

### Culture meets Profit With Matthew Nix | 034

Welcome to Lean Leadership for Ops Managers, the podcast for leaders in Ops Management who want to spark improvement, foster engagement, and boost problem solving - AND still get their day job done. Here's your host, Leadership Trainer, Lean Enthusiast, and Spy Thriller Junkie, Jamie V. Parker.

#### Jamie V. Parker

The last few episodes we've talked about team member engagement and building relationships. Now we're going to dive into the culmination of that activity to dig into Organizational Culture. But not just culture for culture's sake. Culture in combination with Sustainability and Growth.

You'll hear directly from the President and CEO of Nix Companies, which has been named to the Inc 5000 fastest growing companies in America for 5 consecutive years. Our guest will talk about how he developed a cohesive culture while experiencing significant growth, how he brings vision and core values to life in the everyday, and how culture is the lifeline when challenges arise.

This is a great episode if you're in an executive role - or if you're in another leadership role and you're trying to build a positive culture and deliver results.

A quick head up - this episode is about 35 or 40 minutes.

Here we go . .

#### Jamie V. Parker

So excited to have Matthew Nix joining us today, Matthew welcome to the show.

#### Matthew Nix

Thanks Jamie

#### Jamie V. Parker

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We are gonna talk all about organizational culture today and I'm really excited to dive in, but before we do that - could you introduce yourself to our listeners let them know who you are and about the organization.

#### **Matthew Nix**

Sure, My name is Matthew Nix the 5th generation the president of Nix Companies Incorporated and Nix Companies has evolve quite a bit of the time we started as a blacksmith shop and evolved into a mom-and-pop welding shop where we did agriculture repair, evolved into a commercial industrial metal fabrication and specialty contractor.

Today, our parent company that my brother and I formed is a parent company for both wholly owned subsidiaries and partial interest investments, so we're a diversified company that all of our entities or holdings really are in the metal fabrication or specialty contractors space.

#### **Jamie V. Parker**

And as I understand it you had some pretty big growth experience. Can you tell us about that?

#### **Matthew Nix**

I joined the business full-time in 2004. I started out sweeping the floor, and worked cleaning up equipment and then learning to weld as a teenager. It was Mom and Pop, I grew up with the business there weren't any management positions at the time. I joined the business in 2004 after one year of trade school in a nearby technical college.

Fast forward. In 2010, from 2004 to 2010 it was just a lot of grinding, Planting the seeds, laying the foundation. I was young and ambitious, wanting to grow the business and got a lot of doors shut in my face, paid my dues. In 2010 we got a big break and took on a nice size project, I hired the first team member outside the family. We are just 4 family members at that time.

That was in 2010 so here just 11 years later, we are about a hundred team members and counting and that's just within our primary consolidated entities.

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**Jamie V. Parker**

That is fascinating to me that that was just in 2010, really big changes and some of that growth has been through acquisition also right?

**Matthew Nix**

A significant amount of our growth has been organic but we certainly had our share of acquisitions, we've done a series of acquisitions over the last five years.

Our focus is what we call operationally sound and sales distressed. We like to look for companies that have all the building blocks, and we bring the sales and marketing, but also the human resources to the table. Because as most of your listeners are aware, in our line of work it doesn't matter how much you can sell if you can't get it done. And people are the key to getting the work done that has been our strategic focus. So, we've taken the companies that we've acquired and brought those support staff resources to the table and really grown those organically within our portfolio of businesses.

**Jamie V. Parker**

How have you approached this idea of culture as you've grown your organization?

**Matthew Nix**

It's become a big focus of mine. Matter of fact on my LinkedIn profile, I jokingly refer to myself as the Chief Culture Officer. I think that's really important and I want to be the one that sets the tone for our organization.

If in my mind if things are working right then I'm the cheerleader and I'm trying to lead that culture. If things are all running smoothly then that's where I'm focusing on day to day. But that's evolved over time and I remember times thinking about if we're putting core values in place or developing our vision statement or mission statement and spending time on that. And often questioning myself am I spending too much time with my head in the cloud so to speak.

Especially when you are in a blue collar industry, and you come up through the business from a shop floor. Sometimes it's hard. But every time I was questioning that, it wouldn't be very long down the road

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and I would be so thankful that whatever work I just did was put in place. Because we would hit an obstacle where I was so glad that I split the time working on that.

