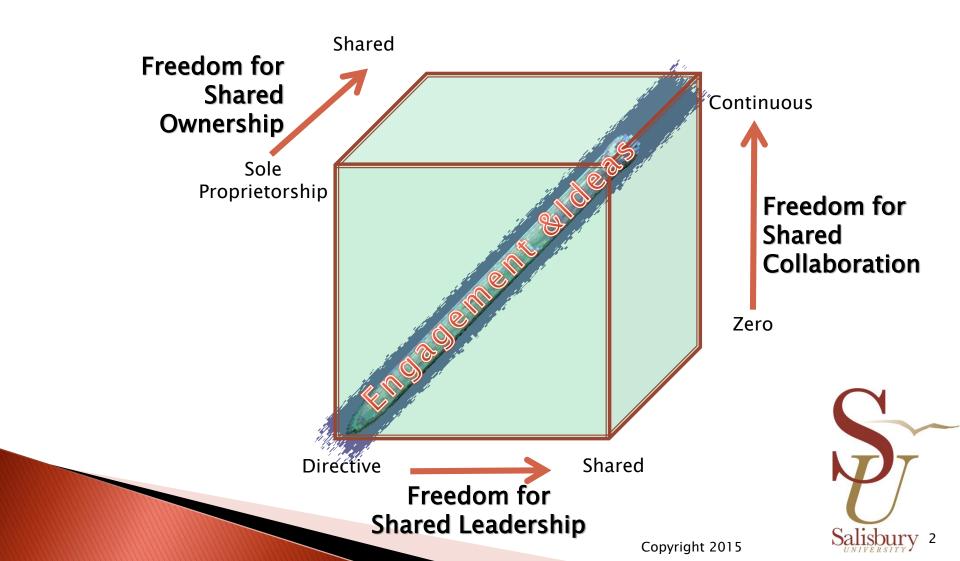


# Atlas Container Corporation: Thinking Outside the Box

Thomas J. Calo and Frank Shipper Perdue School of Business, Salisbury University

## Components of Shared Entrepreneurship



# Definition of Shared Entrepreneurship

An ethical, dynamic, empowering, freedom-based process where everyone is encouraged to share innovative ideas and then are supported with appropriate resources to develop these ideas and enabled to share in the rewards of success.

#### 21<sup>st</sup> Century Nobel-prize Winning Economist Joseph Stiglitz



The goal of shared entrepreneurship is "...to increase each worker's involvement and identification with the firm so that there will be some unification of agent and principal and a resulting tendency for higher effort ... (in the belief) a system of high involvement, high rewards, and high levels of skill and information, integrated with a corporate strategy that relies on front-line employees' ideas and creativity, is capable of impressive improvements in organizational performance."

#### Paths to Shared Entrepreneurship

#### Shared Ownership

- Gain Sharing
- Profit Sharing
- Stock Options
- · ESOP's

- Mutual Companies
- Worker Coops

#### Shared Leadership

- · Visionary Leadership
- · Participative Management
- Direct Communications Authority
- Flat Structure

# Shared Collaboration

- · High Involvement Culture
- · Autonomous Teams
- · Lattice Structure
- Open Book Management

Shared
Entrepreneurship

Stand on the shoulders of glants.

Sir Isaac Newton

#### A Model Derived from Highly Successful Employee-Owned Enterprises

#### **Training & Development**

- · Technical
- Interpersonal
- Leadership
- Financial
- Governance

#### **Recruitment & Selection**

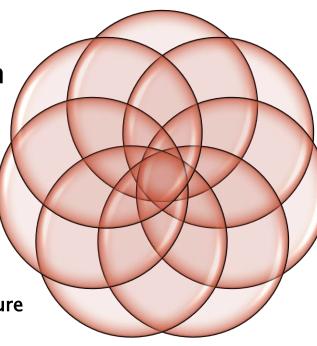
- ·W.O.M.
- · Peer-to-Peer
- Assertive
- Apprenticeship
- · Hire for Fit

#### Engagement

- · Collaborative Culture
- ·Team Work
- Multiple Skills
- · Dabble Time
- · Psychological Growth

