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DENVER BUSINESS JOURNAL

SURVIVING & THRIVING IN DENVER'S MIDDLE MARKET

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A LETTER FROM OUR SPONSOR

Rocky Mountain Middle Market Companies: You are Not Alone.

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As experts who understand the challenges middle market businesses of the West face, Dietrich Partners released its second Rocky Mountain Region Middle Market Survey, to highlight the underlying issues companies must address moving into 2022.

Middle market companies, defined as companies with annual revenues between $10 million to $1 billion, represent a powerful economic engine, consistently outperforming large companies and start-ups in terms of sustained performance. While in many cities the middle market is largely ignored in economic development conversations, the city of Denver, the Hancock Administration and Dietrich Partners instead view the middle market as its bread and butter, focusing on intentional economic development strategies geared specifically toward this segment.

After compiling the qualitative research from more than 60-plus C-level business leaders of middle market companies in the Rocky Mountain Region, our leaders are concerned about operating at levels prior to the pandemic and discussing the business models that will take them forward.

The report illuminates an optimism and focus on new challenges in operations, supply chain, talent, and strategic planning that allows our middle market business leaders to understand that they are not alone. ■

Celia Dietrich, Founder and Executive Chair at Dietrich Partners welcomes guests to the Rocky Mountain Region Middle Market event.

Denver Mayor Michael Hancock delivering opening remarks said "middle market firms with revenues between $10 million and $1 billion are important for the city's thriving economy."

ACKNOWLEDGMENTS:

Dietrich Partners would like to thank the time, perspective, and stories shared by the business leaders of middle market companies in the Rocky Mountain Region who were interviewed as part of this effort. Their willingness to share their experiences reinforces their leadership within their respective industries as well as allows others to learn from them and rise too.

If you are middle market business and would like to be interviewed for Dietrich Partners next 2022 middle market report, please contact: Megan McIver, Director of Client Services

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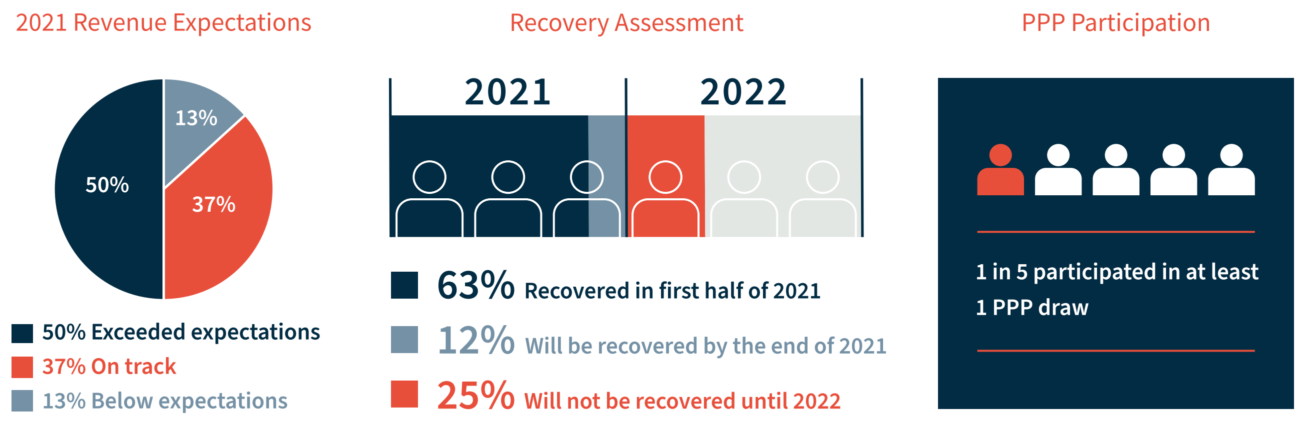
Dietrich Partners unveils Middle Market outlook for 2022

"Cautiously optimistic" is the view C-suite executives have for 2022, predicting it will be a better year for business than the current one, according to a report issued by Dietrich Partners.

In its recently released Rocky Mountain Region Middle Market 2021 Sentiment and 2022 Outlook, Dietrich Partners cites business leaders, who say pandemic challenges will continue to impact their business. The majority of more than 60 C-suite executives interviewed for the report say they are cautiously optimistic for the year ahead. It would be an understatement to say the past 21 months have meant tumultuous times for business leaders as they navigated through the Covid-19 pandemic. In addition to personal concerns about the coronavirus, they faced labor shortages, continually shifting

FIGURE 1

2021 Revenue Expectations, Recovery Assessment, PPP Participation



Source: Dietrich Partners

governmental regulations, supply chain disruptions, pressure points on the mergers and acquisitions market, and more.

