is essential in building the trust for a 21st Century Business.

#### Mission

The mission of the program consists of two distinct undertakings that contribute to Building a 21<sup>st</sup> Century Business.

To develop a stronger company foundation by placing greater significance on its communications with its employees.

Let's Make a Deal is a program developed with the intent to provide an opportunity for the employee and management to engage with each other outside of the content of the day to day

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business operations. One of the unique parts of the program is that the employee "holds the cards" and determines when he/she wants to initiate this process.

#### To strengthen its cultural understandings with its business family members.

By intentionally focusing on the significance of communication, a greater understanding between business family members is achieved. Broader communications result in a deeper awareness of differences and similarities among business family members. This process unites our workforce and inspires people.

# **Program Goals and Benefits**

There are three principal goals of the program. These goals support the vision and mission of the program.

### Reduction in Employee Turnover:

The first goal may be the most important goal, especially for companies experiencing growth in today's War for Talent environment. Reducing employee turnover is not only good for employee morale, but it is good for business. The cost related to time, resources and disruption of business caused by employee turnover can be devastating to companies, especially those that are growing.

Companies that establish programs that engage and empower employees are more likely to succeed in the War for Talent.

#### Greater Participation in "Bright Ideas" Program:

The second goal of the program is to generate more participation in the Bright Ideas Program. The Bright Ideas Program is a TyRex Company program that inspires innovation and creativity. Employees are encouraged and recognized for contributing ideas related to improving efficiency, services, and products. Employees at all levels of the organization are encouraged to participate. This program heightens employee engagement by providing an environment where their ideas are not only encouraged, but heard, implemented, and publically acknowledged. Employees will have a unique card they can play when they have a Bright Idea they wish to submit. If their Bright Idea is not acknowledged, they receive the card back for creating another innovative idea.

Greater Interest in Individual Employee Education and Career Development Participation:

The third goal of the program is to create a greater interest in participating in employee education and in career and leadership development opportunities. TyRex believes in investing

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in their employees and providing programs that develop employees is one way of demonstrating this belief. Employees will be able to play a card related to their career development through this program.

# **Business Objectives**

The objectives of the program serve as a guide for managers and employees. They are important in order to stay focused on the overall intent and can also be used to evaluate the program's effectiveness.

#### Improved Employee Relationships

One objective of this program is to improve employee relations by developing loyalty from the employees through their appreciation of creating a culture of trust, respect, and mutual appreciation. The program provides opportunities for employees to obtain special incentives, either monetary such as a cash bonus or special occasions to engage with management such as "Being Heard" or Career Development Programs.

#### To Illuminate the Image of TyRex Family

It is not only important to create these programs, but it is also an objective to illuminate the image of the company both internally and externally. Internally means exhibiting the New Cultural Image of a Forward THINKING 21<sup>st</sup> Business Century Company. Forward thinking encompasses more than just employing employees, but engaging and empowering them into a Business Singularity of human-centric culture of purposeful employment and empowerment.

Externally, this means being seen by our customers, business associates, and the community as a Cultural Leader who is Innovative with its vision <u>AND</u> connects with an overall advanced thinking TyRex 21<sup>st</sup> Century Business Philosophy. TyRex wants to create the model for other companies and organizations to consider.

# **Program Eligibility Requirements**

Both full-time regular status employees and long-term temporary employees may participate in the program. TyRex recognizes the importance of including all team members that contribute to the overall success of the company. There are three eligibility considerations.

First is applied to full-time regular status employees. Full-time employees may participate after one (1) year of employment. After an employee has achieved his/her first-year employment anniversary, they may be granted access to participate in the program.

The second consideration is for long-term temporary employees. Long-term temporary employees with one (1) year of working on a consistent basis for a TyRex Entity are also eligible to participate.

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Lastly, all employees must be in good standing with the company which means they are performing their job duties satisfactorily and following company policies and guidelines. Employees who are on disciplinary action or performance improvement plans must wait until they regain a good standing status.

The TyRex Corporate Executive Management TEAM will manage the Five (5) Card TyRex Hold 'em.

