

Monday Morning Radio

They already had great solutions and they didn't really actually need a CEO centric or a supervisory centric directive. They knew what to do, all they really needed was a bit of encouragement and a culture to trust their instinct and lead. (4:55-5:17)

And while that's true today as well, we're going about it in a very different way. We're trying to build employee commitment to the company through corporate commitment first to the employees. (20:11-20:28)

So our company's systems and processes and discipline have strengthened as a result of giving everybody a voice, not weakened because by and large, people feel like they're valued participants in discussing, revising, and improving those systems and best practices. (30:46-31:12)

Kevin: How much more money would you make if you spoke less and listened to more? Kevin Hancock is the CEO of his family's sixth generation lumber business in Maine. His only option was to speak less when he was diagnosed with [spasmodic dysphonia](#), a rare neurological speaking disorder that makes talking extremely difficult. Kevin had no choice other than to let his employees do most of the talking. Eight years later, his new employee centric business model has generated more profitability since his diagnosis eight years ago, than in the previous 160 years combined. Kevin still has trouble speaking, but his message to the roving reporter Rotbard is crystal clear, shared leadership generates employee satisfaction and greater profits. Are you ready to listen? The place to go, as you know, is [mondaymorningradio.com](#).

This is Dean H. Williams, founder of Dean H. Williams Marketing, and co-founder - along with my wife, Penny - of the nonprofit [Wizard Academy](#). The Academy draws successful business owners and executives from around the world. You're listening to Monday Morning radio, featuring interviews with unconventional men and women who are putting into practice the profitable lessons we teach at Wizard Academy. Monday Morning Radio is produced by Dean Rotbard, who co-hosts the popular business unconventional radio news magazine.

[01:31] **Dean:** Kevin, it is good to have you with us. Thank you. So what kind of weather do you get this time of year in Maine?

Kevin: Well this kind of year it's simple, it's pretty much always cold and snowy, which is the case today.

Dean: Okay. Okay. Is that good or bad for the lumber business?

Kevin: Yeah, it's not great at the end of the day. Our products are all used in construction. And when it's cold and snowy, construction either doesn't happen at all or moves quite slowly,

Dean: Kevin, we're going to talk about your book, [The Seventh Power: One CEO's Journey Into the Business of Shared Leadership](#). We're going to talk a lot about shared leadership and how it works and why you think it is a better philosophy of running a business than not. But why don't we take a minute, so people who may not be familiar with your background, this is an audio podcast, and they probably have some sense that either the connection's not great or that your voice is a little bit off of normal. Why don't you explain what spasmodic dysphonia is and how you've worked with it, and in many ways overcome it?

Kevin: Sure. So in 2010, and about a decade ago at the peak of the national housing and mortgage market collapse, I began having a bit of trouble speaking, something I never thought about before, always took it for granted and did a lot of as a CEO. But it turned out I had acquired a rare neurological voice disorder, called spasmodic dysphonia, that affects only speech with no known cause and with no cure. So I found myself quite quickly having to figure out how to lead a company without the consistent use of my voice. And what I say to people now is, simply put, when it's difficult to talk, people who have trouble talking come up with strategies for doing less of that. And my primary strategy was to answer a question with a question, thereby putting the conversation right back on the other person.

So you could picture that traditional scenario at work where someone might come up to me with a question or a problem because I was the CTO or the boss. And I started saying things like, well, that is a really good question. What do you think we should do about that? And while originally was a voice preservation mechanism, what caught my attention over time and fascinated me was that people already knew what to do. They already had great solutions and they didn't really actually need a CEO centric or a supervisory centric directive. They knew what to do, all they really needed was steady encouragement and a culture to trust their instinct and lead. So long story short, there were other factors, but that was kind of the beginning of this idea that built for me about an organizational model that dispersed power instead of collecting it, that gave everybody a voice and that was designed to share leadership broadly.

Dean: You speak about, and I don't know whether I'm using your words or just my paraphrase of your words, but basically an employee centric company. Are those your words? Are those my words?

Kevin: Yeah, those are my words. I'd love to hear other people use that too, because that's the idea I'm trying to spread. Yeah, I got focused on creating what I came to talk about is an employee centric company where the first priority or focus of the business is the experience of the people who work there. That is a first priority, to have work be a meaningful part of their lives in more than just economic ways. And with the belief that customer service and corporate objectives will all be advanced if the employees are having themselves a meaningful experience.