Many leaders saw their 2021 revenues meet or exceed expectations (Figure 1) while those whose businesses are underperforming say they believe they will recover in 2022 or early 2023. This year, 50% of middle market companies cited by Dietrich Partners reported exceeding 2021 revenue expectations while 37% said they were on track to do so. The remaining 13% said their revenues were below expectations.

Middle market businesses, the focus of the report, are those with revenues between $10 million and $1 billion. Although this market segment represents less than three percent of all U.S. businesses, it is responsible for roughly one-third of private sector GDP and employment. The Rocky Mountain region – Arizona, Colorado, Idaho, Montana, Nevada, New Mexico, Utah, and Wyoming – is home to more than 10,000 middle market enterprises, Dietrich reported. These businesses employ nearly three million workers and have combined revenues of roughly half a trillion dollars.

"Middle market firms are truly the driver of our economy," Dietrich Partners Executive Chair & Founder Celia Dietrich told Denver business leaders this month.

Among the key findings in the Dietrich Partners report:

» Middle market companies have begun to recover from the pandemic. Many direct impacts of the pandemic have lessened but continue to influence 2021 revenues and operations. Workforce and supply chain challenges persist and are anticipated to impact middle market enterprises through 2022 and, for some industries, through 2023.

» Most leaders characterized their cash positions as favorable and made strategic investments in technology, building improvements, plant modifications, and/or mergers and acquisitions in 2021. (Figure 2)

» Helming middle market firms through the pandemic successfully required leaders to be flexible, nimble, opportunistic, and willing to change.

» Business valuations are high and have not level set despite the severe market downturn, which was an unexpected result.

» Most middle market firms represented in the interviews did not have a formal Environmental, Social, and Governance (ESG) program. In many cases, they were unfamiliar with ESG altogether and had focused their efforts on components of Corporate Social Responsibility (CSR) or Diversity, Equity, and Inclusion (DE&I).

Dietrich said the impact of the pandemic ranged widely by industry. Some businesses would not have survived during the past 18 months without the government's Paycheck Protection Program (PPP), while others experienced record-breaking growth. As leaders mobilized to stabilize and guide their businesses through the pandemic, new challenges arose or amplified existing weak points in operations, supply chain, talent and strategic planning. Executives continue to work closely with their leadership teams and existing support networks to address these issues.

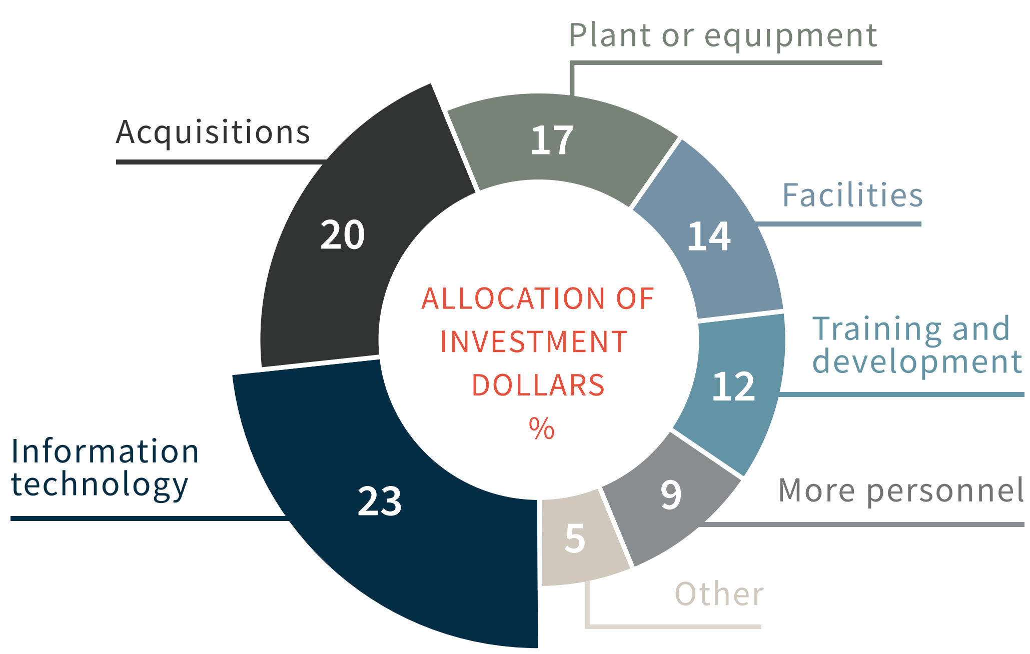
The most challenging aspects of running a business in the current environment, according to Rocky Mountain region executives, are maintaining customer relationships and engagement; dealing with ongoing uncertainty; maintaining employee communications, engagement and productivity; continuity of operations and challenges related to working capital management and cash.

