Culture in a Material World

Culture as a Driver of Positive Business Results

Linda Elkins

W. L. Gore & Associates

November 15, 2017

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Our culture is the way we work together to drive business results. With this in mind, we invest significant time, energy and resources into nurturing the right environment, knowing that this drives Associate and customer engagement, and our business outcomes.
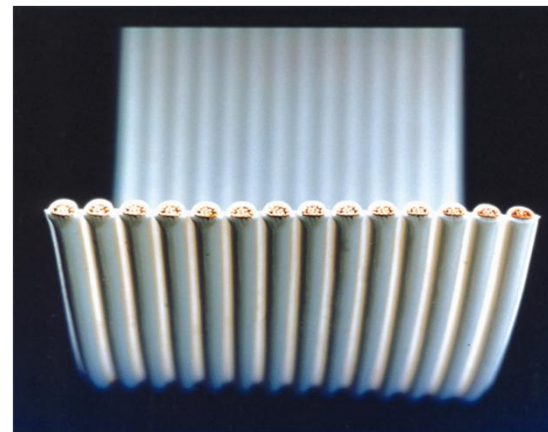
Terri Kelly, CEO

W. L. Gore & Associates

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Nearly 60 Years - Bringing Dreams to Reality
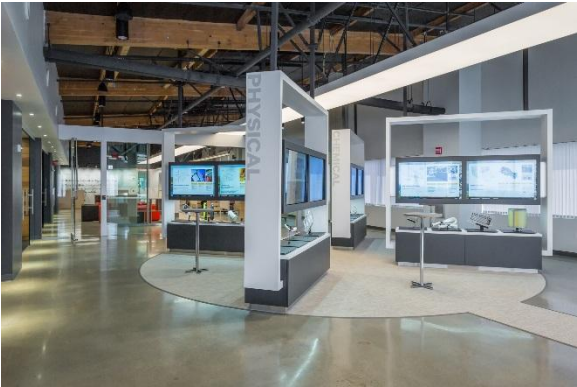
Bill and Vieve Gore

Where It All Began

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Gore Innovation Center in Silicon Valley

W. L. Gore & Associates

- Founded in 1958
- 9,500+ Associates
- Approximately $3 billion in annual sales
- 45+ plants and sales locations worldwide
- Privately held

A global Enterprise
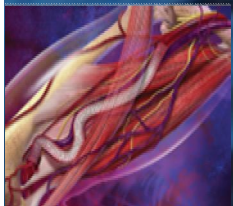## with a diverse range of products

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Fabrics that protect and perform under many conditions
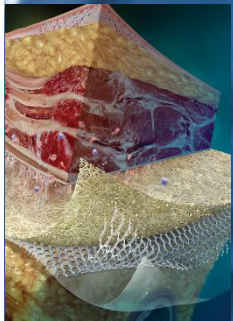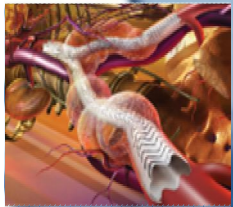
Dedication to performance
supported by technical expertise

W. L. Gore & Associates
June 2017

Products and process solutions that

perform

consistently and

reliably in the most demanding environments

A Great Place to Work Globally

- A World's Best Multinational Workplace

- Recognized around the world on best workplace lists in:
  - Greater China
  - France
  - Germany
  - Italy
  - Spain
  - Sweden
  - United Kingdom
  - United States

- Included on all FORTUNE "100 Best Companies to Work For®" lists in the U.S. since 1998

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Recognized for A Culture of Innovation

Director
Fabric of Success

The Wall Street Journal
Who's the Boss? There Isn't One

South China Morning Post
Engineering Corporate Creativity

What Matters Now
Gary Hamel

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An Enterprise with a Distinct Culture

- Emphasis on personal relationships
- Lattice-based organization
- Minimal bureaucracy
- Environment that encourages innovation and creativity
- Leadership defined by followership