#### Rewards

- ·Long-Term Financial
- ·Short-Term Financial
- Psychological
- Interpersonal



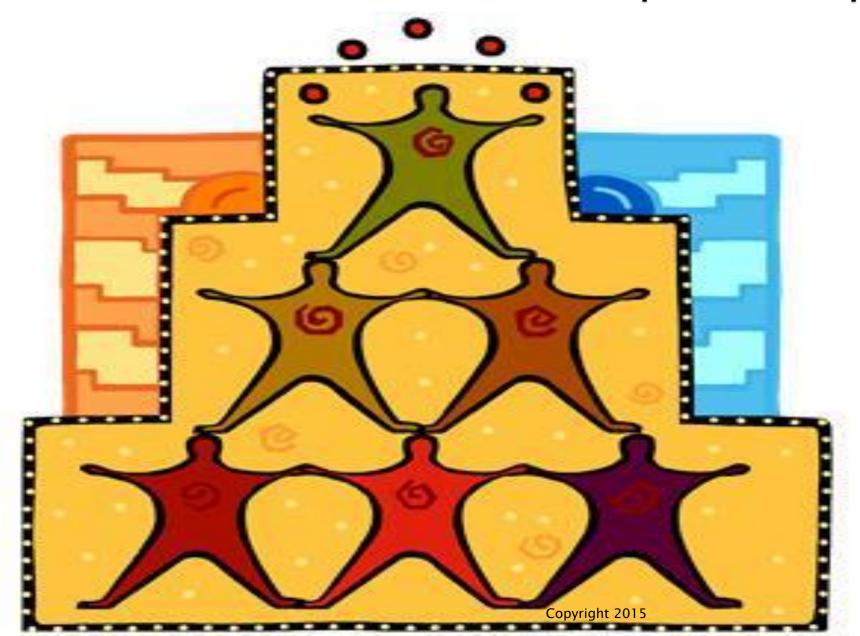
#### **Open Governance**

- Democratic
- · Cross-Functional
- · Lattice Structure
- · Open-Book Management
- Knowledge-Based Decision Making
- · Open Communication Channels

#### Leadership

- · Ethical/Values Driven
- Visionary
- Facilitative
- Coordinating
- Shared
- Positive
- Inspirational

#### The Foundations for Shared Entrepreneurship



# What's New in the Atlas Container Corporation Case?

- Common Elements
  - Shared Leadership
  - High Performance Work Systems
    - 1. Shared Rewards
    - 2. Involvement/Entrepreneurship
    - 3. Obtaining Intellectual Capital
      - a. Recruitment
      - b. Selection
    - 4. Retaining & Building Intellectual Capital
      - a. Socialization
      - b. Training & Development

- Distinctive Elements
  - Democratic Governance
  - Strategic Refocusing
  - Environmental Sustainability



# Strategic Refocusing



**Atlas Container Corporation** is an employee owned, family centered business that is focused on providing extraordinary service to our customers.

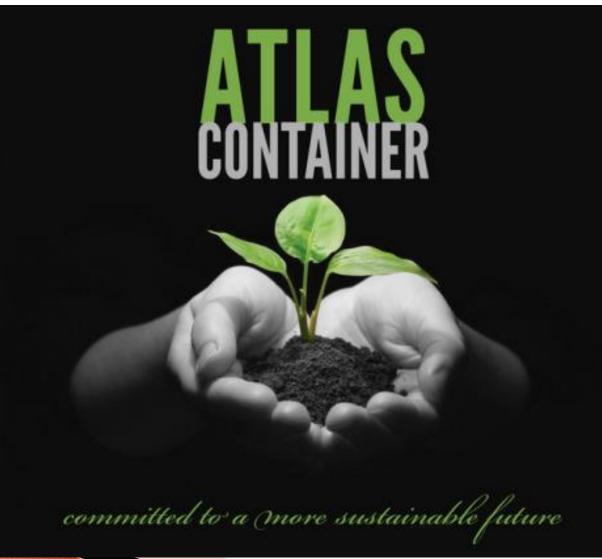
Our goal is to remain independent growing through organic growth ...

"We were acting like investment bankers, not like manufacturers."

