

FREEDOMROADS  
KNEW THIS  
WAS THE WAY  
TO SUCCEED.

# CREATING A CULTURE OF *Peak Performance*

BY TREVOR BROMLEY

**N**ot 15 months ago, two recreational vehicle business entrepreneurs named Steve Adams and Marcus Lemonis embarked on an ambitious journey to create and brand a national RV retail chain composed of the nation's most successful family-owned RV dealerships. Lemonis traversed the country, identifying forward-thinking dealers who agreed that they had greater potential as a group than as independents and who understood that the market was ripe for a retailer with a national brand from which everyone—the dealers themselves, employees, customers, and even manufacturers—would benefit. Many of the dealers quickly recognized the advantages of creating a national customer service organization, leveraging economies of scale, and developing a powerful national brand, but their overwhelming concern was protecting the interests of long-time and highly loyal employees. Wary of the merge-and-purge behavior that seems to characterize corporate America, the independent dealers sought to protect those employees who helped build their businesses.

Opposite page (l to r):  
Marcus Lemonis, CEO and  
co-founder; Johnny Sirpilla,  
Mid America regional  
president and co-founder;  
Randy Thompson, executive  
vice president, Corporate  
Strategy and Initiative, and  
co-founder.

Lemonis took great pains to impress upon the owners the benefits their employees would enjoy being part of a strong, well-capitalized, sophisticated company. He laid out a vision of becoming one of the most employee-centric companies—not just in the RV industry but in *any* industry. They bought into the vision, and the rest is history.

Today, FreedomRoads is the largest RV retailer in the world, with 44 locations in the U.S. and two more soon to follow and revenues of more than \$1 billion. The company is expected to continue on a steep growth curve through further acquisitions and strong marketing efforts. It has an iron grip

on costs, takes advantage of economies of scale, and has healthy margins. Led by the former dealership owners who were leaders in their markets, management is seasoned, and the industry is growing at a clip of about 10% a year. If that isn't enough, the industry is sitting pretty atop a great demographic bubble of baby boomers who will enter the market in droves. As Steve Adams, chairman of FreedomRoads, says, "We're in the catbird's seat."

So, what is there to worry about? Co-Founder and CEO Marcus Lemonis isn't exactly worried per se, but he is and always will be very concerned about how their associates develop and getting them to be peak performers across the country. He knows that if he can do that effectively, the company will not only be unstoppable, but it will also be a great place to work. And a great place to work becomes a magnet for those who want to work for the best. The end game? It's all about building a customer service culture, and that can't be done, in Lemonis's view, without people performing at their best.

"This is a people business. Sure—every business is a people business, right? But, really, anyone who understands the RV business knows that it is highly relationship driven—and customer service is everything. We sell fun, and if the associates are not well taken care of, it's going to manifest in poor customer service, and that is a bottom-line issue." In this business, Lemonis notes, there is an inextricable link between customer service levels and how responsive the company is to employees.

He knew from the outset that this would take time, money, and a solid plan. Lemonis, the CFO, the director of HR, and the six regional presidents set out to identify the key roadblocks to peak performance and strategically counterbalance them with specific programs that would create an environment that responded to the demands of the culture they were implementing.

## HR PERFORMANCE PROGRAMS

With the guidance of Human Resources VP Benny Ball, the company set out to develop a program that would be operationally driven and respond to both the ordinary categories of performance and the extraordinary circumstances that new FreedomRoads associates would face in becoming part of a much larger, national enterprise when they were used to smaller, family-owned businesses. Mid America Regional President and Co-Founder Johnny Sirpilla suggested, "You have to remember that, in our case, we're coming from dealerships like my own where in a very tangible way there was a family support system, and we don't want to change that. But we did want to begin to

raise the bar and get everyone to realize that we wanted to be at the zenith of customer service consistently across the country very quickly, and this would require everyone to do everything better."

