

## **LESSONS FROM A SMALL GROCERY STORE**

by Jill Ebstein

Many great minds have pondered what are the most effective management techniques to lead teams and inspire strong performance, especially during adverse times. Unlike said studies or interviews with prominent CEOs, this is the story of a small grocery store whose simple lessons can serve as a beacon for how to motivate and inspire.

Utica Grocery was a simple "mom and pop" kosher grocery store in a modest neighborhood with two competing grocery stores nearby. With only 30,000 Jews at the time living in Denver, and not all of them keeping kosher, it was in business lingo, a very competitive market.

This business had no mission statement but all its employees were clear about its intent: To feed, clothe, and educate the storeowner's six children. I am one of those six kids. My parents, who never had the opportunity to go to college or read books about the art of management, somehow had a natural instinct for getting people to rally behind an effort and make you believe you were having fun. The truth is we were having fun -- at least most of the time.

Now there will be skeptics who will ask, "What can a family-run grocery store teach to Ivy League bred managers of corporate America?" Others will wonder, "How can you compare an effort born of necessity where a family needed each other to succeed with that of large companies who typically have ample capital and don't totter on the brink of survival?" It is true that this grocery store was not a sophisticated operation. My parents could have learned much in the way of inventory control, cash management and the like. It is also true that we didn't have the luxury to do anything but accept our roles in this store. But consider this. We had fun in the course of doing very ordinary and physical work and as we all grew and pursued our careers, we frequently looked back at the magic of "Utica Grocery" and the lessons it taught us. As measured by my parent's standards, the store met its goals: Utica Grocery funded education for two educators, one physician, one CPA, one MBA and one lawyer (later to become a Rabbi).

The lessons which follow are for everyone, no matter what your function or seniority. While the lessons sound simple, practicing them is not always easy, especially in our paced worlds where time-to-market and first-in advantage reign supreme. And yet I believe that their incorporation will allow people to begin to see their companies differently.

### **Lesson 1: Lead by Example**

My parents never asked us to do something they didn't themselves do, from the mundane to the sublime. When my parents asked me to haul out the garbage, one of them was usually there hauling it out with me. Taking this lesson up many levels, I often watched my father take extraordinary business risks with his customers because he believed, "What goes around, comes around." He frequently cashed checks for people he didn't know. He let people run up tabs even though he occasionally got "stiffed." But he never changed his philosophy of how he and his family were going to treat their customers.

Leading by example was most important in how we emulated our parents' behavior towards their customers. Our customers patronized us because each of us went the extra distance for them. In the 1960's, far before HomeRuns or WebVan were even an idea in some entrepreneur's mind, we were taking orders on the phone and delivering them for door-to-door service. Even better, we took a real interest in our customers' lives. We knew their children, the celebrations and setbacks life dealt them, and we cared. Because we followed my parents' example, Utica Grocery became a friendly, warm environment. Customers would congregate as

they shopped and talked, while we did our chores. Through leading by example, my parents created a wonderful culture of support, respect, and commitment to their community.

You might wonder, "How is it possible for leaders in large businesses to 'lead by example' when there are so many layers between the leader and the work force?" Can people on the front lines model their behavior after a senior manager so seldom seen? This question has no simple answer other than we know it can be done based on examples around us. Bill Gates, for example, has created an organization that mirrors the behavior he values -- aggressive, slightly paranoid, and brimming with energy. They have been successful enough to become America's largest software company, yet they have never become complacent or satisfied with the status quo. On the contrary we picture them scheming, conjuring up their next conquest, and growing even mightier. Why do they remain driven and focused, rather than succumbing to the perils of success? Much of the answer lies in Bill Gates who leads by example and has created a team of people like him.

Companies can also leverage the values of their leaders across the by using folklore to convey a leader's personality and beliefs. Hewlett Packard (HP), for example, abounds with stories about Dave Packard and his common sense, "every man" values. After his death, a request was made for employees to contribute even more stories to the vast Packard legacy. One of my favorite little stories was the time Packard attended a company seminar, and stuck around afterwards to break down folding chairs so they could be packed off to the basement. He was a man of the people and that image, so real and concrete, said it all. As one employee commented, after hearing the story, "That was so Dave." Folklore can make big companies feel smaller and help translate values into concrete behavior.

One of the challenges today's managers have in the merciless world of Wall Street is to decide that "soft" values such as leading by example are important. After all, as long as we are getting the financial results we need, does it really matter how we lead? The answer to that question is "Yes, if you are managing for the long run." Sustained long run performance requires that people feel connected to their work and inspired by their leaders. Those leaders inspire by their example.