The Gore Culture

Early Influences

Maslow's Hierarchy of Needs

McGregor's Theory X vs. Y

DuPont Task Force

Creating an Enterprise

External Influences

Customers

Economic Climate

Local Cultures

Globalization

Government

Suppliers

Technology

Competition

Labor Market

Environment

Core Values

Innovation and Creativity

High Ethics and Integrity

Direct One-to-One Communication

Lattice

Deep Knowledge

Natural Leadership

Personal Relationships Built on Trust

Fitness for Use

Compensation Based on Contribution

Guiding Principles

Freedom

Fairness

Commitment

Waterline

What We Believe

Belief in the individual
Power of small teams
All in the same boat
Long-term view

Key Disciplines

IP Protection

Core Technology

Commitment

Investments, Not Expenses

Product Concept Statements

Sponsorship

Value Pricing

Knowledge-Based Decision-making

Practices

Profit Sharing

Ownership through "ASOP"

Contribution/ Compensation Process

Cluster Concept

Three-legged Stool

Commitments, Not Titles

Culture Survey

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Belief in the Individual . . .

- Places trust in individuals to do the right thing

- Encourages self-direction

- Allows Associates to participate in defining their own commitments

Interest and Motivation

Passionate Associate

Business Need

Skills and Experience

. . . Leads to a high level of engagement

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The Power of Small Teams . . .

- Drives focus around opportunities
- Engenders sense of accountability for making a difference
- Creates shared ownership for achieving results
- Encourages collaboration
- Generates faster, knowledge-based decisions

. . . Leads to empowered teams

All in the Same Boat . . .

- Decisions made in the best interest of the Enterprise
- Broad resources available
- Success shared by all Associates

Taking a Long-Term View . . .