## THE FOUR STAGES OF PERFORMANCE

Given the excitement that surrounds the mergers and white-hot growth of FreedomRoads, management—especially Ball with his decades of experience in senior HR roles in large and small companies—knows that employees go through a honeymoon stage but often fall into ruts. This can be particularly acute in situations where they go from small organizations to large ones and feel voiceless, lose their identity, and have difficulty adjusting to new expectations, standards, and structures. "Raising the bar is a big mistake if the company does not recognize how this can negatively affect employee attitudes, sense of security, and overall performance," Ball explains. "Without that understanding and a programmatic and strategic counterbalance, a company can backslide in performance and actually lose employees."

Ball describes the four categories into which employees can be classified:

- ◆ Enthusiastic Beginner,
- ◆ Disillusioned Learner,
- ◆ Reluctant Contributor, and
- ◆ Peak Performer.

These are based on *The One Minute Manager* by Kenneth Blanchard and Spencer Johnson.

While some pass through each stage on their way to the Peak Performer category, most, he suggests, languish in the middle and aren't adequately supported by their companies to break into peak performance.

### Enthusiastic Beginner

A new employee or an employee who has just become part of a new or changed organization is, while often somewhat reticent, nevertheless excited by the opportunity and perhaps looking forward to doing something new. He or she is open to ideas and motivated, needing only a limited amount of attention and support from supervisors.

But there is often something missing, and that's usually a lack of information about their specific role, guidance on how to do the job right, what best practices are, and what is expected of them.

*Responding to Their Needs:* At this point, it's important for supervisors of these employees to provide specific instruction and equally specific feedback to get the employees on track. They need encouragement, direction,

redirection, and personal attention. Without that attention, they will quickly fall into the disillusioned learner category, especially if the company makes proclamations about being supportive but doesn't "walk the talk."

### **Disillusioned Learners**

This stage occurs when a company disappoints its employees, is chaotic, or simply doesn't know enough to get involved in helping them. Whatever the circumstance, the honeymoon is over. At this stage, the initial excitement has worn off, and some aspects of the job have proved more difficult than originally anticipated. Also, these employees might not have received the support, both verbal and written, to keep them confident and on track. Because they are still learning and have little to show for their efforts, difficulties are especially frustrating. This group can become overly cautious and learn considerably more slowly. They can begin to feel isolated from fellow employees and from those who are supposed to be helping them develop their skills and abilities.

*Responding to Their Needs:* Performance feedback is important at this stage, and employees need to hear not just about where they can improve but what they are doing right. Specific, timely, and sincere acknowledgments are necessary to reinforce good work. Praise and recognition, on a one-to-one basis and publicly, not only motivate the individual employee but have a wider positive effect on other employees who see that their colleagues are getting support and encouragement. This is an important part of building a supportive peak performance culture. FreedomRoads calls it "catching people doing things right" and rewarding them.

### **Reluctant (but Capable) Contributors**

As long as they don't give up and quit, the disillusioned learners get past the difficulties and frustrations of figuring out how to do a job and work within a given structure. They get more comfortable with their job and start settling in. They are doing the job satisfactorily but aren't sure if people care about their progress and what they have to add to the enterprise. Moreover, they become reluctant because they don't know how to move around in the culture to get their voice heard at the right levels where, for instance, their ideas can have an impact. Employees at this stage often want to have a voice and want to contribute, but they don't see an opportunity to express this and see their ideas noticed. Managing this stage is perhaps the most time-consuming for supervisors.

*Responding to Their Needs:* Consistent, clear, and positive recognition can help these employees feel valued. This includes recognition for reaching goals and even upholding company values. Getting them to formally or informally share their knowledge and best practices can stimulate them and their colleagues. Supervisors need to actively support the sharing of ideas, and the company should create mediums through which employees can communicate and be recognized.

### **Peak Performer**

These employees have demonstrated commitment and competence in their job and have become largely self-managed. Some are able to be mentors and eagerly seek protégées.

*Responding to Their Needs:* Though high performers are largely self-managed, they still need and respond positively to recognition. Yet they respond even more to high-level incentives such as getting involved in quality committees, training other employees, or further autonomy. Without these outlets and opportunities, peak performers can feel the company is taking advantage of them. Some peak performers are content to do their jobs well, but most want to spread the wealth of their experience, and the company needs to find pathways for them.