In terms of staffing, 34 percent of leaders said their employees were fully back in the office, 31 percent are in a phased return-to-office process and seven percent said they have no plans to return in the next six months. Further, another six percent said they have become fully virtual, with no plans to return. (Figure 3)

FIGURE 2

2021 Investment Spending—Top Categories Rocky Mountain Region

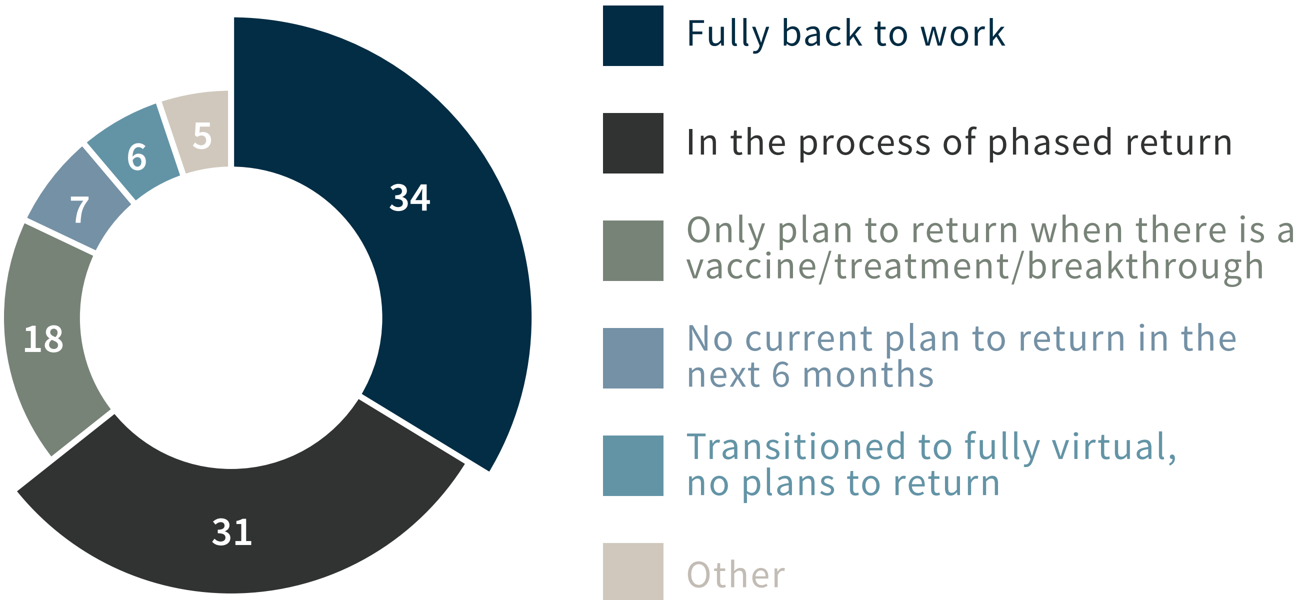
Similar to the U.S. average, information technology is the top destination for investment dollars; however, investing in acquisitions is nearly twice as likely in the Rocky Mountain region (20% vs. 11%)



Source: Dietrich Partners and the National Center for the Middle Market. "The Rocky Mountain Region Middle Market 2020 Performance, 2021 Outlook."

FIGURE 3

Status of Rocky Mountain region middle market workforce (%)



Source: Dietrich Partners and the National Center for the Middle Market. "The Rocky Mountain Region Middle Market 2020 Performance, 2021 Outlook."

In speaking with C-suite executives, Dietrich Partners notes specific elements of employers' work-from-home policies that have been effective, including:

» No meetings on Monday mornings before 11:00 a.m. to provide space for employees to plan at the beginning of the week.
» Requiring employees to be available during core hours between 9:00 a.m. and 3:00 p.m., allowing for flexibility outside of core hours for employees to direct when they complete their remaining daily activities.
» Requiring staff to be in-office at least three days per week and communicating, in some cases, the business preference is to be in-office full time.
» Requiring most employees be in office on specific days to facilitate collaboration.
» Modifying workspaces to entice staff to return to the office.

