

Best practices *in creating a* strong culture

Four key strategies can help create a culture that is satisfying personally and successful financially in logistics real estate firms.

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There have been many discussions about corporate culture in the past decade and I believe that a strong culture should be a goal of every successful organization.

However, it can be difficult to define what a “strong culture” is, and it can be equally difficult for executive teams to set out in a deliberate, mindful way to create strong internal cultures within their organizations.

In my experience, every company has a culture, whether intentional or not. If senior managers fail to commit themselves to the nurturing of their organization’s culture, one will rise to fill the vacuum, for better or for worse... often for worse.

Culture has always been a priority for Michael C. Dermody throughout his career. Since he first joined Dermody Properties more than 40 years ago, he instilled in the organization the corporate value that integrity and customer service go hand in hand. This is still the cornerstone of the culture at Dermody Properties.

Sustaining a strong culture is a priority for our entire leadership team. It is because of our deliberate focus on customer service and integrity that we have successfully nurtured our culture across a current and growing staff of 34, both in our corporate office and remote offices across the U.S., and through various economic cycles.

Our company finds that the benefits of a strong company culture are clear. A strong culture contributes to the identity of an organization and supports the attraction and retention of top talent.

In fact, a strong culture creates a virtuous cycle. A strong culture encourages success. Success, in turn, strengthens a good culture.

Culture in practice

So, what exactly does a company’s internal culture entail?

In my opinion, it’s the sum of the human relationships within the company. It’s the chemistry that affects the human ecosystem of the organization and it is

determined by every single interaction within the company.

At Dermody Properties, one of the pillars of our internal culture is respect for one another and appreciation for the unique contribution of each team member. We're on conference calls five minutes before the scheduled start. Meetings have agendas, they start on time, they end on time, and people do what they say they are going to do. While seemingly small things on their own, these are examples of the respect we have for one another and our clients, customers, and investors at all levels and how we embody the Dermody Properties culture.

Our internal culture was not established by a committee and engraved on a plaque displayed out in the lobby. It is the result of actions — thousands of actions over hundreds and hundreds of workdays — and it reflects the daily habits of our top executives.

Michael often talks about his personal values of customer service, integrity, fairness, a strong work ethic, and giving back to the communities where we do business. This has been a guiding light in our culture at Dermody Properties, not only because of Michael's strong personal values, but because he leads by example. For instance, he established the Dermody Properties Foundation in 1988, and more recently the Annual Capstone Award in 2008, as a way to give back to the communities where we work and live. Every employee in the company is involved in the foundation which awards grants to nonprofit organizations in the regions where we do business. Under his leadership, in the 1980s, Dermody Properties established the first child care facility within a business park in Nevada because it was needed, and it was the right thing to do for our customers. This

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is just an example of how we have identified and provided innovative solutions to issues at hand.

Although it was before I joined the company, following a company-wide retreat with input from every employee, these values ultimately culminated in the creation of our formal mission statement in 1993; the statement that has now become the DNA of our company. Our word is our bond and we will do what we promise. Likewise, the mission statement is our promise to our customers, investors, and partners.

Under Michael's leadership, these values of customer service, integrity, fairness, strong work ethic, and giving back have become ingrained within the company and its culture. At our core is the basic value to treat others as we would want to be treated. While our culture — and the related value of seeking customer satisfaction before all else — arose from his personal value structure, it has become integrated in all we do because the entire leadership team leads by example at all levels.

Best practices

So how can senior managers create, protect, and enhance their company's internal culture? Here are four best practices that have worked well for us:

1 Hire with the internal culture in mind

The hiring process is the start to a serious relationship. You wouldn't ask someone to marry you after the first date, or even the third. Why should you hire a prospective employee after the first interview?

It takes time to truly understand the values that inform the decision-making of a senior executive and the ways that these values fit or don't fit with the company culture.