## **THE FREEDOMROADS APPROACH**

The company's peak performance strategy is composed of a robust core benefits package and supported by detailed, highly structured recognition and reward programs that both pat people on the back and put money in their pockets outside normal compensation. The company is emphatic that what they have put in place is not episodic but programmatic and that the consistency will drive peak performance.

### **Core Benefits Package: What's in It for Me?**

FreedomRoads believes that without a "best on the street" benefits package, all of the other peak performance programs would be meaningless. Employees who previously had few benefits under individual dealerships now have 401(k) plans, health insurance, industry-leading paid time off, life insurance, medical savings accounts, and other benefits that could compete with some of the country's best corporate benefits programs. This is a baseline for developing a confidence that they and their families are well cared for, and it frees them from worries about the future so they can focus on their work.

### FreedomRewards: Acknowledgment and Feeling Important

The company wanted to create an overarching program that would reward associates beyond the normal compensation package. The mantra for the program became “a pat on the back and money in the pocket” since it offered a blend of programs such as the Applause program, which formally recognizes associates’ actions that support the four company pillars of success (focus, teamwork, spirit, and initiative). Along with Bank One and Carlson Marketing, the company has created a way to financially reward associates via a FreedomRewards debit card. This program allows management at the dealer level to add money to an associate’s debit card for work well done, a company anniversary, solving a problem, treating a customer right, providing support, and other objective and subjective reasons. As with any other bank debit card, this money can be spent anywhere.

Because the company is spread across the country, there are physical challenges to creating a common culture of peak performance. To bridge them, it has created internal communications tools that formally recognize employees, create mediums to share ideas and best practices, create a common bond, and create a common sense of purpose. A highly functional employee website has been established to connect employees who want to share ideas, for instance. Technicians, sales associates, and others now have a structured way to interact with those in similar jobs.

The company has also started a publication called *FreedomConnections*, which focuses on employees and their families. The magazine not only carries articles about programs like Applause and FreedomRewards, but it covers the family lives of the associates.

Internal ad campaigns featuring employees are designed to connect associates from a wide variety of geographies and backgrounds. The “Meet the Faces of Freedom” series shows pictures of associates from each dealership describing their passions, their job, and how long they have been with the company.

### Tracking Study: Do You Care What I Think?

**One-on-One Interviews.** FreedomRoads believes in quantitative market research when making key market decisions, and that carries through to qualitative research with associates. Each month the company holds one-on-one interviews with associates to understand their needs and concerns and how they think the company can become better. Everyone is interviewed once a year. As well as having symbolic importance, this dialogue uncovers any barriers that exist as well as opportunities to get

the company and each individual contributor closer to or better able to maintain peak performance.

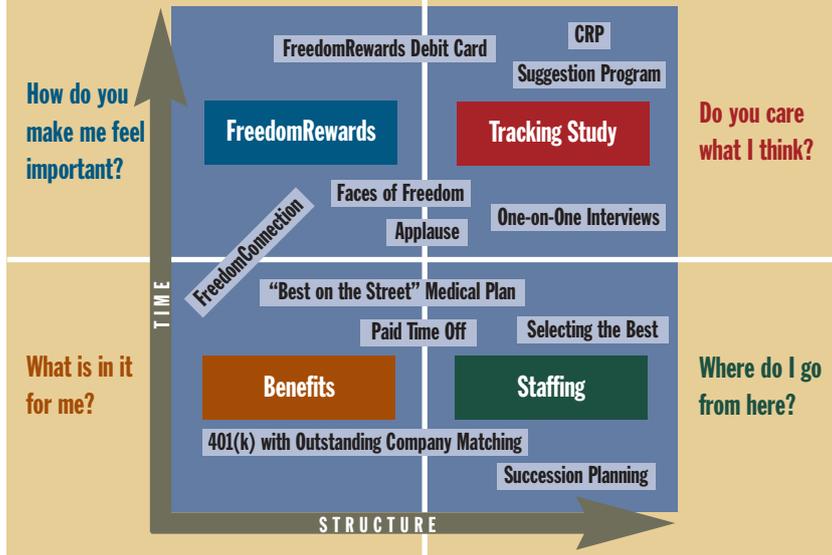
**Customer Retention Program.** Customer service effectiveness is tracked through CRP (Customer Retention Program), which looks at overall effectiveness and at specific customer service events/interactions on the sales floor or in the service bays and elsewhere in the company. Every sales delivery and service visit triggers a customer interview within 24 hours and provides immediate feedback to supervisors, who can quickly react to a customer service problem if needed. This helps the company to also become proactive by learning from specific deficiencies and positive events. The information becomes insight and is used for individual coaching and company-wide training. FreedomRoads says this is an essential element in creating a culture of peak performance.