The company assumes the employee's commitment and desire to learn the value in TyRex's six (6) Diamond Disciplines, which provide the underpinning behind the company's first Diamond Discipline of Prosperity to Longevity, the financial sustainability of the business family.

"It's really about creating the human-centric culture. It's understanding the enabling value of work."

Paul Zak as quoted in Scientific America "The Deepest Family Trust"

# **Program Conditions**

There are certain conditions that must be met in order to support this program. These conditions are essential to the overall financial health of the company needed to support the cost of the program.

#### Profitability

This program, as with many of the other cultural programs, is dependent on the company attaining profitability overall. The TyRex Technology Family must be profitable first and foremost in order to provide sustainability. In addition, each individual company within the TyRex Group of families must be profitable in order to fund their individual program.

It is imperative that there is never a threat to the viability of the TyRex Business Family or the Participant's specific TyRex Entity. In essence, as the company's success are shared, also is the need for family members to pull together in times of financial challenges.

# **Program Variables**

The program consists of five cards and a special card. Employees have the option to use all six cards or only a few. The program is developed so that there is a variety of options fitting the different interest levels and values of a diverse workforce. Each employee may choose to "play" or utilize all cards or just some of the cards. The company recognizes that employees have different interests and values that will influence their selection and participation.

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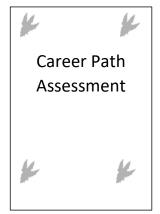
# Five (5) Cards of TyRex Hold 'em

### Special Compensation Review



The Special Base Compensation Review card can be used when an employee would like to have their base compensation reviewed. This is an opportunity to discuss with the company any question, concerns, or requests that you may have related to making a change in your base compensation. The company cannot promise to increase compensation for everyone at any time, but they do want to engage in open discussions with employees to prevent employees from leaving for compensation reasons with a respectful conversation about their individual worth to the company, as well as the company's ability to match their employee's self-evaluation of worth to the company.

#### Career Path Assessment



The Career Path Assessment card can be used to request to schedule a career path assessment with the company. The assessment allows the employee to review the different career opportunities that can be considered at the TyRex Group of Families. During this time, employees can communicate their interests and skills they are seeking to develop. This is also a time to identify "step up" responsibilities that allow employees to take on more responsibilities or higher-level work as part of their continued growth and development. There are various levels of TyRex leadership development for the employees to consider as well (see below).

#### Being Heard Opportunity – A Personal Promise to Listen



This unique card allows employees to schedule a meeting with one of the executive team members. Having access to the senior leadership team is empowering and engaging for many employees. The personal promise of TyRex's executive leadership to listen to and hear is a commitment that the TyRex Family views as a significant part of the company human-centric culture, which hopefully inspires and motivates its employees.

#### TyRex Leadership/Employee Development Educational Consideration



The TyRex Leadership/Employee Development Consideration card is used for consideration in one of the various leadership programs the company offers. One such program is the Volunteer Leadership Program where employees can lead and manage a community project, which attempts to simulate the first ten (10) steps of an entrepreneurial start-up business. Another program is the Leadership Development Class, which consists of employees who have graduated from the Volunteer Row program and are ready to participate in one of the next levels of entrepreneur project leadership or, more important, a role with the most responsibilities, the management of TyRex Programs. Another possibility would be consideration for specific entrepreneurial educational classes that pertain to your specific field or position.

### One Special "Bright Ideas" Recognition with a large Dino (TyRex) Currency Value



The Bright Ideas Bonus Request card is to be used for consideration of receiving a financial award for submitting a "Bright Idea" that was successfully implemented in the company. These "Bright Ideas" typically relate to cost savings from time efficiencies and material cost savings. The amount of the bonus varies and is determined by a "Bright Ideas" committee within the company.