**Jamie V. Parker**

Let's talk about the vision and core values and your purpose for your organization, all of those pieces. How did you go about determining what that really is?

**Matthew Nix**

I own a vision statement. I spent a lot of time thinking about that for a couple years, asking myself deep questions. Ultimately what I decided was if I was going to lead this thing and believe in it, it had to be a vision, the core I could really believe in and get behind it. Our vision today is to create world-class employment opportunities and we'll do that by being recognized as one of the top metal fabricators and industrial contractors.

That evolved slightly over time but that was always the primary vision and I knew it had to be something I can really get behind and believe in. Then I had to find a core group of people that also believed in it - luckily that group already existed for the most part.

And so that was the part that I did on my own. I felt like that was really important, because I had to lead this thing to the next 30 years. But then as we went down deeper into it, I really engaged the team on that. When we developed our core values I did a confidential survey, there were probably 30 or 40 team members at that time.

I asked them questions like:

- How would you describe our company?
- How would your friends and family describe our company?
- How would our competitors describe our company?
- How would people in the community describe it?
- How would we want people to describe it?.

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And that night I gathered all that up. I remember I actually took a week's vacation, sitting on the beach going through my yellow notepad and summarizing those things into what are now the 5 core values.

The criteria I used for whether or not it was a core value was, if adhering to this principle meant that we would sacrifice profits in order to do so. And if the answer was yes then it was core value. If the answer is no then it was a nice thing and it's a principle that we should try to work towards. But for it to be core that was a criteria used and we landed on 5 things.

So back to your question, one of the great things about it is it was organic, it's from our team we developed it together, we said "This is what is important to us as an organization".

#### Jamie V. Parker

That's an interesting criteria there, could you give me an example of when you say "we would sacrifice profit for this" can you give me an example of one of your core values and how that applies?

#### Matthew Nix

One example was we had a particular line of our business, one of our core values is Commitment to Excellence. In this particular business unit one part of that business unit we didn't feel like really fit with our core business and we could be excellent at it.

At the time it was generating revenue and gross profit to the organization and to part of the organization that was a couple years into new acquisition for us, so it's terrifying to take any revenue or gross profit off the table.

Not knowing for sure that we can replace that, but we made a decision to do so with the belief that, if we couldn't be great at it we did not want to just do something that we are just ok at. Because we were ok at it we are making money. But we decided we wanted to get rid of it if we couldn't be great at it. We took that leap, we backfilled that with other revenue profit. And we were able to do so, so that's one example.

And another one is pretty common I'm sure a lot of people can relate to. When you have a superstar employee and they are the best welder, the best machinist, or the best powder coater that you've ever seen but yet they don't want to live by its core value, they don't want to be part of the team.

That's tough because you know you are making a short term hit to the business when you part ways with those people. But we are not always perfect, we don't always do it as fast as we should, but ultimately we

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end up coming back to those core values. You can venture off to the left and off to the right but you come back to the center because that's what keeps you moving forwards.

#### Jamie V. Parker

I love that, and really using them actively from a decision making standpoint, let me ask you about these core values then. I imagine some of our listeners out there could say oh! I know where the poster is that has the core values on it, but they don't actually mean anything. So how do you translate core values from words on paper to how the organization really runs on a day to day, how do you bring that to life for people?

#### Matthew Nix

Great question yet ironically that was one of the things I said when we developed it. One of the first things I said is that this can't just be something that hangs on the wall and collects dust. If we are not gonna make it part of the organization then might as well not do it. So we worked really hard. I think if you asked one of our people they would say "absolutely it's part of the business," Again doesn't mean we are perfect, doesn't mean every decision we make is always in alignment, the hardest one is the small everyday things.

First and foremost, I learned this lesson into a podcast where someone talked about behaviors. And I realized via these 5 Core Values that were really great, they were really aspirational ideas. For example Commitment to Excellence. Like how do you ever actually achieve that. I'm not sure that you do. You're always moving towards it, so listening to this podcast and thinking about it I realized that we need to boil it down to something a lot more tangible.

So underneath each of our 5 core values, we have what we called behaviors, and they are much more tangible like under Commitment to Excellence one of them is Hunger. One of them is being Open Minded, because if you are not open minded you are not open to change you cannot be committed to excellence. Those are things that people really relate to and understand what it needs to be open minded or not, that was really important so we talked about not only the core values but the behaviors that supports them and there's anywhere from a half of dozen to a dozen under each of those.