Because businesses are competing for talent, leaders reported paying increased attention to engagement and retention strategies in addition to offering competitive wages and salaries. They also are seeking ways for current staff to take some time off to avoid burnout and provide mental health breaks. The Dietrich Partners report said some employees are combating pandemic fatigue while others are exhausted from working overtime week after week. Leaders are improving salaries and wages as prospective employees are requesting a range of benefits and workplace culture characteristics. They include flexible hours, the opportunity to work remotely or in a hybrid office/remote situation, working collaboratively in groups or teams, professional development training and restoring any compensation and benefits cut during 2020. (Figure 4)

According to the report, most middle market companies said prioritizing diversity, equity and inclusion is important within their corporate cultures. A total of 67% said is it extremely or very important, 21% said it was somewhat important and 12% said it was not very important or not important at all.

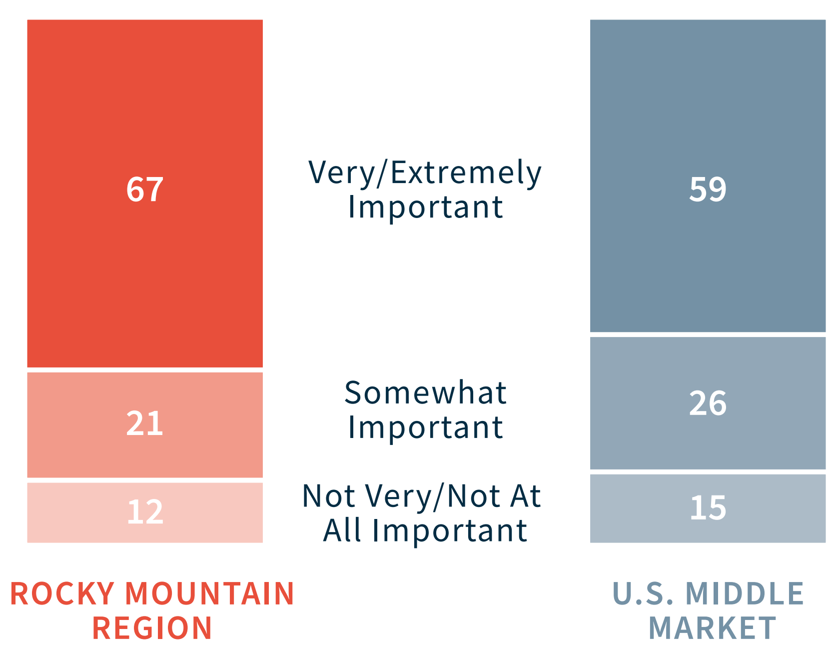
The pandemic has not required most surveyed firms to make significant adjustments to their real estate strategies in 2021, although most noted evaluating a reduction in their footprint given the emergence of a hybrid working model. Industries across the board saw varying levels of restrictions to their plants, warehouses, offices, and retail locations, but these were — for the most part — temporary. While some industries, like manufacturing, cannot adopt a work-from-home policy, others are embracing virtual engagement with employees and customers alike.

Dietrich Partners is a nationally recognized management consulting firm working alongside clients to lead and support efficient M&A transactions, deliver complex programs and optimize a company's performance to maximize its ultimate value. Founded in 2014 with the goal of delivering a unique client and talent engagement experience, Dietrich's client roster encompasses the largest public and privately held companies, private equity, and the public sector; ranging in size from the middle market to Fortune 100. While agnostic, they serve clients across an extensive range of industries including healthcare, financial services, utilities, manufacturing, government, hospitality, construction and agriculture. Dietrich Partners is a proud certified woman-owned business, an Inc. 5000 Fastest Growing Company, a 2021 Colorado Company to Watch, and recognized as a Great Place to Work. ■

For a complimentary copy of the 36-page Rocky Mountain Region Middle Market 2021 Sentiment and 2022 Outlook, visit: www.dietrichpartners.net.

FIGURE 4

Percentage of middle market companies prioritizing diversity, equity, and inclusion within their corporate cultures



Source: Dietrich Partners and the National Center for the Middle Market. "The Rocky Mountain Region Middle Market 2020 Performance, 2021 Outlook."

Dietrich Partners Rocky Mountain Middle Market
2021 Sentiment and 2022 Outlook Discussion

Panelists from left to right: Martha Weidmann, NINE dot ARTS; Richard Batenburg Jr., Clear Cannabis; Celia Dietrich, Dietrich Partners; Matt Joblon, BMC Investments; and Cammie Muller, Aurora Organic Dairy.

How can a company navigate the challenges and changes caused by the pandemic? One way may be to listen to how other business leaders have reacted.