#### One Self-Nomination TyRex Family Care Package



The self-nomination TyRex Family Care Package card is considered the "wild card" and can be used when an employee needs special assistance due to a personal, family or medical situation that has created a hardship for the employee. This is a financial award up to \$500 cash. The employee would notify the Human Resource Department if they have a request that conveys this. Funding for this program comes not from the company, but from other family members donating their accrued and vested vacation hours. In essence, it is an employee-to-employee caring consideration managed by the company.

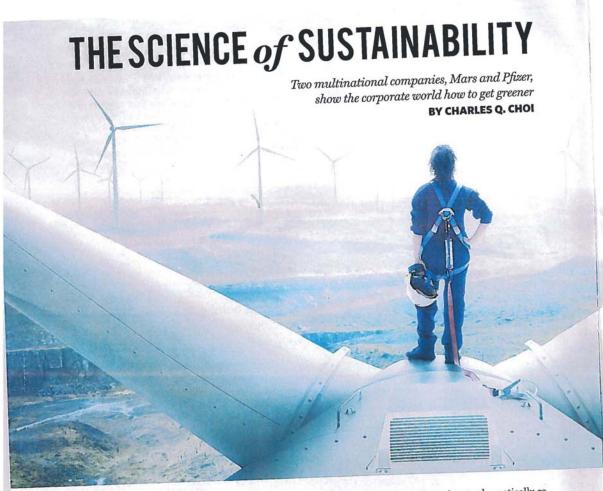
# Future Cultural Vision of the TyRex Family in the 21st Business Century

According to Charles Q. Chol in an article of *Scientific America* entitled "The Science of Sustainability," "Doing well by doing good is a modern mantra. If it becomes action instead of just words, it is a key pathway to merged profit and sustainability in a company." The future cultural vision of the TyRex Family in the 21<sup>st</sup> Business Century is really quite simple, but has a real sense of human-centric cultural elegance. The desire is to connect PROFITABILITY with individual employee's or individual family member's PURPOSEFUL EMPLOYMENT. The expected results translate into a deeper sense of respect and trust within the TyRex business family, connecting to a heightened sense of individual employee commitment to the TyRex family's business mission and family commitment to sustainability, protecting itself while providing expanding career and leadership opportunities for each and every person who enters the TyRex Business family.

Honorable work that is good for the business, its family members, and its surrounding communities, in other words, good for everyone.

# Appendix

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oing well by doing good is a modern mantra. If it becomes action instead of just words, it's a key pathway to merging profit and sustainability in a company. Two of the world's top companies — Mars, one of the world's largest food companies (McLean, VA), and the Pfizer pharmaceutical company (New York, NY) — invest deeply in this concept, and it's working.

Mars began making candy in 1911, and now it's not only the top confectionery company in the world but also a major food corporation, with annual revenues of \$33 billion. Mars employs 75,000 employees in more than 80 nations. Through practices on its

farms and factories, Mars aims to dramatically reduce its environmental footprint. "Climate change, water scarcity and deforestation are serious threats to society," says Barry Parkin, chief sustainability officer at Mars. "It is imperative that global businesses, like Mars, do their part to face down those threats."

Leaders at Pfizer agree. Tom Polton, senior director of product stewardship and environmental sutainability at Pfizer, says that his company views sutainable development "as part of our commitment to human health."

These large and profitable companies are transforming their operations for the good of the planet and their profits.

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#### RENEWING THE ENERGY OPTIONS

Of the many different ways to measure the impact of sustainability, one of the most universal is carbon contribution. "Having a low carbon footprint will not only be good for the planet, but good for us," says Parkin. "At some point, there needs to be a price on carbon in order to motivate everyone around the world to drive down carbon emissions, so we want to be ready for that, to have a competitive advantage when that day comes."

Early in their transformations, Mars and Pfizer set ambitious carbon-reduction targets. For example, Mars aimed to reduce its greenhouse-gas emissions by 25% between 2007 and 2015, which it did. One core strategy to achieve such goals was to integrate renewable energy into operations.

