

# Cracking the Code of Organization Culture

## Oregon ODN, February 17, 2010

### Vista Chemical

Vista Chemical was recently formed as a stand-alone company as a result of a divestiture by Omega Petroleum. Formerly the Agrow division within Omega, Vista Chemical is in the agricultural chemical business, providing pesticides and herbicides to the US farming industry. Omega sold Vista Chemical because it decided that agricultural chemicals was not a core line of business and because Agrow's long term prospects were fading. Many of its popular, high margin products are scheduled to come off of patent protection in the next two years and will face tough competition from generic producers.

During its 10 year history at Omega, the Agro division had grown to a staff of 230 housed mostly in hard-walled offices on the first floor of Omega's sprawling corporate headquarters building. Agrow's division manager, who was recently let go, had resided on the third floor and reported to a senior manager on the top floor. At Omega Petroleum:

- Thick procedure manuals line the walls. Employees are expected to adhere closely to procedures and those who don't face reprimands, disciplinary action, and sometimes demotion.
- Communication flows downward with few opportunities for two-way dialogue. A story circulates that several years ago an employee was dismissed after questioning a management decision at a meeting. Employee opinions are often exchanged in whispered hallway conversations.
- A strong functional organization is in place. Departmental groups tend to be close knit and internally focused. Conflicts between departments are rarely surfaced or resolved.

The 230 employees being transferred to Vista are scheduled to move to a nearby location in 4 weeks. Office space is currently being readied. Vista staff tend to be a well educated group with occupations that include chemists, sales and marketing, regulatory affairs, logistics, finance, IT, and HR. They are generally eager and happy to be part of this new stand-alone business that many believe has been adrift within Omega for years. There is a prevailing sense of hope and optimism that the new company will finally gain control of its own destiny.

Vista's new president, Phyllis Nelson, sits at her desk pouring over notes from a strategic planning session held last week with an OD consultant, and ponders the list of "Seven Imperatives:"

1. The threat posed by generic competition means that Vista can no longer differentiate itself on the basis of its branded products.
2. Vista will need to shift its focus from products to customers. This will require a new, more consultative approach to selling. Future customer loyalty will come through relationships and service.
3. Smaller profit margins will require greater efficiency. We have a lot of smart people who have not been fully utilized.

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4. The wall between managers and non-managers must come down. A gainsharing plan that gives employees a piece of the action will be key to this.
5. We need to rely less on detailed procedures and more on the good judgment of our people.
6. Department managers have been rewarded for achieving narrow, functional goals instead of serving client groups. The need to build teamwork and accountability between departments is clear.
7. Most in Agrow were in the dark about the goals of the business and where they fit in. Vista needs to turn the light on.