- Invest for long-term business health

- Balance the financial perspective with other success factors

- Allow time for innovation

- Weigh the welfare of both current and future generations

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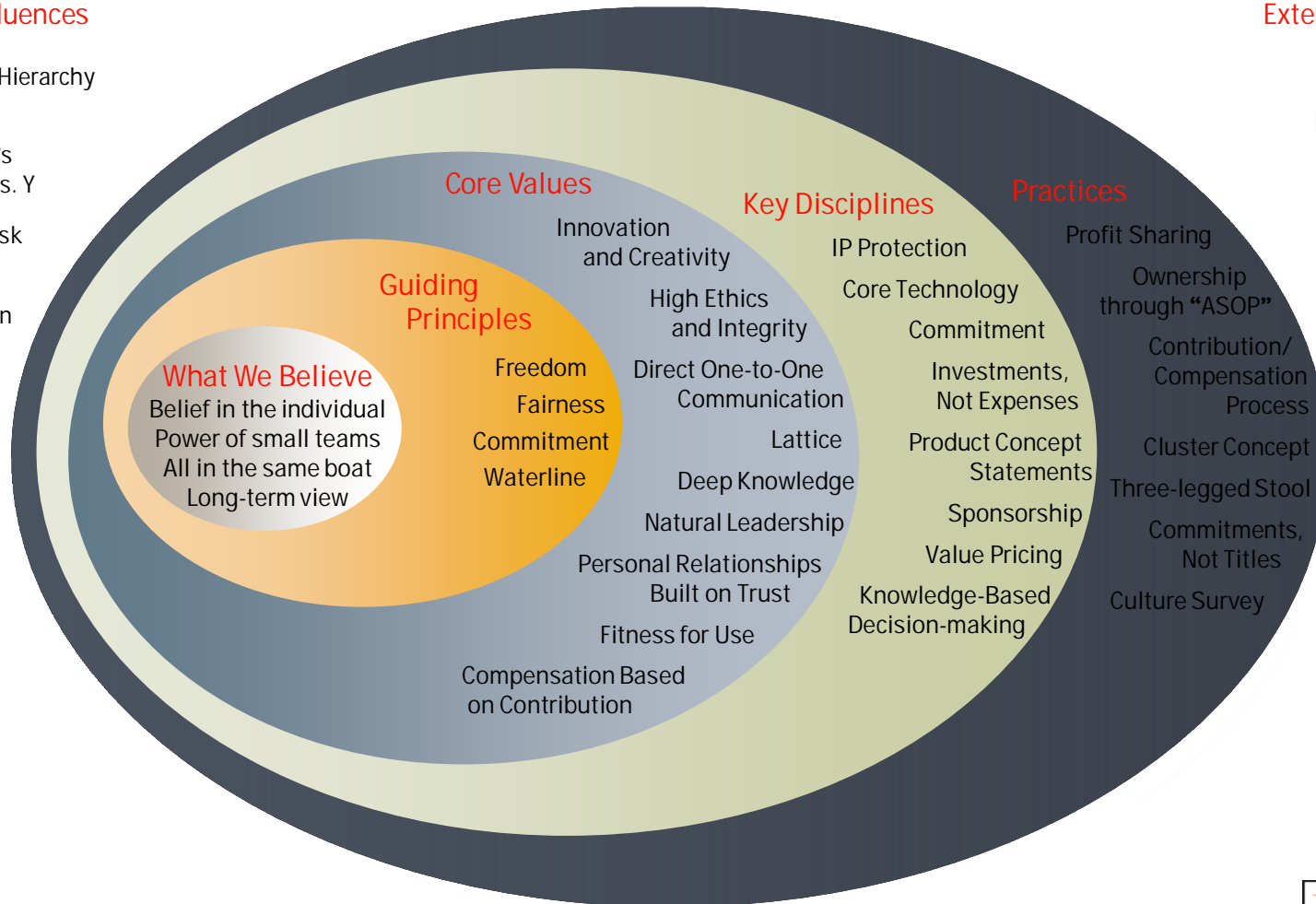
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