In 2015, for instance, Mars partnered with Sumitomo Corporation of Americas to open the Mesquite Creek Wind Farm in Lamesa, Texas. The 118-turbine, 200-megawatt wind farm is spread over 25,000 acres, an area about the size of Paris, and with an annual output of more than 800,000 megawatt-hours, it generates 100% of the electricity demands of Mars' U.S. operations — enough energy to power 61,000 average U.S. households or make 13 billion Snickers bars.

In addition, in 2016, in partnership with renewable energy firm Eneco UK, Mars opened a 20-turbine, 60-megawatt wind farm in Moy, Scotland. The facility generates more than 125,000 megawatthours of electricity annually, enough to power all of Mars' sites in the UK, or 34,000 average UK households. Furthermore, Mars aims to open a new wind farm in Mexico in 2017 that will generate enough electricity to power its five plants in the country, reducing greenhouse-gas emissions by an equivalent of more than 25,000 tons of carbon dioxide. By 2020,

"At some point, there needs to be a price on carbon in order to motivate everyone around the world to drive down carbon emissions."

-BARRY PARKIN

Mars also plans to implement renewable energy projects in China, India and Australia.

Wind energy is not the only renewable source Mars is exploring. For instance, its site in Henderson, Nevada, installed a 4.4-acre solar gar-

den that generates 1.25 million kilowatt-hours of energy per year, supporting 100% of the site's electricity needs on sunny days and reducing greenhouse-gas emissions by the equivalent of 867 tons of carbon dioxide per year. In addition, Mars Petcare in Bokros, Hungary, uses local thermal springs as a renewable energy source of heating and hot water, cutting natural gas use by 80%.

Similarly, by 2016, Pfizer reduced its greenhouse-gas emissions by about 50% since 2000, Polton states. In part, this involved installing more than 120 megawatts of cleaner energy technologies. For instance, a 2-megawatt wind turbine at Pfizer's facility in Puurs, Belgium, feeds roughly 10% of the site's electrical load; solar panels installed at three sites in Italy reduce carbon-dioxide emissions by 1,340 tons annually; and a biomass boiler project in Pfizer's site in Sanford, North Carolina, generates electricity via steam, reducing the site's total carbon-dioxide emissions by about 22%.

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# The DEEPEST FAMILY TRUST

Relationships inside and outside companies determine profits on all levels BY ELIE DOLGIN

he news came as a shock to workers at the warehouse in Frimley. In 2011, SC Johnson announced plans to outsource its UK warehouse operations. About a dozen employees were let go. Although they received generous severance packages and career training, they were still out of work.

Within a month, "all hell broke loose," recalls Fisk Johnson, chairman and CEO of SC Johnson and the fifth generation of his family to lead the 131-year-old company. The new vendor couldn't handle the logistics or support customer service. Products — includ-

ing Brillo pads, Glade air freshener and Pledge furniture polish — weren't getting on supermarket shelves. "It was an absolute disaster," Johnson says.

The company needed help. Executives went back to the employees that had been laid off and asked them to assist with the transition. Every single one agreed. Johnson was so touched, he flew over from the SC Johnson headquarters in Racine, Wisconsin, to thank them personally. He remembers those conversations like it was yesterday.

"They basically said, 'I so appreciate everything this company has done for me over the years that I'm happy to come back and do my part," he recalls. "I was just blown away by that." To Johnson

that showed the amazing goodwill of SC Johnson people and meant the company must be doing something right, too. "When those things happen," he says, "it helps me learn for the next time we have to go through one of those difficult decisions."

#### CREATING COMMITMENT

Positive and open attitudes — from employees and their CEO — are clear signs of what Paul Zak, director of the Center for Neuroeconomics Studies at Claremont Graduate University in California, calls a "high-trust organization," something he argues is

essential for any business to thrive. "It's really about creating this human-centric culture," Zak says. "It's understanding the ennobling value of work."

In his latest book, Trust Factor: The Science of Creating High-Performance Companies, Zak explains that employees of high-trust organizations are more productive; they stay with employers longer; and they have greater job satisfaction. Moreover, Zak's research shows that companies with cultures focused on trust and engagement generate more profits over time. They also tend to pay their employees more and build stronger links with their com-

munities. Zak calls this the "triple bottom line."