Michael shows us that a successful culture is one in which everyone in the company is aligned toward the same values. It's difficult to change the ingrained values system of a newly hired executive. So our company invests great amounts of time making sure the values of candidates already align with and support the core values of the company.

For example, before I was hired by Dermody Properties, the company asked me to prepare a written report that detailed the significant professional decisions I'd made since college. The company wanted to understand the thought process and value system I brought to each decision.

Everyone on the executive management team at our company interviews candidates for senior management positions. This ensures that a candidate's experience, work ethic, and values fit with those of the company and helps ensure that the entire team is invested in the success of the new hire.

Employees are a company's strongest ambassador and we work hard to ensure they personify our values. It's important to invest the time to seek and hire the right fit. That's also why we have a strong relationship with our recruitment consultant who has supported most of our senior hires. We recognize the

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importance and value of taking the time to ensure he understands our culture and core values before he starts a search.

2 Respect the importance of transparency

I've observed that successful human interactions of any kind depend upon trust. The internal culture of successful organizations likewise relies upon transparency.

Hidden agendas and distrust can sap the energy of senior managers.

Obviously, not every piece of information within a company can be shared with every member of the team. However, cultures rooted in consistent transparency and proactive communication are far more likely to create success.

Similarly, everyone within the company has confidence that we all are on the same page. Confidence builds trust, and trust builds satisfying relationships.

At Dermody Properties, for instance, our regular touchpoints include weekly executive committee meetings, monthly management meetings, and company-wide calls and written updates. An investor can ask anyone on the executive committee a question and receive essentially the same answer.

3 Invest in technology to protect culture

Let technology do the heavy lifting. Dermody Properties has invested heavily in back-end technology. We're not slogging through stacks of data to provide useful reports to our investors; we have invested in integrated systems for accounting and reporting. Our investors, who need access to high-quality reporting quickly, appreciate reports that don't require a lot of reworking before they are presented to their boards.

While culture will vary from one company to another, it's doubtful that any organization believes that its most important cultural goals include work-filled weekends of number-crunching and chart-making, so we identified technology that can help us work as efficiently as possible.

Successful cultures are all about cultivating relationships, both internally and externally. Anything that stymies your senior managers from building strong, long-lasting relationships, and creating transactions runs counter to a successful culture.

That reflects a culture of respect for others, customer service, and investor relations. We find satisfaction in the knowledge that our investors appreciate the respect we have for them.

An unexpected payoff has been this: Investments in back-end technology have dramatically improved onboarding of new hires. They spend less time on minutiae and can get into relationship-building and deal-creation quickly.

4 Ensure the org chart supports the culture

Senior managers always keep a close eye on organization charts and staffing levels to ensure that they can execute their companies' missions. The smartest managers also think about the ways that the organization structure supports — or hampers — the company's culture.

For instance, Dermody Properties has taken time to understand the value that each team member brings to the organization. Then we created the infrastructure — support staff, technology, and other resources — that allows each team member to do what they do best.

Team members who are provided the organizational structure and resources to

succeed aren't fearful. They don't look for opportunities to blame or launch personal attacks. They find that open, transparent communication delivers results. Most of all, they build deeply satisfying human relationships in their work.

Conclusion

Most investment managers travel often in their work. We've all had lousy flights — rude gate personnel, dirty tray tables, missing luggage — and we've all had flights where things went so well that our spirits were lifted. Both types of flights got us to our destination. But which flight would we choose and recommend?

Likewise, companies with troubled cultures can still sometimes get things done. But, given the choice between a company with a troubled culture and a company with a strong culture, which would our senior managers, our team members and — most of all — our customers and investors choose?

Michael reminds us that creating and sustaining a powerful internal culture is not a goal that you achieve or a destination that you reach, but rather a journey that everyone in the company strives to achieve each and every day. At Dermody Properties, we continually focus on improving and enhancing our culture so we can provide a rewarding workplace for team members at all levels.

In short, with mindful and deliberate actions, we can create internal cultures that deliver both personal satisfaction and financial results. ♦

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