So every Tuesday we have an all hands meeting. The entire company comes on a Zoom call. We were doing that before Covid came. I mean each location all comes together physically which is very important so they have that camaraderie. It lasts for 10 minutes, it's very short. We started doing it when we had 10 people, and we are still doing it today. My hope is when we have a thousand people we will still be doing it.

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We bring everyone together, and one of things we do is throughout the week folks send in core values shares. So like they catch one of their team members living the core values they have to tie the behavior in with them as well, and we post all those every Tuesday and we get anywhere from 2 to 3 to 10 in some weeks.

We are recognizing those folks and whoever submits the best one gets \$10 that combines their lunch. I think it's important to point out we are not giving the \$10 to the person that got recognized, we are giving it to the person that did the recognition. So we are incentivising the recognition and then it just becomes natural and people are doing that.

And then every 6 months we have a biannual meeting when we all physically come together for lunch and we give out a \$100 bill and this nice certificate to one of those folks, those are just fun little ways that we are doing it.

But you know it really comes down to making hiring decisions and you gotta time your evaluations, when you have those evaluation you gotta tie in the values into it, if you do those things it takes time but eventually people recognize - hey this is really part of the business.

#### Jamie V. Parker

I love this connection to the behavior, it's so important because when we talk about what it is that we want people to do, even managers they say integrity, accountability, but what does that mean?

#### Matthew Nix

Exactly right! So Integrity is one of ours. One of the behaviors to Integrity is "mean what you say and say what you mean". Or another one under Integrity is being Dependable. If you tell somebody you're gonna do something then do it. Integrity- a lot of people have that in their values but it's a big audacious idea that we are moving towards. But what does that really mean?

#### Jamie V. Parker

How do I translate this to what I'm doing day in and day out regardless of my role in the organization and tying that together. There's this statistic that in the US 82% of US employees say that they are not recognized enough for their contributions.

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And I always find it interesting because there's of course the part that "hey I don't feel recognized" and I think there's some mistakes that we don't do it often enough or we don't do it very effectively.

But I think the part that gets missed so often is that last part is for their contributions.

People wanna know how they are having an impact even on those little day to day things and so that behavior pays when you talk about your recognition program. It really is building that connection from vision to core values to everyday behaviors and now when that person receives that recognition they know how they are contributing and they know that their contribution is valued. Not just because you are a nice guy, because you are a team player. There's something you are doing that really contributes.

#### Matthew Nix

Absolutely.

#### Jamie V. Parker

One of the things that I also love about the things I've read from you and talking to you is, focus on people. You are the president of the organization, your vision is to have these employment opportunities, you have an obligation to be physically sound in order to provide those employment opportunities you've got to deliver results.

You have the responsibilities for results and you have this drive and desire to really respect people and to treat them well and to value them. And I think sometimes that feels like those can be at odds or at least it seems that way, particularly when you have to make hard decisions .

So can you talk a little bit about whether it's balance or in aggression, between this idea I got to deliver results and we're gonna treat people really well.

#### Matthew Nix

A lot of people tend to think that if we want to be a great culture organization we have to somehow balance or sacrifice that with being profitable. Frankly that's just not true. I guess maybe the word balance, but really it is more integrated.

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One of the things we did a couple of years ago that took things to the next level in terms of how we manage and lead the organization at the executive level. So we have this vision statement, We said "what does that really look like when we achieve that Vision someday"?

Then I listed that out, this is what actually means for our organization, and then I said what would have to be true to have those things happen? And we started listing these things and we simplified them and we landed on three things.

What we decided was, in order for us to achieve our vision someday we have to pay attention to 3 things. That was Growth, Sustainability, and Culture. You can't just pay attention to one or two of those, you have to pay attention to all those three.

And then we taught that to the whole organization, so to your question about being physically sound in making good decisions that's Sustainability.

We are talking about it as it's core, in order to sustain this business we have to have profitability. That's the fuel. That's the oxygen that we need to survive on. If we don't pay attention to that pretty soon none of this culture is gonna matter because we are out of the business.