"There's no altruism here," Zak notes. If it works the right way, it should be good for everyone, he says.

According to Johnson his family has lived by this principle since his great-great-grandfather, Samuel Curtis Johnson, founded the company. "I come from a family where we just do things because it's the right thing to do," Johnson says (See 'Protecting People and Principles.").

Case in point: In 1975, Johnson's father, Sam, decided to eliminate chlorofluorocarbons from the company's aerosol products a full three years before regulations required it to do so. It was one of the first major acts made in the

interest of environmental responsibility at SC Johnson. It's a commitment that Johnson has continued to this day through the company's Greenlist program, which is an effort to eliminate chemical ingredients or packaging materials deemed harmful to the environment or human health (See 'Greenlist Process.').

For SC Johnson's 13,000 employees in more than 70 countries, initiatives like Greenlist provide a clear purpose that permeates the organization. Those kinds of initiatives, Johnson says, "give people a sense of pride and commitment to the company's mission."

"It's really about

creating this human-

centric culture. It's

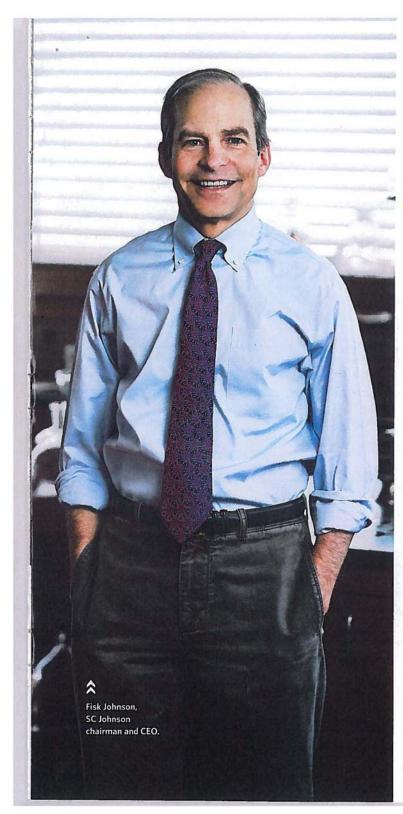
understanding the

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work." -PAUL ZAK

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### [Q+A]

# Protecting People and Principles

Fisk Johnson always had a passion for science, even before entering the family business. He received five degrees including a B.A. in chemistry and physics, a Master of engineering, an M.S. in physics, an MBA and a Ph.D. in physics, from Cornell University before joining the company in 1987. Today, as chairman and CEO, one of his top goals is to push the entire consumer packaged goods industry for more transparency and disclosure. Talking with Elie Dolgin (E.D.), Johnson (F.J.) explains his approach to ingredient selection and how running a family-owned company lets him put people before profits.

E.D.: Through ongoing efforts to be transparent, SC Johnson has been fiercely honest about what it puts inside its products, more so than any of its competitors. Why do you choose to diverge from industry standards to such a degree? F.J.: People should have the opportunity to know what they're buying. Most people won't look into every detail or every ingredient, but I think they appreciate that we put all the information out there for the world to scrutinize. Also, for decades we've put a lot of effort into choosing safe and environmentally sound ingredients for our products. We want people to understand the care we put into those decisions.

**E.D.:** How does SC Johnson determine whether materials are safe or best for the environment?

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Latest Update: 7/17/18



HR TOPICS

# Viewpoint: How to Build Trust in a Diverse Culture

Diversity takes on different meanings and styles with each business

By Mike Barrett Nov 30, 2017

Editor's Note: SHRM has partnered with Chief Executive (http://chiefexecutive.net/) to bring you relevant articles on key HR topics and strategies.

hen I first launched my business about 10 years ago and started working in Mexico, I noticed co-workers and friends greeting each other with a brief hug and a kiss on the cheek. So I started doing that too, as I believed it was the custom, until one day my business partner pulled me aside and said, "Can you stop hugging and kissing the receptionist every time you come into the office? I think it sends the wrong message."

