

How a Collaborative, Engaged, Caring Culture Generated New Business Models and Growth



Challenges for an Industry Leader: Change and Friction

In the mid-2000s, O.C. Tanner was the industry leader in employee recognition, with plans to expand its product line and scope of services. Many dramatic changes would be needed to accomplish these expansions, including the design and implementation of a new enterprise resource planning (ERP) system. Additionally, O.C. Tanner had decided to move from a product-based business model to a solutions-based one. These shifts would dramatically improve the company's level of customer service, but would require fundamental changes to almost every aspect of the business—products, infrastructure and support systems, employee interactions, and more. They would also require the salesforce to think differently about themselves, their roles, their clients, and their colleagues.

At the same time, considerable friction existed between the sales force and the home office. Each blamed the other for miscommunications, problems, and mistakes. Sales, for example,

said the home office never listened; the home office said sales had unreasonable expectations. As a result, customers suffered. During the implementation of new systems and processes, sometimes O.C. Tanner's on-time delivery rate dropped below 70%.

Tim Treu, executive vice president for sales, and his team calculated that the hard cost of these conflicts reached \$25 million per year. The opportunity cost, they conservatively estimated, was double: \$50 million per year.

The Solution: Create a Collaborative, Engaged, Caring Culture

Tim and other executives recognized that to successfully navigate the upcoming business changes, they needed to resolve their internal conflicts and develop a far more collaborative, engaged, caring mindset and culture for all employees.

Tim had read *Leadership and Self Deception* and believed Arbinger could help O.C. Tanner build the culture they needed. He, the CEO, Kent Murdock, and other top company executives became certified Arbinger facilitators. Over the next few years, they trained all 2,000 O.C. Tanner employees in [outward mindset principles](#), starting at the top and cascading down. Deep discussions of the Arbinger material ensued.

The training by senior leaders was intentional: "We wanted people to understand this was an executive-level decision, not just the flavor of the month. We wanted to send a clear message that we were redefining how we would measure our success and interact with our clients."

As a result of the training, the whole company began focusing on others' needs, challenges, and goals. Employees discovered that this (outward) mindset would help them understand and

respond better to others, completely transforming their relationships and performance.

Tim said, “We asked the sales force to lead with listening, to get really curious about the client’s goals and concerns, and to only propose a solution package after they were certain they understood that perspective.” They started asking, “What does it mean to WOW our customers?” They then expanded this thinking about how to “wow” not only customers, but also peers, managers, and direct reports.

Successful Culture Change Includes Individual and Systems Shifts

To support the mindset change occurring throughout the organization, O.C. Tanner also changed its systems and metrics. For example, they realigned incentive structures. Previously, sales commissions were skewed to reward new sales rather than return customers. O.C. Tanner gained lots of new business, but often lost clients as fast as they acquired new ones.

Now, they began rewarding sales reps for keeping customers—for providing superior service that earned customer loyalty. They also began rewarding team, instead of just individual, performance, sharing commissions among all the sales offices involved in supporting a particular client. Though the transition to a team-selling model was difficult, over time, “The sales reps realized they needed to be less concerned with how the pie was split than with growing the pie.”

Dramatic Improvements in Business Metrics and Employee Satisfaction

In a relatively short time, O.C. Tanner built a new culture based on understanding others’ needs, building deep trust, and

establishing truly cross-functional team collaboration. The sales teams and home office began working together far more effectively, enabling a new level of customer support that delighted clients.

For example, the team-selling approach allowed O.C. Tanner to move from servicing an average client program of less than \$50,000 to selling and retaining programs worth up to \$50 million. Administering these large, complex solutions required far more internal collaboration, trust, and integrity than existed before the Arbinger work. At the same time, employee satisfaction jumped. In 2015, O.C. Tanner became one of Fortune's "100 Best Companies to Work For."

The mindset and systems changes forced O.C. Tanner to rethink how they sold. It required them to make sure they provided the right solution from the beginning, which in turn increased their sales cycle. Making up for the slower pace, however, were impressive results:

- More deals closed (higher close rate)
- Higher-quality solutions that met client needs
- Significantly improved customer satisfaction and loyalty
- On-time delivery rate of 99.7%
- Increased deal size, revenue, and profitability