On the flip side of that, if all we're worried about is having beanbag chairs and free lunch and all other silly stuff you hear about other people about culture . . . that's not what we do. But if we pay attention to that stuff and we make sure that we are making money that's all fine. But eventually great people - they want to be challenged, they want more, either more responsibility, more money, promotions, whatever it is that only comes with growth, I'm sorry but anybody thinks otherwise you are just kidding yourself.

Again we take pride in the fact that we are a family business and that we are small, but I tell people that we are not gonna apologize for growing, we have to.

Because we want to be a great place to work, we want to make sure there's profits to fill that, but then people want to have better health insurance, they want to get promotions, they want to get more money, all these things come with growth so we have to always focus on those three.

So to me that has really been the foundation and then we drill down from there, all the way down to practical, tactical things in our annual plan that we put together all in alignment with those three things.

**Jamie V. Parker**

What has been the challenge at times as you've been trying to integrate this?

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#### Matthew Nix

Just thinking about what we went through here in the last 12 or so months with the pandemic we were doubling the business every couple of years, every 18 to 24 months.

We've been INC 5000 fastest growing companies for 5 years in a row, so growing like a rocketship we were very profitable for most of those years. In the most recent years, everyone was so used to good bonuses, we are growing like crazy, culture is easy when you are doing that, and it's not just the bonuses it certainly helps reinforce, it helps people buy into what's going on.

When you go through that period that we went through we have to tighten up everyone, we make conscious decisions not to lay anyone off. We have to be strategic about that. We are a project based business, so we started taking on work at home for margins to make sure that we keep everyone busy and you know what does that to the bottom line.

Our capital expenditures went down and that affects morale because you are not buying that new equipment that people want to see. Bonuses aren't there so that obviously affects morale.

That was a difficult period to lead through and I think what really help was having the foundation where I say look we have to pay attention to all 3 of this things that i just outlined, season will change and you'll focus more on the other depending on circumstances, right now sustainability is what we have to focus on we have to take our foot of the gas on growth, we stayed focus on culture but that was really hard because we couldn't be physically together so we have to be creative on how we can maintain those things and focus on making sure we are a healthy organization that can get through this and so that one thing turn around we can really capitalize.

#### Jamie V. Parker

As I'm listening to you talk about this, I think that even highlights how critical all of the culture work that you are doing was for this last year to be able to make those hard decisions. Share a little bit of pain across a lot of other people instead of layoffs being able to build a commitment where organization of people committed in getting through that. I would imagine it would be much more difficult if you had not done this culture work leading up to it.

#### Matthew Nix

That goes back to what I said earlier where there were times in my career where I would think I must be spending too much on this thinking about it too much. Then when something like this happens you're glad

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that you did because you have the foundation, the playbook to go by and you can explain the WHY to everyone, this is why we are gonna do this, this is what we said important to us, and this is how we gonna manage through this.

Absolutely I was so thankful that we had that.

It's still nerve wracking to make those decisions, you are second guessing yourself but you can remember that this is a long term game and we are doing what we believe is right and time is on our side there.

#### **Jamie V. Parker**

I have one more question that I'm thinking about before we jump in and see what else you wanna share. Thinking about how you lead culture we talked a lot about the role you've taken but specifically in the organization. You are growing, people are getting promoted, you got more leaders coming in because of growth. It doesn't fall all on your shoulders. You have leaders, you need them to lead in a way that is aligned with your culture as well.

Any successes or lessons learned or failures or anything that you can share for those other executives out there who are saying you know what I feel like there may be a disconnect or I need help getting that alignment with those other leaders.

#### **Matthew Nix**

I just went through that experience, that challenge. To some extent I still am, I feel like I'm starting to work through it.

Couple of years ago I recognized, I had done an ok job of focusing on our corporate culture and making it a part of who we are. If not I don't think I would be able to sustain the growth and the success that we had. I looked up one day and realized that there were some breakdowns in communications and maybe things aren't happening the way that I want them to. I realized that we've gone beyond the point that I could really have a first hand relationship with every single team member in an effective way to drive the culture.