Paul Centenari



## **Environmental Sustainability**

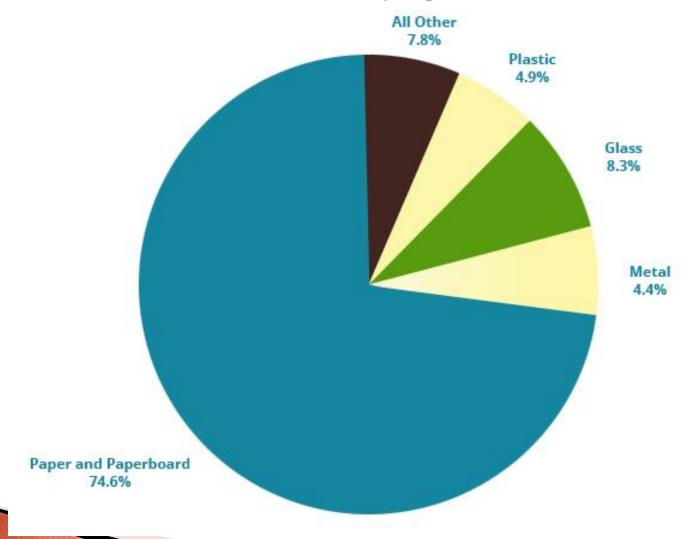


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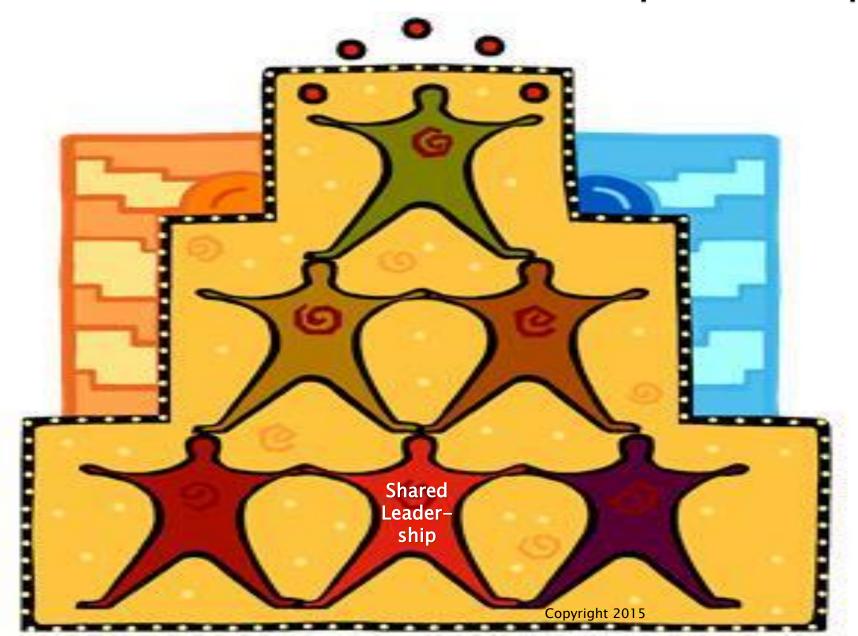
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## A Green Industry

Paper and paperboard packaging accounts for more than 74 percent of all packaging materials recovered for recycling in the U.S.



#### The Foundations for Shared Entrepreneurship



## Shared Leadership

- Informal Mechanisms Sustain
  - 1. Trust
  - Autonomy
  - 3. Transparency
  - 4. Accountability
  - Floor Level Decision–Making
  - 6. Inspiration
- Formal Mechanisms Reinforce
  - 1. Open Book Management
  - 2. All Hands Monthly Meetings
  - 3. Financial Literacy
  - 4. Values Driven
  - Democratic Decision–Making



Atlas Container is a financially sound corporation enabling the Company to take advantage of market opportunities and invest in our most important asset: our employees.

## Open Governance vis-à-vis Democratic Decision Making



The John Molson MBA International Case Competition
Innovate • Connect • Compete

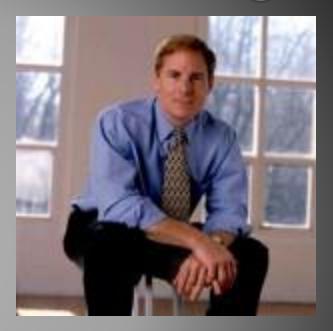
The theme of the 2015 conference, Opening Governance, invites members to consider opportunities to improve the effectiveness and creativity of organizations by restructuring systems at the highest organizational levels. The term 'governance' refers to leadership systems, managerial control protocols, property rights, decision rights, and other practices that give organizations their authority and mandates for action

For its special 35<sup>th</sup> edition, the 2016 John Molson MBA International Case Competition (ICC) is pleased to invite you to submit original one of a kind business cases. The suggested theme this year is "Radical Openness". The ICC is the oldest and most prestigious competition of its kind and will be celebrating its 35<sup>th</sup> year of continued success.

