

From Carpets to Culture Shift



Southwestern Carpets is floored by renewal, ROI and Renova

LEWISVILLE, Texas—Southwestern Carpets in Lewisville, Texas, went from full-steam ahead to “reverse course.” It was 2002. Company President Bill McCaddon decided to completely change



Southwestern’s core business-- refurbishing apartments, including flooring—to doing only carpet, hardwood, ceramic tile, and stone flooring installation and services for custom residential builders and developers. Now, two years later (2004), Bill faces growing struggles and fear that a large customer won’t be able to pay, meaning layoffs.

Ultimately, the customer did pay their bill and Southwestern Carpets’ growth skyrocketed. By 2007, the company had swelled from six employees to more than 60, and sales hit \$22 million, with double-digit growth during six consecutive years.

McCaddon’s problem was no longer survival, it was “the sanity of self—and company sanity. With so much growth, things felt out of kilter, out of control,” said McCaddon. That’s when he remembered meeting Dr. Don Brush, founder and president of The Renova Corp., a Dallas provider of organizational optimization services.

Southwestern Carpets is going great guns. It’s approaching 70 employees. McCaddon calls the company an “8-cylinder, high-performance engine that’s hitting on just four or five cylinders. That’s when we called The Renova Corp.”

THE DOCTOR IS IN

Dr. Don Brush understands the cynical sentiments of corporate American executives and employees. Mention “quality initiatives” or “building corporate culture” to executives or employees, the response is usually a grimace, a grumble or a smirk.

“There’s a good reason for that type of response,” said Brush. “Too often, these efforts are empty, shallow and superficial. They don’t engage, explore or have any teeth to them. It’s all process, pretty words, printed posters in the breakrooms and no action. No change.” Renova provides the means, ways, tools and truths intended to transform corporations into people-driven, high-performance organizations—the exact remedy needed by Southwestern.

Brush, who formed The Renova Corp. in 1985, has led change management efforts for Chubb Insurance, JCPenney, Pfizer, Texas Instruments, Verizon and the United States Air Force, among others. He insists that culture can impede performance or improve it. And he says he can prove it.

“There is hard evidence—quantitative data—that show a significant correlation between a company’s culture and corporate performance,” said Brush. “What if you could increase the productivity of every employee at one company by just one hour a day? For a company the size of TI with 10,500 employees in north Texas alone, that would be like adding 1,300 additional employees to the workforce, free of charge. That’s big.” Brush cites research that says culture can improve employee performance by one to two hours a day. The research originates from John Kotter, a Harvard University professor and renowned leadership guru.

Brush arrived at Southwestern Carpets in February 2007 with an imperative from McCaddon to change the company and “provide all options, recommendations and directions to advance Southwestern Carpets.”

“We were doing really well,” said McCaddon, “but we faced increased competition and issues related to our growth, things like how to find, hire and motivate employees, how to cost a job consistently, and how to consistently communicate to-dos and deliverables among all the different people and departments,” said McCaddon. “I knew something had to change, I just didn’t know it had to start with me,” he said with a smile. “Dr. Don took on the task, head on.”

CHANGING WHO AND WHAT ... AND HOW?

Within two months, Renova had worked itself through Southwestern, left to right, top to bottom. Brush met with almost every employee, facilitated numerous gatherings and spoke with everyone from the president to pallet-moving forklift operators. Don secured private interviews as well, and worked with various company teams using a “Wheel of Fortune”-type board game that lightens up the exercise while generating insights into company strengths and weaknesses, and more. McCaddon and executives participated but never “took over.” In fact, employee teams were created to share insights on work life, processes, pros and cons. They spoke freely, independently, honestly and transparently, away from politics or executive oversight. The results were in: Competitively, the company was succeeding but it was all price-based and transactional. Corporately, the culture was friendly but frazzled; cranking along but extremely chaotic. It lacked standardization and streamlined communications among employees, departments, suppliers and customers. Teams didn’t exist. Sales was sales. Service was service. They faced “Who’s on first” Syndrome.

“Ultimately, they faced a linkage problem,” said Brush. “They weren’t connected to each other. This discovery actually became the company’s greatest weakness—and its greatest competitive advantage,” said Brush. McCaddon agreed.

“By creating the link, we created what makes us Southwestern Carpets,” said McCaddon. “We linked departments and employees, sales agents with service representatives, and created customer teams. These teams of two to three people were assigned to specific customers, which then personalized our service for each customer. The win-win: Service representatives gained brainshare tailored to each

customer, and the customer always got a response, estimate or status update from someone they really know and trust. That’s why the light bulb went off for all of us.”