Dean: For decades, the prevailing wisdom, certainly there were exceptions, but the prevailing wisdom in business schools and C suites was that there really was one constituent above all else. And that constituent was shareholders or owners. And the idea was, and there are some famous economists who talked about the notion that the only mission of business is to serve owners and shareholders. Then gradually, I would say over the last several years, people at the head of particularly large companies began talking about having more constituencies and last year in 2019, the business roundtable had, I don't know the exact number, but maybe a hundred plus CEOs who came out and basically said, yeah, well, shareholders are important, but as companies, we have responsibilities to other constituencies.

What's interesting though, Kevin, is that the other constituencies they had in mind were not employees. I mean, maybe they include employees, but that was not their core focus. Their focus was things like the environment, social justice, community, et cetera, et cetera. So it made me think when I was reading the materials about you and your book, the question of which priority, if it's not going to be first and foremost owners, you believe that ought to be employees, but there certainly are others who believe that perhaps it should be the environment, global warming or just community. So how do you balance all of the potential people who think that the role of the business is broader even than employees?

Kevin: That's a great question and topic there. I'm so glad you spoke to it in that way. I think my perspective on this is actually quite similar, but it comes at it from a different angle. I really start with

this question, how does the organization or the individual make a positive impact on the world? That can feel today, like a super overwhelming question because of the complexity and the enormity of a lot of the issues that humanity faces globally.

So, how do you transcend that? I think the only way to do it is to break the challenge down into smaller parts. I think we change the world first by turning inward, kind of looking at ourselves and becoming the change we wish to see, and then trying to have an impact on the people right beside you. I think the only way to really create change today that's sustainable is through a bit of localism where you're really trying to work on the humanity that's right beside you. And in the case of a corporation that starts with the employees, the people who make up the company and for whom without which there's no opportunity to do good.

So I would really say that creating an engaged work community that finds that work experience meaningful is essential to having an impact on any of the important subjects that you mentioned. Whether it's the environment or community or other important topics.

[00:10:29] **Dean:** It's clear that your employees like the changes you've made. Your company, [Hancock Lumber](#), has been voted among the best places to work in the state of Maine, I guess year after year after year, which is terrific. Your company fascinates me, Kevin. I don't know that I've ever had anybody on the podcast who is a sixth-generation family-owned business representative, that by itself is very impressive. So clearly your family had some savvy when it comes to keeping a business going and thriving, but maybe talk a little bit about, since you began to implement the concept of shared leadership, how you have seen that impact, the performance of the company, whether that is in profitability, we know employee satisfaction is good, but whether you've seen changes in profitability, in customer satisfaction, in employee turnover. What are some of the tangible results, evidence that employee centric companies prosper?

Kevin: Great question. Thank you. So we started with the metric of employee engagement and as you may well know the state of employee engagement nationally and globally is not good in America today. There are approximately 160 million people who work and less than a third of them will describe that work experience as meaningful or engaging beyond the economics of it. Globally, 2 billion people work and less than 2 in 10 will describe that experience as engaging. And today at Hancock Lumber, we had 550 people who are part of our team and mostly blue-collar jobs in sawmills and lumber yards today. At our company, nearly nine in ten will self-describe their experience as engaging. So we are currently running close to three times the national average. So we started with a focus on moving that metric and felt that if we moved that metric, that would trigger a movement in all the other metrics. And in our case, that's what's happened.

We've been at this for about a decade. And just one simple metric to cover the magnitude of it. We had a board meeting back in December at the end of the last decade. I had looked back at our historical results, and we ended up earning more money in the last decade from 2010 to 2019, than we had from 1848 to 2009 combined. We have always been successful and a good performer, but we suddenly became a great performer. And that profit – to kind of take it full circle - that corporate profit performance has become one of the important outcomes of a higher calling. Which is focusing on the people who work within the company.

Dean: Kevin, I have all sorts of practical questions that I would like to put to you about the idea of shared leadership and how you implement it and where you draw the line in terms of empowering employees or not empowering employees. So if you will, let's just take a quick break now. And when we come back, I'm going to ask you some of those very specific questions about how you handle things such as underperforming employees, how you allocate compensation, just a variety of questions like that. And the other thing I want to ask you when we get back is about, you've actually

been on the stump, if you excuse the verb, preaching the benefits of employee centric companies for about a decade, maybe more. I also want to know if you have seen other companies embrace it. And also when you talk to owners of other companies, what their biggest concerns are. So if you'll keep those in mind, we'll take a short break and we'll address those when we come back.

Kevin: Okay sounds great.

Dean: So my guest is Kevin Hancock. He is the author of the Seventh Power: One CEO's Journey into the Business of Shared Leadership. He is also the head of Hancock Lumber. I'm your host Dean Rotbard. Don't go anywhere, we'll be right back.