## **Lesson 2: Never Under-Appreciate Your Workers/Coworkers**

At Utica Grocery, our efforts were always appreciated. We knew that because my parents told us so. Frequently, we would hear a sentence that began with, "I don't know how we would have made it had you not...(fill in the blank)." While thanking people is something most of us have learned from infancy, we frequently forget those simple words. How often have we felt imposed upon by a manager who in rushing to meet the next deadline, threw us some urgent work, and then collected our results with not so much as a thanks? How often have we ourselves done that to colleagues or someone we manage? While it is natural but not excusable to focus on the "getting" rather than the "thanking," we need to remember how much more people give when they feel appreciated and how likely they will be to give again when help is sought.

A long while ago, GE instituted a program called "Quick Thanks!" where employees could nominate any colleague on the spot to receive a small gift certificate for a job well done. The employee himself handed out the award. In the course of this program, GE learned that peers were a lot tougher in handing out praise than bosses, resulting in peer-recognition being especially meaningful to those who received it.

Of course, not all "thank yous" are equal. If we cull out the significance of the person's effort and relate it to the business challenges, or thank the person in front of his colleagues, the "thank you" goes further. There is an unintended benefit as well in reminding people that they can make a difference, which is particularly significant in large companies.

### **Lesson 3: Know Who Is On First**

At Utica Grocery, our peak season was before Passover when roughly 30% of the year's business was done in one month. To meet the business's commitments required the endurance of a marathon runner and the speed of a sprinter. One way we were able to succeed was to know exactly what base we each covered. My parents were the salespeople; my brothers were the deliverymen; I answered phones and stocked groceries; my sisters packed orders. During the late nights, when we filled orders, our bases were further defined -- I covered candy and cookies, my oldest brothers were responsible for the large boxes of matzah...and the list went on. We had, in today's management terms, "role clarity" as we clearly knew our jobs.

"Knowing who is on first" is particularly challenging in large companies where often times parallel efforts proceed that are far too disconnected. The goal should not be to have the most resources on a given problem, but to have the right resources, fully empowered, and understanding their roles. It is in that light that it took only 7 people to write PowerBuilder, the Powersoft client/server software solution that became an industry standard over night.

What are the telltale signs that this lesson is not being practiced where you work? You start getting questions that begin, "I don't know who else is working on this, but I need..." or, "How does your work fit in with what I am doing?" Given the tendency today to use teams more, and in particular self-managed teams, one key success factor will be making sure that within a company there is a core knowledge about its teams and their focus. Within the teams, each member needs to understand his role -- what "base" he is covering.

### **Lesson 4: Have Clear End Points**

Clear end points in running a grocery store are easy to determine. Unpack inventory when it arrives. Deliver customer orders the same day received. At Utica Grocery, Jewish holidays created many "end points". For example, every Friday we frantically worked to fill and deliver orders before sundown when the Sabbath would begin.

It might not be obvious why having clear end points is important. After all, we could be content continuing to do our work and participate in group meetings. Yet end points are important in taking chunks of our work and driving them to a conclusion. Endpoints provide closure, highlight our value, and help us to renew ourselves for the next challenge. Endpoints make us think about the obstacles we need to manage to meet the deadline.

An analogy that describes the value of endpoints is in imagining what effort we go to when we need to catch a plane. We usually start by working backward, noting the date and time we are scheduled to leave. We then ask ourselves such pragmatic questions as when do we need to pack, what clothes need cleaning, perhaps what work needs completion, and finally how will we get to the airport. If you are in Boston, and the plane departure has you fighting rush hour traffic and the bottleneck of the Callahan tunnel, you might find yourself experimenting with the ferry service for the first time. That is how endpoints nurture a mindset of "What can I do to make sure I meet my goals."

In large companies, endpoints are particularly important because it prevents work from getting lost in a vast wasteland. An early technology pioneer, Digital Equipment (DEC) understood this when every two years the company would have a huge product show to catapult development. Ken Olson, at the time DEC's president, has used this practice in subsequent companies because he believed that the show itself created an endpoint to drive product generation.

Sales reps reaching year-end quota goals is another common example of an endpoint driving performance. To "make their numbers" or even better, earn bonus dollars, sales reps will work right up to midnight of the year-end close to book an order. When I was at HP, the Sales Administration would have late-night pizza parties as they waited for orders to be called in.