#### Democratic Decision-Making

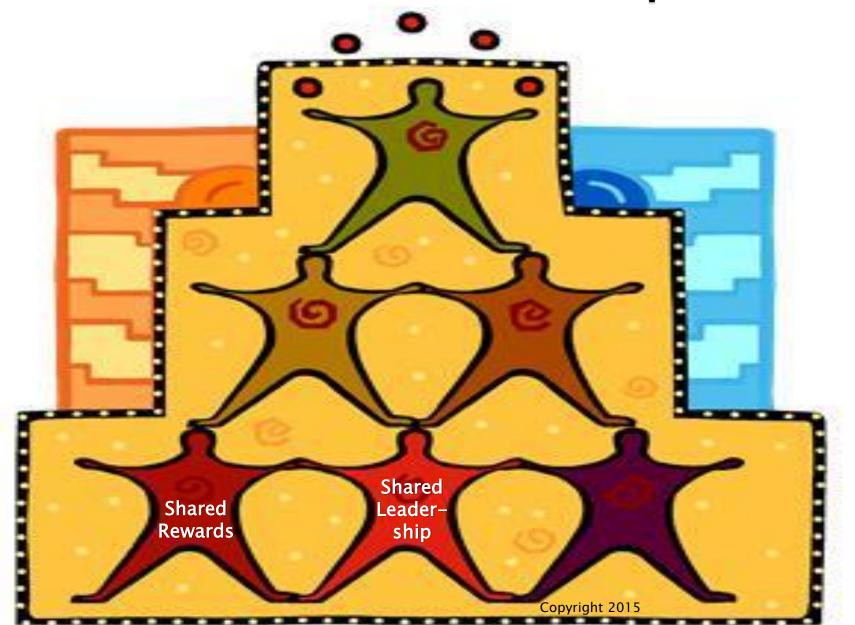
Company Widee.g., Health Insurance

- Work Unit
- e.g., Purchase Decision



"This is democracy
- it's the most
effective way and
the most powerful
way to run a
business."

#### The Foundations for Shared Entrepreneurship



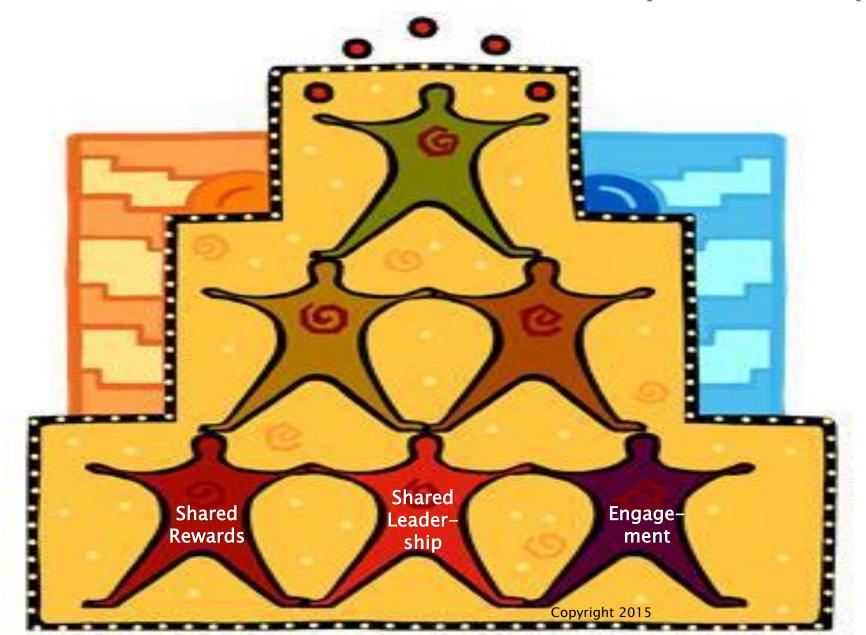
#### Shared Rewards at Atlas Container

- Short-Term
  - Profit Sharing based on EBITDA (*Earnings before Interest, Taxes and Amortization*)
  - Safety Bingo
  - On-The-Spot Recognition
    - \* Ravens Tickets
      - Teams
      - Individuals
    - Gift Cards
    - Spontaneous Meetings

- Long-Term
  - **SESPP** 
    - 1991
    - Phantom Stock
    - Expected to Sell \$50,000
    - \*Sold \$600,000
    - 2/3<sup>rds</sup> Purchased Stock
    - 1/3<sup>rd</sup> Currently Own
    - Desire to Reopen

Sherri Renner, Vice President of Human Resources, "I don't feel it is an issue, due to the many benefits offered by the company and the feeling of ownership that people have from the culture that has been created."

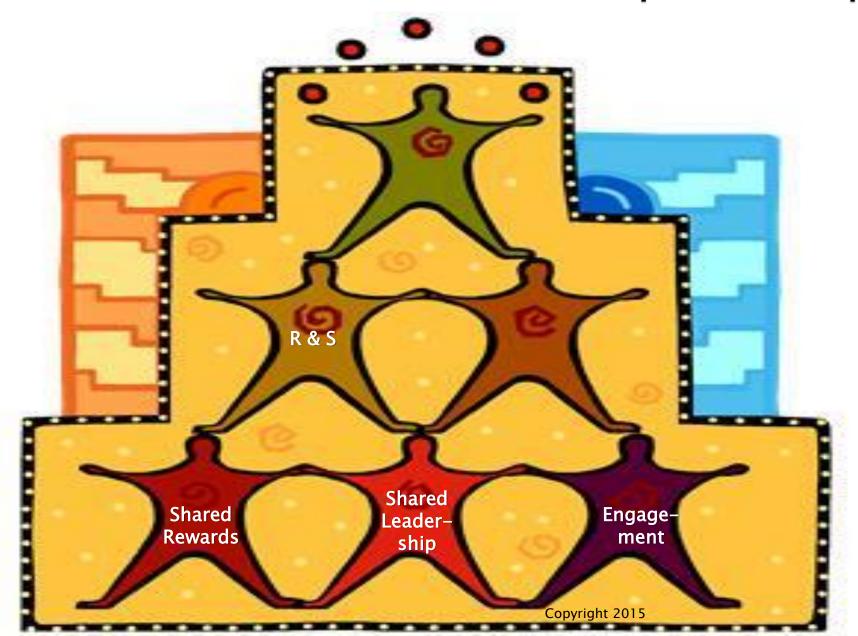
#### The Foundations for Shared Entrepreneurship