[00:18:09] **Dean:** Welcome back to the podcast. I'm your host Dean Rotbard continuing our conversation now with Kevin Hancock. Kevin, how many generations back can you remember a grandparent, great grandparents, great-great-grandparents, you're generation number six. How far back did you have personal encounters that you can remember with somebody at Hancock Lumber who was a family member?

Kevin: I can go halfway back, which is my grandfather who was running the company back in the sixties when I was born until he passed in the mid-seventies.

Dean: Do you think that if he saw what you are doing today and what you have been doing, obviously performance has been amazing. Do you think he would have thought you were crazy?

Kevin: I think he would have found how doing what we're doing today is quite different. The lumber business, generally, in the state of Maine specifically are kind of both traditionally communities of rugged individualism, where the expectation is that the employee will sacrifice, and the company will be served. So always kind of a model where the company has primacy, and the employees are there to serve the organization. And while that's true today as well, we're going about it in a very different way. We're trying to build employee commitment to the company through corporate commitment first to the employees.

[00:19:51] **Dean:** So, I don't know what the best analogy is I mean, I would love at some point, if you'll have me to come out and see what you're doing very specifically, but I just have a ton of questions about how all this works and I suspect I have misimpressions that I would like you to correct for me, let's start with the most basic one. Do employees get a vote in who is the CEO of the company?

Kevin: No, they don't.

Dean: So it's not that type of a collective in terms of that. If I were to interview 10 of your employees, what would they tell me is different about their experience at your company than any place else they've ever worked, but what would be the most common thing that they say it would be that you listened to them? Is that the key of employee centric companies? Or do they actually have a different work assignment? Do they actually share responsibilities in ways that they've never experienced before?

Kevin: Yeah. It's a bit of both but I think primarily what you would hear is people feel trusted, respected, valued, and heard that they feel heard and they feel like they matter. And they feel like this is a safe place for them to say what they actually think, and they are encouraged to take a piece of the company where they work directly and lead that. And really, I think what you find if you visit, is that

what we've done is actually quite simple, not complicated. And it really is just based on creating a culture of listening, which stemmed back to my own voice condition. And I acquired my voice condition, for the first time of my life, I really understood what it was like to not feel fully heard. Over time I kept thinking about the fact that in this world, there were probably lots of people that don't feel fully heard and that workers within companies are often a prime example of that. And I just got really excited about the potential of giving everybody a voice, giving everybody a say and making it safe for people to say what they actually think.

Dean: So Kevin, I haven't read the book as far as I know, it's not officially out until late in February. So you may answer some of these questions in the book, but I don't know the answers. And my gut tells me, my life experience tells me that if you asked me to define what being heard means, it's not just that somebody listens to my ideas and emotions and feelings about my job or about ways that I think the company could work more efficiently, it's that they act on it. That I wouldn't be satisfied if every week, if you were my boss, if every week I got to come into your office and tell you my ideas and that was it. You didn't follow through on those ideas, you just gave me the chance to be heard. So where do employees have the impact that they're not only heard, but somebody is acting on what it is they're saying, or are you expecting just them to act on what they're saying?

Kevin: Oh, you bring up a really important point, which is that creating systems for listening within a company are important, but that will not get you very far unless the company acts on what it is hearing. So that really is the critical next step, Dean. You can take any issue with the company, whether it is a quality of work environment issue, or process improvements issue, or a product quality issue, or an inventory management issue. Take any subject you want, the approach here is simple. It's to involve the people who actually are working in that value frame. It's looking at that question, looking at that subject and having a say in the best ways to improve that particular subject.

And then sometimes those improvement opportunities are things that the employees themselves can do or contribute to. And then other times it's things that supervisors and management need to do. And that really is the whole idea, to create circles of activity where a subject is identified. The people who participate in that area are included in the discussion. So things are not being done to them, they're being done with them. And then that next critical step for sure is action, because without action people quickly conclude, as you suggest by your question, that there's no real point in investing and sharing what I think, because it's not going to change anything. Action is a critical component in response to the listening.

Dean: Does Hancock Lumber have an employee stock ownership plan?

Kevin: We do not. I do really like that structure and I think it makes sense at some point for a lot of closely held companies and family-owned businesses move in that direction, but that's not currently something we're doing, it could be something we look at in the future.

Dean: In your vision, Kevin, how does an employee centric company deal with compensation broadly? Do you think you pay your employees a higher percentage of either revenues or income than the lumber company down the street?

Kevin: When you look at employee satisfaction, compensation and formal pay and benefits will certainly always be a top priority and it's a priority here. Our interest has definitely been to move the compensation experience of employees faster than the rate of inflation and faster than the marketplace in general. So that the trajectory and the income trajectory of people that work here is ahead of the curve not on it or behind it.