Southwestern Carpets Corporate Culture Transformation by The Renova Corp.	
Corporate culture before 2007	Corporate culture after 2007
Reactive problem solving	Proactive and responsive to customer issues; personal approach to problem solving.
High costs to provide nominal quality, mediocre productivity	Significant improvement in quality and productivity with lower operating costs
Strong competition among departments	A culture of collaboration focused on mutually beneficial benefits
High-stress environment	Focus on people, teamwork and authenticity reduced stress
A lot of activity and to-dos but no goals or overall plan	Clear goals; a strategic plan; Ongoing metrics; superb execution
Overall sense of mediocrity	Overall sense of teamwork; united to succeed; healthy
Communications haphazard	Communications is authentic, consistent and two-way, not just top down.

This new approach to sales and service transformed Southwestern Carpets from just another commodity carpet provider competing on price to being the preferred provider who insists on partnership through personal relationship, said McCaddon.

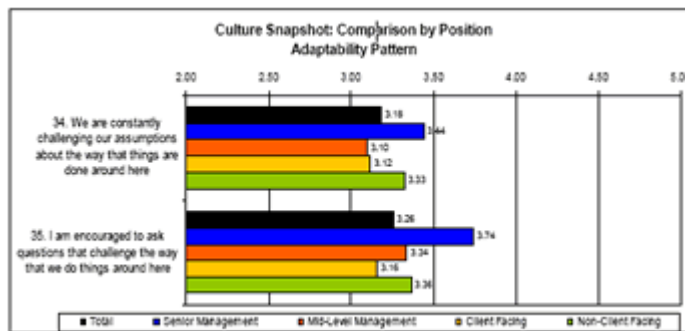
“What an incredible strength—and experience—to be in a place where we have people working as units that partner with our customers and suppliers,” said McCaddon. “This sets us apart as an employer and flooring supplier. Today, we’re known as a company who works in partnership with builders valuing quality, workmanship—a relationship that allows both of us to formulate ideas and opportunities. It’s incredibly powerful.”

One Southwestern Carpets customer is Bill Darling, president of Darling Homes, a McKinney, Texas-based customer builder. Darling Homes is a 2008 J.D. Power and Associates quality award winner, based on overall customer satisfaction, builder staff, workmanship and related factors.

“The approach at Southwestern is simple—maybe old-fashioned,” said Darling. “They make our homebuilding teams part of their team and vice versa, top to bottom, CEO to the carpet installers driving to new homes. Because of this, we have the utmost trust and relationship with Southwestern.”

MEASURING HAPPY CUSTOMERS

So, does corporate culture improve corporate performance? What role do trust, personal relationships and partnership have on the bottom line? For Southwestern, McCaddon says they matter. Really matter.



Consider this:

- Southwestern Carpets revenue has grown, on average, 35 percent per year.
- Building teams positioned to the company to provide personal service to customers and compete on value not just price.
- Southwestern no longer competes on price alone, but is able to choose its customers—customers who understand the value of partnership and relationship.
- Personal customer service, knowing customers on a “first name basis.” No call centers like many of its competitors.
- Even now, with housing and building declines, Southwestern had revenue growth in 2008 while its competitors face mass layoffs and bankruptcies.
- Employee recruitment is now systematic, centralized and more efficient
- Company employees not only acknowledge a culture of common values, but are part of working teams that serve each other and their customers
- The company adheres to a consistent corporate mission that states specific values and behaviors, with all executives and employees “living them out” on a daily basis.
- Southwestern Carpets knows its customers—and often knows what they need before the customer does.
- Southwestern Carpet’s work orders average 3,000 per month. Prior to Dr. Don, the company’s work-order accuracy rate was at 77 percent, meaning that 690 orders were inaccurate. After Renova’s training and recommendations, work-order accuracy rate hit 95 percent.
- McCaddon estimates the company saves more than \$160,000 annually as a result. No lost productivity and no unexpected “re-installs” with associated hard costs.

“Ultimately, we discovered the best of everything within our organization, and in the marketplace,” said McCaddon. “By working with Renova we learned who we are, what we are and how we could serve the types of customers that wanted something more than lowest-cost carpet and flooring materials. Now, we attract the best the marketplace has to offer. I credit our employees, customers and Renova for our success and position in the marketplace.”

For more information about Southwestern Carpets Ltd., visit www.SWcarpets.com, or call 972.395.7370. The company is located at 2525 E. State Highway 121, Suite 100, Lewisville, Texas, 75056. For more information about The Renova Corp., visit www.renovacorp.com, call 972.437.6527 or send e-mail to donbrush@renovacorp.com. The company is located at 6600 LBJ Freeway, Suite 109, Dallas, Texas 75240.