Endpoints are most meaningful when you can bring them into your office and make them personal. For example, while you know that the development of your product is expected to take two years, if you are the one responsible for product specifications, your timetable is very different. Personal endpoints adjust the "corporate clock" which ticks to quarters and converts them to days instead. Endpoints place urgency and results back into our job and remind us that no matter how complex our businesses may be, there are clear goals we need to achieve.

## **Lesson 5: Know Your Customer**

At Utica Grocery we knew our customers so well, that when they came in, we could have selected most of their groceries for them. We knew who needed help to the car, who was going to complain that the meat was too fatty, who gave big tips -- in short all the individual needs and traits of our customers. In today's business parlance, it is called "relationship marketing" or being "customer focused" and big and small companies have seized upon this concept with a passion.

The importance of knowing your customer is obvious and a stated value in most companies today. However, in most large companies, unless you are a sales representative or have direct contact with customers, it is often difficult to "know your customer" because there are many steps in the supply chain between you and them. Many companies have compensated for this by using tools such as a customer feedback system where customer reactions are captured and packaged for easy dissemination. While these tools are important, they will never completely substitute for the one-to-one connection with customers. When you really know your customers and their needs, it becomes harder to justify performance issues such as unreliable products or delayed service, no matter how good the reason.

While no easy answer exists as to how to "know your customer" in larger companies, it is imperative to stay plugged in. When I first joined HP, I spent a month with sales reps just visiting customers. When I was a seasoned veteran in my later years, and I would be hosting a customer visit, I would often find an opportunity to bring people who didn't usually interface with customers into the visit so that they could hear for themselves how the customers felt. Universally, people were always happy to have carved out the time to meet the customers, even though when they returned to their desks, their same workload awaited them. Still, such visits gave their work a new meaning.

I have often been asked, "Is the customer internal or external?" Internal loosely translates to "selling up" in the organization (i.e., convincing senior managers of your idea) and while it is important to maintain your influence and affect change, people in healthy organizations focus more on external customers (i.e., those you pay for what you produce). You can diagnose whether a company is more focused on internal or external customers by listening to the talk at the coffee urn. Are people discussing the recent "reorg" or a customer they just visited? Are they perplexed by the quirks of their boss or how they are going to meet their product deadline? The symptoms are easy to spot -- self-absorption versus market absorption.

Fighting the tendency to become too internally focused requires a myriad of tricks. First, we need to look for opportunities to inject ourselves into the market and receive unfiltered primary data. Building a support group of people with similar customer focus also helps. Its members can then be alert to early warning signs of a loss of customer focus. Statements such as, "As soon as I finish generating these reports, I will try to return some customer calls," or, "I would love to figure out how to solve that customer problem, but first I need to focus on that looming battle of resources" are telltale signs that customer focus is absent.

## **Lesson 6: Build Ritual into Your Business**

You don't need to be religious to enjoy ritual in your life. When I was in business school, we had a Thursday afternoon ritual of beer at the MBA house. Most of us looked forward to winding down and catching up on Thursday afternoon. We knew that many of our "fits and starts" conversations down the hall could be completed then, in a more relaxed manner.

At Utica Grocery we had ritual too. For example, when the Passover season was complete, and we had endured the cyclone together, we would all take a ceremonious walk in the basement where we kept inventory. My father would lead the way, as he took note of how much was left. At the end of the walk, we would all say together a Hebrew expression that is also read at the end of each of the 5 books of Moses. The expression translates to "Let us be strong, let us be strong, let us be strong, together." I don't know why, but we couldn't wait until we could take that walk and repeat that phrase. That simple sentence provided closure, reinforced our team effort, and reminded us that we had done this before and would do it again.

Ritual in big companies is, no doubt, quite different than a walk in the basement. It might be huddling together for the year-end results or a baseball game every Friday. At HP, when we were smaller, we used to have Duncan Donuts every Friday morning along with a featured talk of the week. We would all be in one room, eating our donuts, enjoying conversation with a colleague, listening to the selected topic, and most importantly, feeling like a team. When the business got bigger, the coffee talks were replaced by "all-hands" meetings with large crowds and no donuts. And though the donuts weren't that special, what they represented was.

Ritual is hard to find in most businesses today, maybe as a result of our focus on efficiency. We've grown more serious about the "bottom line" and have lost sight of the critical intangibles that make work something you are eager to go to rather than something that pays the bills. Whatever the reasons, now more than ever, building ritual is an important and under-used tool to build camaraderie within a company.

The lessons from Utica Grocery Store are simple and straightforward enough. They certainly helped a small store brave the times and meet its goals. I believe these lessons can help you too in managing the challenges and building a more supportive, productive environment.