I didn't understand the culture well enough to appreciate the nuances and unwritten rules. Yet, as CEO of a fast-growing multi-national company, that's exactly what I needed to learn—and fast. I not only wanted to stop sending the wrong message, but I wanted to start sending the right messages. I wanted to understand how to tap into the diverse aspects of Latino culture while staying true to the culture of my own country and business. Expanding to other geographies only increases the importance of sending the right messages that support a more open and diverse workforce.

Diversity takes on different meanings and styles with each business. At my own company, diversity means men and women working in an intellectualized environment in three different countries—the U.S., Mexico and Northern Ireland. It also means working with male and female engineers and project managers from places like Cuba, Russia, Ireland and Colombia. I have had to develop the ability to quickly build trust and relationships within cultures that I didn't yet fully understand.

"As a CEO, it's important to learn some of the basic phrases in the native languages of your employees—it shows your respect for their culture."

Every culture has its own set of primary cultural drivers. In the U.S., we tend to be driven by popularity, success and financial reward. Other regions' drivers can include family pride or community contribution. By learning these drivers and how they impact your relationships, you can build trust authentically within your company. For example, in Northern Ireland and Mexico, I learned that family units stay close together and often meet every week for a meal, and co-workers are occasionally invited to these family functions. While this is not a regular practice in the U.S., I found that joining these family meals was crucial for building trust with my colleagues.

As a CEO, it's also important to learn some of the basic phrases in the native languages of your employees—it shows your respect for their culture. Each year, I give part of my annual staff speech in Spanish to help bridge the cultural gap.



# Is It HR's Job to Create an Ethical Culture?

Two HR experts debate the issue.

Jan 25, 2018



HR must be responsible for developing the right environment.

We needn't look any further than SHRM's own competency model—a researchbased rubric of knowledge, skills, behaviors and proficiency standards for HR professionals at every level—to find evidence that creating an ethical culture falls squarely within HR's purview. The model, which is the foundation for SHRM's HR certifications, features "Ethical Practice" as one of its nine required competencies. Among the behaviors a practitioner needs to master within this competency is "Drives the corporate ethical environment."

And bulleted under the proficiency standards for mid-level HR professionals are "Influences others to behave in an ethical manner" and "Performs as an ethical role model and positively influences managerial integrity and accountability." Senior HR leaders are expected to do even more to promote an ethical environment. This shouldn't come as a surprise, as HR already has its hands on all levers of culture.

The human resources generalist or manager can hardly go a day without stumbling upon issues that influence the organization's ethics: favoritism in hiring and promotion, fairness in disciplinary actions, pay equity, inclusiveness in benefits design, and employee safety. And the high-profile sexual harassment cases that have dominated the news are a key example of how toxic workplace environments can contribute to egregious—and unlawful—behavior.



Howard Winkler

Indeed, nearly everything HR touches contributes to culture: recruiting standards, onboarding content, performance-management criteria, executive development, diversity activities and organizational assessments. So the relevant question isn't whether HR professionals should create an ethical culture; rather, it's how they should go about doing so—implicitly or explicitly.

I would argue the latter. Typically, the organizations that are recognized as the most ethical are those that make ethics an explicit part of everything they do. Good behavior is built into their mission statements; it's part of how they hire people; it's considered in promotion decisions; and it's recognized, measured and made part of the compensation program. That's all HR stuff. That's our stuff.

And what about ethical failures? We read weekly about fraud, environmental infractions and sexual predation. When the media storm ends, who does management ask to uncover the root causes of the misbehavior and remediate? It's mostly HR—usually in collaboration with other players. Certainly if we are responsible for repairing ethical performance, we also play a key role in driving it.

Still, I understand why HR professionals may not want the responsibility for crafting an ethical culture. After serving in HR for Southern Co.— a utility holding company in Atlanta—for 25 years, I moved over to "Ethics and Compliance" in the legal department. "If it's Legal's job, why should it also be HR's?" I was asked.

