

the **PROUTY PROJECT**

Bigger Goals • Bolder Strategies • Better Collaboration

Culture Turnaround

How Prouty Project helped guide a culture change process during Nash Finch's turnaround

Bigger goals: Change the culture to support new strategic direction

- When Alec Covington was hired as CEO of Nash Finch Company, he walked right into a major challenge: The Company's reputation for employee turnover and a negative culture had made it difficult to recruit and retain key talent. Covington knew that the Company's new strategic plan, "Operation Fresh Start", would languish unless the culture changed and the Company's 8,000 employees were inspired to work in unity.
- Goal: Develop a strategy to change the culture that would aid the turnaround of the second largest publicly traded, U.S. wholesale food distributor with annual sales of approximately \$4.7 billion.

Bolder strategies: Identify core values and increase leadership's effectiveness

Covington looked to the Prouty Project for guidance, as well as to help broaden and clarify his thinking. He wanted someone who could "stay the journey," watch over the culture change process and how his senior leaders interacted with him and each other. Structured and facilitated leadership discussions — interspersed with relevant video excerpts and business articles — were instrumental to the creation of the Company's new culture, exemplified by the tag line "I have a hand in this." Covington and his senior management team worked together to develop the vision, mission, values and cultural statements.

A Myers Briggs evaluation was used to help senior executives understand how to work more effectively together. To get better acquainted and become more open and vulnerable with each other, the Prouty Project created meaningful, experiential activities to increase team development around the new core values.

Better collaboration: Experiential activities increase team development

Out of this process, which included an early employee survey around leadership's living out the values, senior executives were stretched during team development activities. For example, one afternoon event challenged them to work as a team to build a bike in an hour while blindfolded, and then pass their learning onto teams of middle managers who applied that guidance to build their bikes in an hour. Two hours and 100 bikes later, a school bus of inner-city children joined the executives and were surprised to learn they would each receive a bike and a bike helmet, for some the first bike they had ever owned. Another experiential activity was created to help 120 top Nash Finch leaders live the values of innovation and celebration and fun. They learned improvisational techniques and acted them out by "inventing on the fly" on the Guthrie stage in front of their peers.

Results and Next Steps: Rowing and growing through positive culture change

A year after the first employee survey, another was conducted that indicated improvement in values performance. With this positive culture change, it became more certain the Company would be able to work together to implement the Company's business strategy. Today, "cultural champions" from all levels of the organization provide feedback and suggestions to senior leadership on how Nash Finch as a Company can better live out these values.

Leadership teams are fired up and rowing in the same direction. Their confidence and candor are growing - and so is the Company. Over time, the Company has been performing against objectives and the turnaround is working. Recently, Fortune magazine recognized Nash Finch as delivering the third highest positive stock returns in 2008 of all the Fortune 500 Companies.