## Engagement/Entrepreneurship

CENTRIC Our employees are enthusiastic, intelligent, loyal, and understand the importanace of having fun. This combined MPLOYEE with a high powered team environment, passion for business, and employee ownership drives Atlas' success atlascontainer.com 19 Copyright 2015

#### The Foundations for Shared Entrepreneurship



# Obtaining Intellectual Capital: Recruitment & Selection

- Recruitment for Skills
  - Math
  - Reading
  - Other Skills as Appropriate
- Selection for Fit

"You either fit in or you don't. If you don't, you're going."



# Retaining Intellectual Capital: Socialization via Mentoring

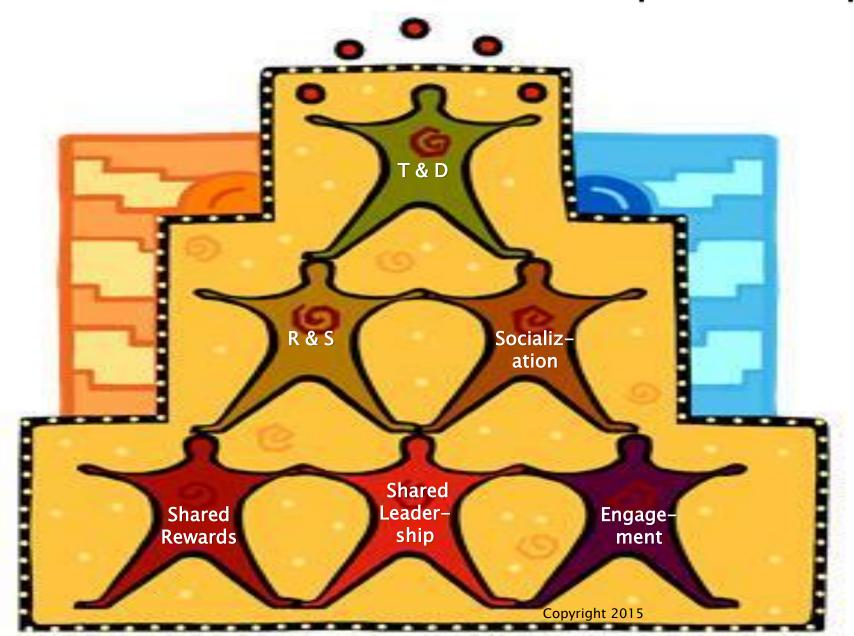
- All new employees are given a mentor on the first day on the job and for the first couple of weeks to ensure new employees are made to feel welcome and acclimated. This relationship often lasts well beyond the first few weeks.
- Al Baity, Production Manager and Scheduler, said, "I got most of my training from my mentor, Hop Wilcox."

The Plan

The Results



#### The Foundations for Shared Entrepreneurship



# Building Intellectual Capital: Training & Development --

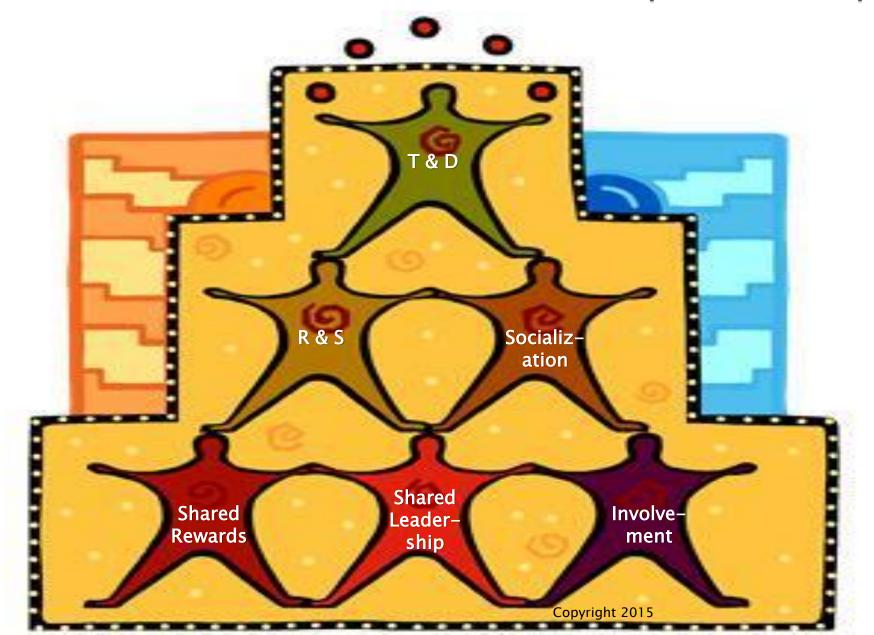
- Mentoring
- Formal Training
  - Financial Literacy
  - Technical
  - \*Job-Related College Courses
- Types of Training
  - Cross-Training
  - Classroom

"We're not going to grow as a company unless we grow as individuals."