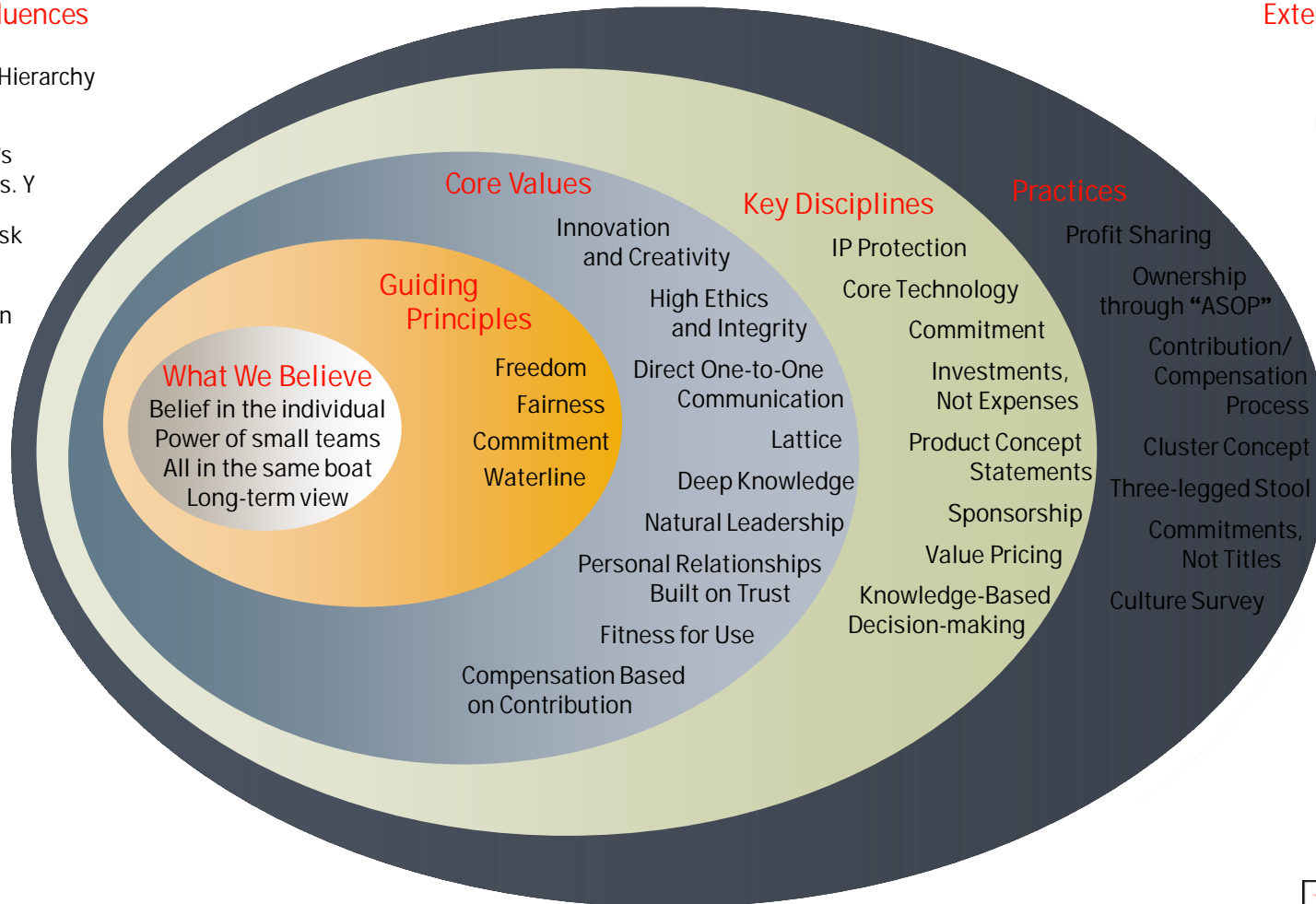
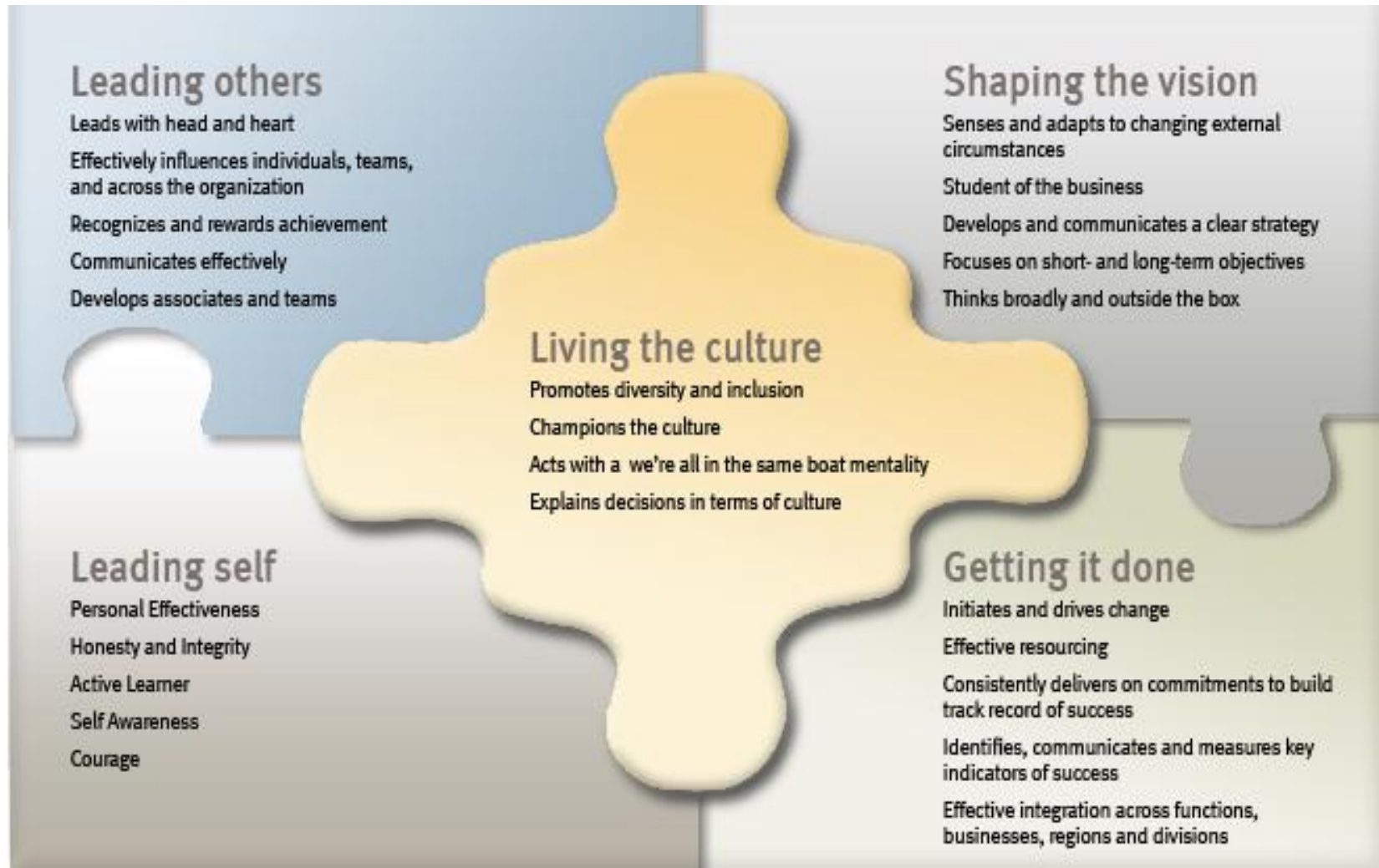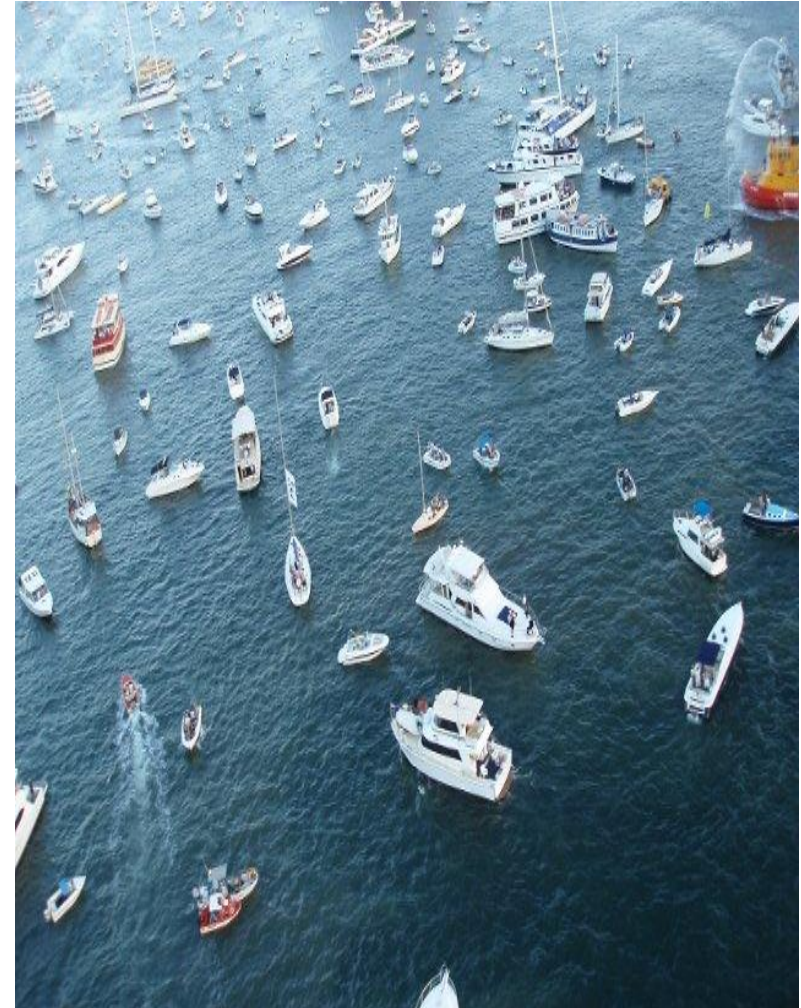# Critical Role of Leadership