I know their names and have conversations with them as much as I can, but it's not physically possible to have that level of relationship to drive culture. So I realized that I got behind on investing in my senior leadership team. Instead of trying to disseminate it across the whole organization I have to start being intentional, thinking about ways I'm really focusing on pouring it into them, helping, not only teach but inspire them to do that in each of their various areas of the business

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That's something I'm working on right now as a challenge, as you grow as a leader and a manager you always encounter new things, you have to reinvent and figure out. That's one thing I realize, I was talking to my dad the other day and I said one thing about it: you better be ok with challenges if you wanna do this job. You just get up everyday and solve the next challenge. I think that's just the way it is.

#### Jamie V. Parker

Before we wrap up, anything that you wanted to bring up? Maybe either something we miss or you wanted to share about culture before we wrap up our conversation?

#### Matthew Nix

Sticking with what we have been hitting on and that is if you're feeling like I was, feeling like you're wondering whether or not you should devote the time to it or wondering whether you have to balance that with growth or profits . . . I would just tell you that be brave and it's gonna be valuable, you just gotta put the time and the energy to do it. I don't think that you're gonna regret that you did.

#### Jamie V. Parker

So Matthew we're gonna have a podcast episode page, we'll have shownotes with links to some articles that you have written and links to the organization and all of that stuff. If someone wants to connect with you and follow along, if they want to connect with you what's the best way for them to do that?

#### Matthew Nix

I would say Linkedin, I try to post some articles on there and share different thoughts and ideas along the way and I love connecting with other folks. Hook up with me on Linkedin and I'd be happy to share some ideas.

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**Jamie V. Parker**

Last thing, any closing words of wisdom, encouragement, or advice that you would like to leave our listeners with today?

**Matthew Nix**

Just get up everyday and pull your boots up, and lace them up tight, and just fight the good fight, someday you will look up and you'll be amazed at how far you've come.

**Jamie V. Parker**

Thank you Matthew, appreciate you being on today.

**Matthew Nix**

Thanks Jamie.

I first met Matthew a year ago when I did some work with the Tri-State Manufacturing Alliance - TSMA - which is part of the Southwest Indiana Chamber of Commerce. Matthew is the President of TSMA and from the very first time we met I could feel his heart for people.

You can find visual aids to some of what Matthew shared at our shownotes - which you can find at [processplusresults.com/podcast](http://processplusresults.com/podcast)

There are a few lessons here that I want to call out:

1. Culture is Critical. You heard him talk about how the work the team did on culture is what carried them through when challenges hit. Culture and People. . . that's not soft. That's everything.

As Matthew says about investing in people and culture: "Be Brave. You know it's going to be valuable, you just have to put the time and energy in to do it. I don't think you'll regret that you did."

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2. Connect to the Everyday through Behaviors - As an executive or senior leader, you have a responsibility to help the other leaders on your team really connect the dots between vision - values - and behaviors. That way your leaders can then effectively lead their teams in alignment. Barry Wehmiller is a company that Matthew admires.

Years ago I went through a series of leadership development programs through their institute. One week was spent entirely on Listening. And it wasn't part of the program but in all the breaks and before and after class, I was digging into how Barry Wehmiller conducts what they call listening sessions. Then I went back and started doing them at FedEx at the time. And now I do them in my client organizations. They can focus on different things, but one area I sometimes focus on is this exact topic. Vision. Values. What are we living - and how does that show up? Where do we fall down? Where does what we say on paper not match what we're doing in

3. Culture + Sustainability + Growth. This combination of all through how Matthew integrates positive people culture with profitable business results. This was a great section of the conversation - so consider re-listening to it.
4. Developing Leaders. At some point, your organization or group or span of care is too large for you to have a first-hand relationship with all team members in an effective way to drive culture. So you have to invest in your leaders. The leaders on your team.

So - what's your next step?

Pick one key takeaway from this conversation. Set a timer for 10 minutes. And let your mind go - documenting what comes up for you on that topic.

You can write - or draw - or mindmap - or stickynote - or whiteboard - or record a voice memo.

Whatever method you use. Take one topic. Set a timer for 10 minutes and explore that topic further.

At the end of your 10 minutes, decide if there is some action you want to take. Or if it's something you want to just file for a later date.

Allright - a big thank you to Matthew Nix for sharing his learnings and experiences leading Nix Companies - particularly through growth and then through the challenges of the pandemic.

Remember that you can find links to connect with Matthew, see visual aids, and learn more about Matthew and Nix Companies at our shownotes - [processplusresults.com/podcast](http://processplusresults.com/podcast)

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Until next time.