**Empowering Associates.** FreedomRoads actively encourages associates to solve problems and share ideas via an online mechanism called the Great Ideas program. From the outset of the program, employees flooded the corporate office with hundreds of suggestions. The company already has acted on a number of them and has publicly acknowledged, recognized, and rewarded their contributors. This has stimulated further interest in contributing at all levels of the organization. To Marcus Lemonis, this is validation that the associates have great ideas and want to be heard. Setting up this mechanism as the organization was created and started to grow was a strong gesture to enthusiastic beginners and the other categories that their voices could and would be heard, and it contributed positively to the culture of peak performance.

### Staffing: Where Do I Go From Here?

For those who have reached peak performance and now seek additional stimulation and growth, the company provides both job and geographic mobility through a detailed program that allows for job promotion, relocation, and career tracks. It is also looking at developing a structured mentoring program that takes advantage of experience and know-how and creates leaders. A big part of this is putting the best people in the jobs that are the best fit.

FreedomRoads isn’t afraid to admit being obsessed with selecting candidates who are the best—not only those who are already in the industry but any achiever who wants to join them. The company is just as focused on finding the best job fit for each person because this can have a profound effect as to whether an associate will



reach and maintain peak performance. An associate's needs change over time and require regular management attention. By maintaining a dialogue on job satisfaction and career issues through the interview process previously mentioned, FreedomRoads closely monitors whether associates are in the right place at the right time.

### Investment, Not Cost

Citing the figure for these programs in the multimillion-dollar range, Lemonis argues that it's an investment in efficiency, predictability, and consistency. "To us, these programs are part insurance and risk management and part culture enhancement. Combined, they make our business much more stable across the board. We could speculate endlessly about hard ROI, but why do that when it's so intuitive?"

Lemonis does, however, tick off a litany of costs associated with *not* investing in associate development: lower productivity, higher turnover, higher recruiting and replacement costs, elevated cost per hire and training costs, diminished ability to attract and keep "the best," and a host of other problems manifesting in the spread of discontent to customers.

Lemonis emphasizes, "We don't have any doubt that without this investment we would see measurable customer satisfaction decline and with it a harsh impact on our bottom line, so these are smart dollars going into smart programs that are enhancing our business. To operate differently to us is simply an unacceptable gamble."

Knowing that they have a stable, peak-performing workforce, he suggests, the company can move forward confidently, in a controlled fashion, by making further acquisitions, expanding current facilities, and building new ones.

### Peak Performance and Leadership

Getting associates to peak performance depends largely on the relationship between supervisors and their direct reports. FreedomRoads believes that the systemic tools that they have developed go a long way toward facilitating positive, productive relationships between the groups.

But it also requires clear leadership and direction from top management. According to Randy Thompson, executive vice president for strategy and initiative and co-founder, "The company knows that it's

critically important for top management to be visible in supporting these programs and vocal in championing them." He insists that while employees respond to money, literature, and line support, these incentives aren't effective if the CEO and other company officers fail to lead in word and in deed consistently and over the long haul.

When FreedomRoads was nearing its national launch event, it became evident that, in spite of the impressive litany of benefits and programs, many of the associates were still reticent about the new ownership, how everyone fit in, and whether or not all of this was a passing motivational tool. Lemonis knew what that meant. "I asked my assistant to cancel all of my appointments in the month leading up to the national launch. I realized that I had to visit each dealership—that would be more than one per day for a month—to personally present the programs to the associates in a town hall setting. It really made a difference, and the attitude went from one of reticence—if not outright anxiety—to confidence and enthusiasm. They wanted to make sure that I was the champion of the program and that none of this was a passing fancy. They wanted to be peak performers, but they knew without question that we all needed to get them there together." ■

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