- Our Leadership Philosophy
  - Living cultural beliefs and values is imperative
  - You aren't a leader unless you have followers
  - You don't lead through *command and control* but through *influence*
  - You're measured on both *what* you deliver as well as *how*
  - Decisions are driven through the most knowledgeable Associates

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Five Dimensions of Leadership

Leading others

Leads with head and heart

Effectively influences individuals, teams, and across the organization

Recognizes and rewards achievement

Communicates effectively

Develops associates and teams

Shaping the vision

Senses and adapts to changing external circumstances

Student of the business

Develops and communicates a clear strategy

Focuses on short- and long-term objectives

Thinks broadly and outside the box

Living the culture

Promotes diversity and inclusion

Champions the culture

Acts with a we're all in the same boat mentality

Explains decisions in terms of culture

Leading self

Personal Effectiveness

Honesty and Integrity

Active Learner

Self Awareness

Courage

Getting it done

Initiates and drives change

Effective resourcing

Consistently delivers on commitments to build track record of success

Identifies, communicates and measures key indicators of success

Effective integration across functions, businesses, regions and divisions

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But, the Culture does have its' Challenges!

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Leading in a Highly Empowered Environment Requires Leaders to

- Invest significant time to build trust amongst individuals, teams and leaders
- Be open, authentic and approachable
- Be comfortable operating without assumed authority and control
- Trust individuals to do the right thing
- Empower other knowledgeable Associates to take the lead
- Seek input on important decisions
- Explain the rationale behind your decisions and actions, and help others understand your point of view
- Listen with the intent to learn and be willing to change your mind
- Be self aware and seek feedback on your effectiveness as a leader

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Lessons Learned in Creating an Empowered Organization

- Establish a clear set of beliefs, values and key disciplines shared by the entire organization
  - "Freedom with Responsibility"
  - Don't let discipline be viewed as a negative

- Establish boundaries and ensure complete system—practices, rewards, decision-making, etc.—all reinforce your values and beliefs

- Resist the temptation to add unnecessary bureaucracy

- Establish mechanisms to ensure that current and emerging leaders believe in and model the values
  - Check followership from peers early in career
  - Address those that don't share the values

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Leadership Effectiveness Survey

Please answer these questions relative to (Specific Leader)