Paul Centenari



#### The Foundations for Shared Entrepreneurship



# Interim Report on Outcomes from Employee-Ownership Studies



#### Shared Entrepreneurship

A Path to Engaged Employee Ownership

STEPHEN B. ADAMS

MARVIN O. BROWN, JR.

**THOMAS J. CALO** 

**WAYNE H. DECKER** 

RICHARD C. HOFFMAN

**CHARLES C. MANZ** 

KAREN P. MANZ

**OLIVER P. ROCHE** 

**FRANK SHIPPER** 

MARC D. STREET

**VERA L. STREET** 

**CHRISTY H. WEER** 



Edited by Frank Shipper



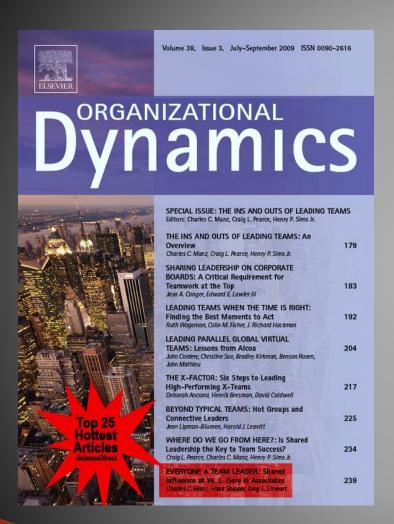


### **Case Studies Progress**

Case	Contact	Interviews	Draft	Completion	Results
W.L Gore & Associates	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	Cases, A, Chap
Herman Miller	$\checkmark$	$\checkmark$	$\sqrt{}$	$\checkmark$	Cases, 2A, Chap
KCI	$\checkmark$	$\checkmark$		$\checkmark$	Cases, A
HCSS	$\checkmark$	$\checkmark$	$\sqrt{}$	$\checkmark$	Cases, A
TEOCO	$\checkmark$	$\checkmark$		$\checkmark$	Cases, A
MBC Holdings (Maryland Brush Co.)	$\checkmark$	$\checkmark$	$\checkmark$	$\checkmark$	Case
Equal Exchange	$\checkmark$	$\checkmark$		$\checkmark$	Case, A
SRC Holdings	$\checkmark$	$\checkmark$		$\sqrt{}$	Case
Mondragon Cooperative Corp.	$\checkmark$	$\checkmark$	$\checkmark$	Rewrite & Resubmit	
Atlas Container Co.	$\checkmark$	$\checkmark$	$\sqrt{}$	Finalizing	
Mid South Building Supply	$\checkmark$	$\checkmark$	Sum mer		
Pritchett Controls	$\checkmark$	Summer			

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#### Interest in Employee Ownership



- 1. Shipper, F., Manz, C. C., Manz, K. P., & Harris B.W. (2013). "Collaboration that goes Beyond Cooperation: It's Not Just 'If' but 'How' Sharing Occurs that Makes the Difference." Organizational Dynamics, Volume 42, Issue 2, pp. 100-109.
- 2. Manz, C. C, Shipper, F., & Stewart, G. L. (2009). "Everyone a Team Leader: Shared Influence at W. L. Gore & Associates." Organizational Dynamics, Volume 38, Number 3, pp. 239–244.



#### Other Qualitative Articles





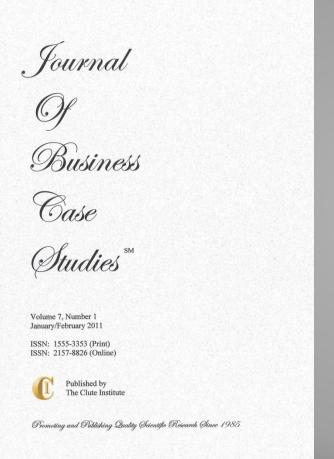


Manz, C. C., Manz, K. P., Adams, S. B., & Shipper, F. (2011). "Sustainable Performance with Values Based Shared Leadership: A Case Study of a Virtuous Organization." <u>Canadian Journal of Administrative Sciences</u>, 28, 284-296.