Here's the answer: because no single person or group can tackle this alone. HR professionals control so many aspects of culture, and they are the ones who best understand human behavior and workforce dynamics. They must learn the language of ethics and then integrate it into their daily work. For some it will be a new frontier. But most will realize that crafting an environment in which people are motivated to do the right thing is part of what they already do every day.

Howard Winkler is a consultant in human capital and ethics in Mineral Bluff, Ga. He is the former HR strategy director for Southern Co., a global energy company in Atlanta. He now serves as board chair of the Better Business Bureau's Institute for Marketplace Trust.

[SHRM members'-only Q&A: Why would an employer want to establish a whistleblower or ethics hotline? (www.shrm.org/resourcesandtools/tools-and-samples/hr-qa/pages/whywouldanemployerwanttohaveawhistleblowerorethicshotline.aspx)]



### It's the executive team's job to set the right tone.

An ethical workplace must come from the top. That means the CEO creates the culture and instills it in the leadership team, which in turn infuses it throughout the rest of the organization.

There must be a circle of trust among all members of the senior team. That said, when a leader—or employee—becomes aware of a potentially unethical situation or inappropriate action, no one should think twice before contacting human resources for advice and guidance.

Unfortunately, however, there are times when HR is not notified about allegations of bad behavior. For example, during the recent explosion of sexual harassment allegations by women against their male bosses, I frequently heard the refrain, "Where was HR when all of this was going on?" Being an HR practitioner for 35 years, I admit to wondering the same thing at times.

But I know from experience that there are plenty of companies where the managers and executives operate under the belief that the less HR knows, the better. Of course, the leaders don't come right out and say that, but they create a culture that communicates it for them. Now, we all know that this isn't the best way for any business to proceed. Human resources professionals work best as strategic advisors, and they have a duty to protect employees and the organization. Whatever is going on, HR should be in a position to know about it.



Joanne Lee

When bad behavior comes to light, it is easy to point fingers at HR and suggest we weren't doing our jobs. But being of good character

must be enforced and reinforced daily by an organization's leadership. Moreover, if the top executives are privy to unethical conduct—from executives or elsewhere in the company—and they don't trust HR enough to tell us, there is only so much we can do to compensate. After

all, we don't know what we don't know.

I find it interesting that human resources is responsible for training all employees on sexual and other forms of harassment, and yet

executives generally excuse themselves from this instruction. That's unfortunate, because if the headlines are any indication, those in

powerful top roles may need the guidance the most.

Giving HR a role among senior leadership can help build a better culture. I firmly believe that executive teams that include HR are stronger

for it.

Years ago, HR was seen largely as an administrative function. It has taken—and will continue to take—some executives a bit more time to

figure out the importance of operating in an ethical manner and to forge the right partnerships to do that.

Of course, that's not to say that HR professionals should be placed on executive teams only as a "front." Executives should not say one

thing and do another. I have worked for leaders who embrace and value the expertise of HR. But there are also those who don't want to

cede any control. They cling to their power and feel they don't need anyone else's advice ... until it is too late. Once relationships are

damaged, trust is not so easy to win back.

Ethical behavior is critical to organizational success. One way to reinforce a culture of doing the right thing is by including HR on the

executive team. While it's not up to HR professionals to create an ethical environment, they can help maintain one. And then hopefully no

one will ever get the opportunity to ask, "Where was HR?"

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Panel on Ethics/Corporate Social Responsibility and Sustainability.

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Latest Update: 7/17/18

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# **CEO's Message**

Andrew Cooper, CEO of TyRex Group, Ltd.



Lisa Martin, what a great and creative idea to have a TyRex Family Pot of Gold competition. Encouraging TyRex Family members to describe their hopes and dreams i.e. "ultimate success." Inspired, John, Matt and I created our own Pot of Gold for the TyRex family.



I am sure there are more and I am sure they will change over the next 27 years. But being able to define and personally (along with John and Matt) express what "ultimate success" looks like for the three of us was something very <a href="Special">Special</a> by Design®, sharing it with our TyRex Family becomes increasingly emotionally priceless.