Dean: Kevin, as you began to implement shared leadership and transform the culture of Hancock Lumber into an employee centric company, did you change the nature of the people you were hiring? Did your HR department begin looking for different qualities and characteristics to help ensure that the people working for you would thrive in the kind of environments you were building?

Kevin: So I think for the most part, we did not need to do that. I think inherently in most everybody is the desire either to do good and the willingness to lead. So I think those are characteristics that are more generally and equally human than the needs to be selected for it. So our focus has really generally been about bringing out the best in all of us and that these are elements that are generally present in all of us.

Dean: Before the break, I said one of the questions I want to ask you, and I actually want to ask you two more questions. The first one, the book is not yet out, so as you have gone around the country, lecturing and talking about this, what do you find from business owners is their biggest concern, their most common questions about implementation?

Kevin: Yeah, I think the biggest concern I run into is that creating an employee centric organization will lead to a lack of discipline or chaos. So I say often the first impression is well does this mean that everyone can just kind of do whatever they want, however they want, whenever they want. And what we found is that just the opposite happens, that creating dialogue in decision making that consistently includes people who are going to do the work, that strengthens discipline and commitment to the best practices. It's that simple idea that people are more prone to support that, which they help to create. So our company's systems and processes and discipline have strengthened as a result of giving everybody a voice, not weakened because by and large, people feel like they're valued participants in discussing, revising, and improving those systems and best practices.

Dean: Very helpful. So my final question again, the book is the Seventh Power: One CEO's Journey into the Business of Shared Leadership. Tell us a little bit more about the book and what you think business owners and CEOs will get out of it. Is it a manual? Can I read, highlight, underscore the book and then use that as the Bible to go ahead and transform my company into an employee centric? Is it more a 40,000-foot view of it? Not so much giving me specific instructions of how to do it and what to do but giving me an appetite for doing it. Describe it for me a little bit more. What the book provides and what your goal is with the book.

Kevin: Yeah. Yeah. So much of the book operates at a high and then a practical level and really deals with this idea that throughout human history, those who have the most power, leaders of established institutions, have been overreached, have gone too far, taken too much, and exploited groups around them in their path. And while that might have worked in the 19th century or the 18th century or the 16th century, that model is not going to work in the 21st century or the Aquarian age. So the book begins by suggesting that human organizations are in a bit of a slump in real life. When you look at competence in government, you look at participation in Church or other religious institutions. And when you look at engagement or confidence in corporations, I think there's a bit of a slump going on and I believe the reason why is that we are in an age where more and more individuals are awakening to their own sacred innate power, which is the center of power was coming from the Sioux, actually, the Lakota Sioux up in the Northern plains.

So this book really suggests that for organizations to thrive in the 21st century, leadership that has long been centralized, models designed to pull power to the center have got to reverse themselves and find a path to be more inclusive. There's been a lot of talk about a new model of capitalism, is capitalism working for everyone? And of course, an important part of that is the economic component. But I think an equally important part of that hasn't really been dealt with is that non-economic component. And that's really what my book is focused on, which is how I, as an individual,

feel trusted, respected, valued, and heard, and I'll maybe end with that rhetorical question. What if, Dean, everybody on earth felt trusted, respected, valued, and heard, what might change? I think everything might change. And where might that change occur? I think when you look around the world at where adults are convening and organizing, the place of work is an obvious place where that kind of change can be sparked and it can occur and making that the priority of a business, I think it gives a lovely mission that everyone can support within an organization. And it will have a byproduct effect as well in improving performance of the company as it goes.

[00:34:47] **Dean:** Kevin, I've been doing the podcast for eight years. And before that I was a reporter with the wall street journal and a columnist. I find your perspective very refreshing. It is original. It is well thought. It certainly does require thought and time to digest what you're saying, but you're certainly not a cookie cutter, a thinker or a cookie cutter CEO. And I certainly appreciate that.

Kevin: Well I appreciate you having me on your podcast and the work you're doing to give a voice to many types of people doing innovative work in and around the world with business and in that story so thank you.

Dean: Well, it's my pleasure. I am going to let you go, remind people. I'm sure they can already order the book, even if it's not published yet the Seventh Power: One CEO's Journey into the Business of Shared Leadership by Kevin Hancock, that does wrap it up for this week's edition of the podcast. I'm your host Dean Rotbard until next week. Have a great week.

[00:36:18] **Roy:** You've been listening to Monday morning radio with Dean Rotbart. Be sure to read and subscribe to my weekly email column the Monday Morning Memo at mondaymorningmemo.com where I share my observations on the world at large. Trends, tastes, marketing, advertising, small business, whatever else is on my mind, this is Roy H. Williams.