Manz, C. C., Manz, K. P., Adams, S. B., & Shipper, F. (2010). "A Model of Values Based Shared Leadership and Sustainable Performance." Journal of Personnel Psychology, 9, 212–217.

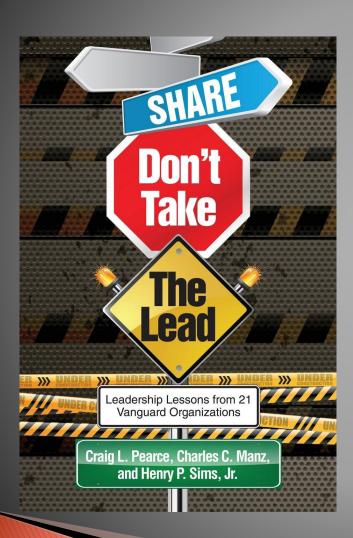
Shipper, F., Manz, C. C., Nobles, B., Manz, K. P.(2014). "Shared Entrepreneurship: Toward an Empowering, Ethical, Dynamic, and Freedom-Based Process of Collaborative Innovation." Organization Management Journal, 11, 133-146

# Cases in Journals



- 1. Street, V. L., Weer, C., & Shipper, F. (2011). "KCI Technologies, Inc. Engineering the Future, One Employee at a Time." <u>Journal of Business Case Studies</u>, 7(1): 57–68.
- 2. Roche, O., & Shipper, F. (2011). "Heavy Construction Systems Specialists, Inc. [HCSS]." Journal of Business Case Studies, 7(2): 29-46.
- 3. Calo, T. P., Roche, O., & Shipper, F. (January/February 2012). "Principled Entrepreneurship And Shared Leadership: The Case Of TEOCO (The Employee Owned Company)" Journal of Business Case Studies, 8(1):11-36.
- 4. Hoffman, R. C., Brown. M. O. & Shipper, F. (2013). "MBC Ventures, Inc.: An Employee Stock Ownership Plan with a Union Partner." Journal of Business Case Studies. 9(5): 387-403.
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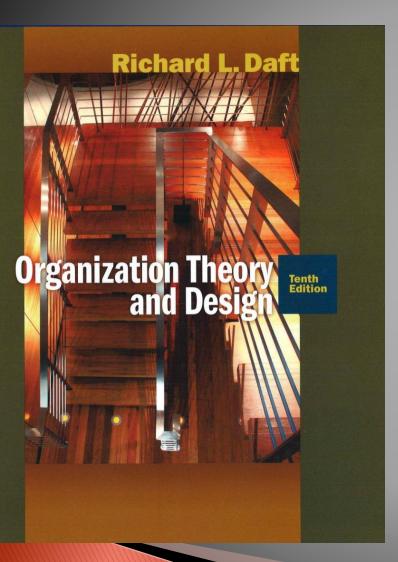
### Chapters in Book



- Shipper, F., Stewart, G.L., & Manz, C. C. (2014). "W. L. Gore & Associates Has Created an Entire Shared Leadership Culture" in Share, Don't Take the Lead, Pearce, Manz, C. C., & Sims, Jr., H. P. Charlotte, NC: Information Age Publishing, 125–145.
- Adams, S. B., Shipper, F., Manz, K. P., & Manz, C. C. (2014). "Herman Miller Furniture Uses Shared Leadership to Build Positive Values and Creativity" in Share, Don't Take the Lead, Pearce, C. L., Manz, C. C., & Sims, Jr., H. P. Charlotte, NC: Information Age Publishing, pp. 109–123.