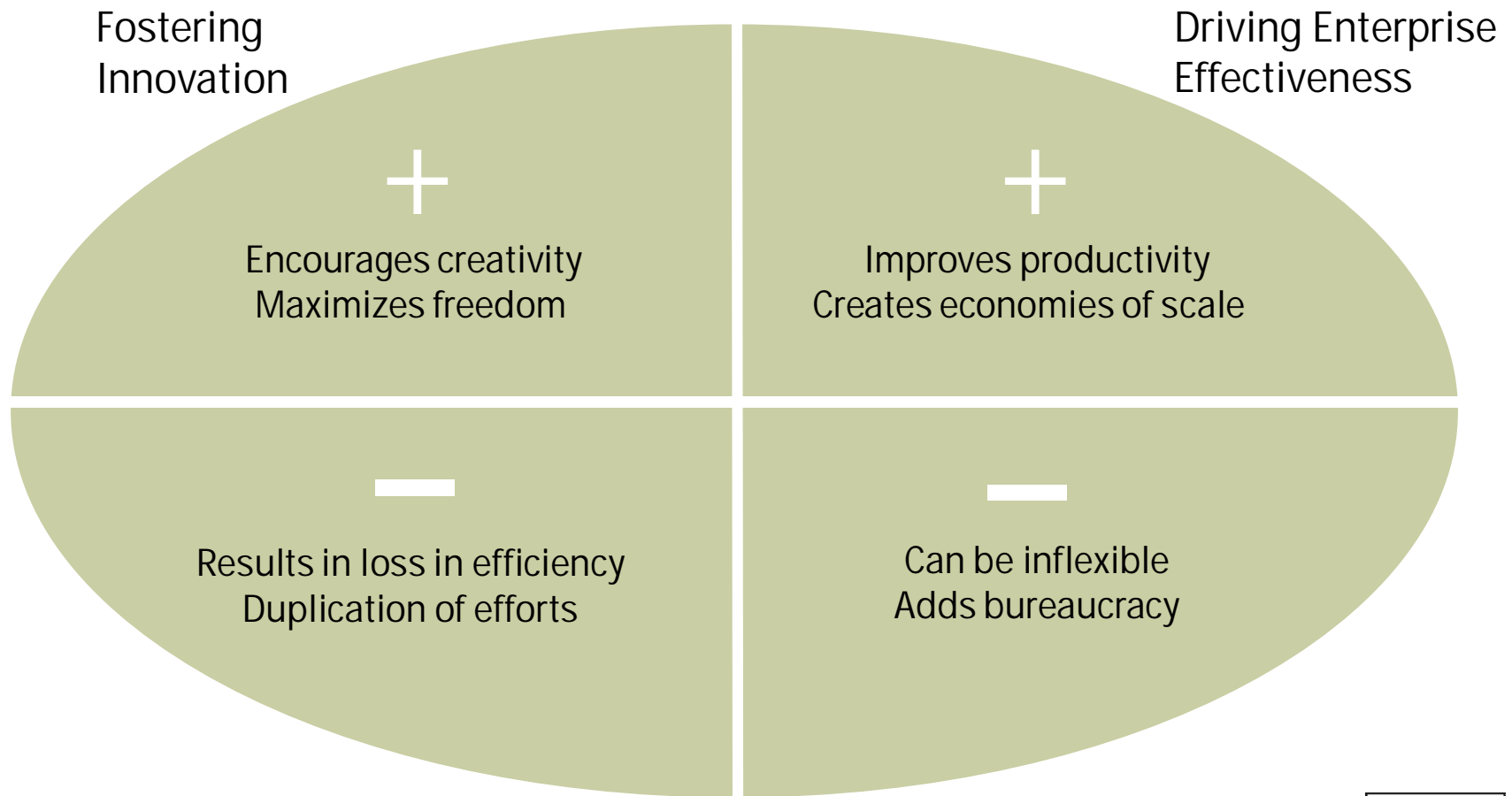| Strongly Disagree				Strongly Agree
1	2	3	4	5

☐ Encourages collaboration and networking across the Enterprise.

☐ Encourages appropriate risk-taking and learning from mistakes.

☐ Creates an environment of trust with associates.

☐ Encourages diversity of thought and perspective in decision-making.

☐ Trusts and empowers teams and individuals to make decisions, as appropriate.

☐ Invests sufficient time in making the culture work effectively.

☐ I can fully support and has earned my followership.

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Lessons Learned in Creating an Empowered Organization

- Constant vigilance is required to balance inherent tensions and help the organization appreciate the value of driving both:

  - Innovation & Effectiveness

  - Focus on Best Opportunities & Exploration of New Opportunities

  - Power of Small Teams & Collective Strength of the Enterprise

- Expose and involve the broader organization in managing these tensions
  - This will deepen their own understanding of the trade-offs and accelerate the development of leaders

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Managing the Polarities

Fostering Innovation

Driving Enterprise Effectiveness

+

Encourages creativity
Maximizes freedom

+

Improves productivity
Creates economies of scale

—

Results in loss in efficiency
Duplication of efforts

—

Can be inflexible
Adds bureaucracy

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Lessons Learned in Creating an Empowered Organization

- Organizational choices are important
  - Organize around what you want to be best at
  - Any organization you define will sustain and grow itself, whether it should or not

- Use peer review to both challenge and support

- Constantly reinforce values, beliefs and inherent tensions through communication, workshops, leadership forums, etc.
  - Context setting is critical to understand the "why" behind actions and decisions
  - Important to "connect the dots" and explain linkages
  - Every new practice or initiative should reinforce cultural values and beliefs

- Don't disconnect the culture from its purpose of enabling business success

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It's All About People

With...

- The right people
- A strong embedded beliefs and values
- A few clear objectives and guidelines
- *And* leadership that models and rewards it

...You can foster a responsible Enterprise
and solve complex challenges for our customers

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Thank you!