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## Cases in Textbooks



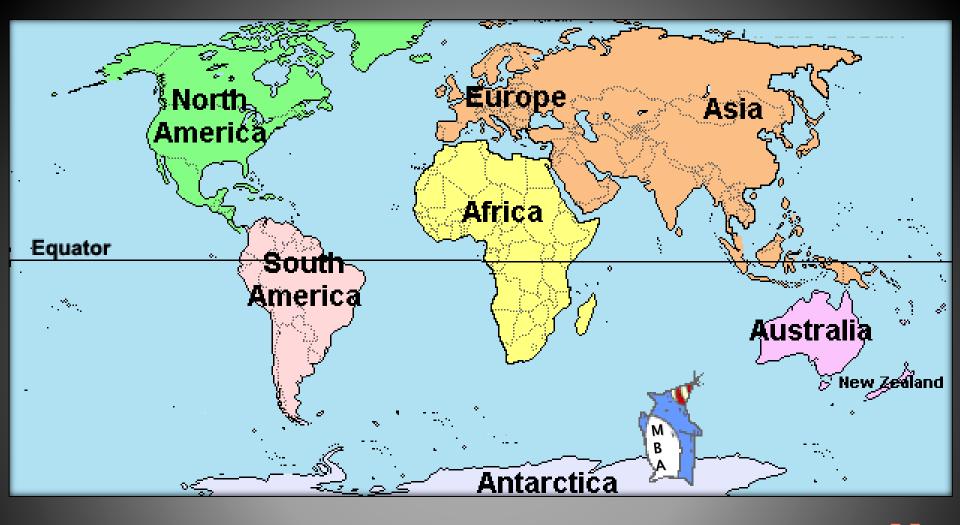
- 1. Strategic Management: An Integrated Approach (10<sup>th</sup> & 11<sup>th</sup> Ed.) Hill, Jones, & Schilling, Boston: Houghton Mifflin.
- 2. Crafting and Executing Strategy: The Quest for Competitive Advantage: Concepts and Cases, (18th & 19th Ed.), Thompson, Strickland, Gamble, New York: McGraw-Hill.
- 3. Strategic Management, (10<sup>th</sup> & 11<sup>th</sup> Ed.), Hitt, Ireland & Hoskisson, Mason, OH: Cengage.
- 4. Organization Theory and Design (10<sup>th</sup> & 11<sup>th</sup> Ed.), Daft, Mason, OH: Southwestern Cengage Learning.
- Competing for Advantage. Hoskisson, Hitt,
   & Ireland, (4<sup>th</sup> Ed.), Mason, OH: Cengage.
- 6. Essentials of Strategic Management, (4th Ed.), Gamble, Peteraf, & Thompson, New York: McGraw-Hill.
- 7. Understanding Business Strategy (4th Ed.), Ireland, Hoskisson, & Hitt, Mason, OH: Cengage.



Employee-Ownership Cases in Textbooks Adopted in More Than

- 700 US Universities
- 70% of the Top Undergraduate Business Schools
- 30% of the Top Graduate Business Schools

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#### Interest in Employee Ownership

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OR refine these results by category:

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Industry
Topic
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Product Type
Author (last name)
Publication Year
How to search
Advanced search

#### YOUR SEARCH:

Author: Shipper, Frank (remove)

YOUR SEARCH PRODUCED 3 MATCHES.

#### SORT RESULTS BY: BEST MATCH MOST DOWNLOADED HIGHEST RATED PUBLICATION DATE

#### KCI Technologies, Inc.

Engineering the Future, One Employee at a Time

Authors: Street, Vera L.; Weer, Christy; Shipper, Frank

Product Type: Cases

Source: The Perdue School of Business at Salisbury University

Publication Year: 2010

[This document has not yet been rated] 1232 views

KCI, a multi-disciplined engineering firm, has undergone a number of transformations over the last several decades. It started as a basement dream, was acquired and sold-off by a larger firm, and has emerged as a multi-million dollar employee-owned organization.

Click here for more

#### Employee Ownership and the Entrepreneurial Spirit: The Case of HCSS

Authors: Roche, Olivier; Shipper, Frank

Product Type: Cases

Source: The Perdue School of Business at Salisbury University

Publication Year: 2010

[This document has not yet been rated] 1203 views

Heavy Construction Systems Specialists, Inc. [HCSS] designs and sells hi-tech software to the heavy/highway construction industry. The case describes a unique corporate culture that has made HCSS a business success in a highly competitive industry.

Click here for more

#### W. L. Gore & Associates, Inc. in 1998

Authors: Manz, Charles C.; Shipper, Frank

Product Type: Cases

Source: Frank Shipper, Charles C. Manz

Publication Year: 1998

[This document has not yet been rated] 1094 views

On July 26, 1976, bursting with resolve, Jack Dougherty, a newly minted MBA, from the College of William and

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#### International Interest in Employee Ownership

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India	712				
Australia	592				
Thailand	471				
Germany	392				
Singapore	329				
Trinidad and Tobago	272				
Malaysia	271				
Nepal	227				
France	225				
Spain	208				
Italy	177				
Pakistan	174				
Philippines	161				
Ireland	157				
Netherlands	147				

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# Companies Practicing Shared Entrepreneurship

- Lincoln Electric
- Nucor
- Worthington Industries
- SRC Holdings
- W. L. Gore & Associates
- Herman Miller
- eBay
- Semco S/A , Sao Paulo, Brazil
- ▶ CH2M Hill, Englewood, CO
- NewAge Industries, Southampton, PA
- Zingerman's Community of Businesses, Ann Arbor, MI

- KCI Hunt Valley, MD
- HCSS Sugar Land, TX
- ▶ TEOCO Fairfax, VA
- MBC Ventures-Baltimore, MD
- Equal Exchange West Bridgewater, MA
- Atlas Container Severn, MD
- Mondragon Spain
- Pritchett Controls Beltsville, MD
- Mid South Building Supply, Springfield, VA
- John Lewis Partnership, UK
- Conzorio Cooperative Construzioni, Italy