Moving away from a traditional panel approach, Denver-based Dietrich Partners asked four local middle market business executives to share their stories about the pandemic, the lessons they learned and how their firms are adapting to constantly changing times.

The discussion, hosted by Dietrich Partners, was an in-person event attended by local business leaders this month at the Rally Hotel, LoDo. The event marked the release of Dietrich Partners' highly anticipated report, the Rocky Mountain Region Middle Market 2021 Sentiment and 2022 Outlook (see related story).

Denver Mayor Michael Hancock, who delivered the opening remarks, said the middle market – firms with revenues between $10 million and $1 billion – are important for the city's thriving economy. "As we get stronger, we will do so on your shoulders," he said. "I encourage you to do what you do and be the face of our economy and help it get stronger. I see CEOs and business leaders sitting across the table from one another, sharing ideas about how we can make Denver more competitive. I'm here to ask you to keep doing that. We convened a panel of business leaders to ask them about what Denver looked like during this pandemic and once we emerge. You want to live in a city that you are proud to call home. We're proud to partner with you – in good times and bad – to strengthen our ecosystem and take this market to the rest of the world."

Janice Sinden, President and CEO of the Denver Center for the Performing Arts, moderated the discussion. She also had been part of the Mayor's economic recovery committee the past 20 months. Panel participants included Cammie Muller, CFO of Aurora Organic Dairy; Matt Joblon, CEO, BMC Investments; Martha Weidmann, CEO and Co-Founder of NINE dot ARTS; and Richard Batenburg Jr., Chairman of the Board, Clear Cannabis. Panelists spoke about talent, new service offerings, leadership, and regulatory changes during the pandemic. Content has been condensed and edited for clarity.

» AURORA ORGANIC DAIRY

SINDEN: Shopping habits drastically changed when people stayed at home. Aurora Organic Dairy had just invested in smaller, single-use milk products intended to create a new growth path through new assortments and channels. The pandemic arrived and changed all that. How did the company adapt?

MULLER: We're a milk company that sells organic products. We service all the blue-chip national retailers and have about a 50% share of all private-label organic milk.

In 2019, we had just completed building a 127,000 square-foot plant that would make single-sized milk containers in addition to other products. When the pandemic occurred, people wanted large containers – half gallons and gallon sized. But a lot of our growth plans were focused around the smaller servings. During the height of the pandemic, the demand for sales for the larger containers was far more than what we could supply while the demand for the smaller sizes was less than we anticipated. People weren't buying milk for on the go or for kids' lunches because they were eating at home. It really prompted us to look at how we use the line differently.

After the height of the pandemic, we have had to re-evaluate where the demand was going. Our original investment thesis, quite frankly, had to be re-evaluated. We studied the market data and turned our attention to different products such as half and half and heavy whipping cream. We developed a new creamer line that's taken off. That has allowed us to use our (production) line in a whole different way.

We're trying to retain margin in different ways with the assets we have. Our milk supply sources are developed and contracted years in advance, so we just can't pick up the phone and request that we have more or less organic milk tomorrow. We have to sell what we make and, fortunately, our retail customers are interested in the products that we have to sell.

We're still in the thick of this (pandemic) and have more to figure out. There are also inflationary costs everywhere in our supply chain – whether it's packaging costs, feed, commodity costs and transportation costs, which have gone through the roof. So, we're balancing these pivoting challenges and inflation, too. We have been challenging our own operation norms to think outside the box, think differently. We're trying to pick everything apart because we can't pass along on all the inflationary costs. The market just won't bear it. We are looking at our supply chain top to bottom to see if we can do things differently.

» CLEAR CANNABIS

SINDEN: Richard, you have launched several start-ups and been part of many industries. How have you been able the navigate the uncertainty of the pandemic, supply-chain challenges, and all of the regulatory changes in the cannabis industry?

BATENBURG: Everyone knows we're still illegal, federally. That creates a whole host of problems, not the least of which is banking. I can tell you that it is possible now to get a bank account. I got into the cannabis industry as an investment and I quickly learned that I had to become an operator. I abandoned my practice with a business analytics software company and consulting company for big cable, including Comcast, Charter, Cox and Time Warner.

In 2016, we got into cannabis by force – it was either that or lose a bunch of money. I felt lucky that my son, who had worked at Merrill Lynch, came to me and said we should raise some money. Right out of the box, we had to deal with regulatory issues here in Colorado. Obviously, there's a lot of issues regarding product traffic, so they make sure you're not feeding the black market. The next problem was: what are you going to do with the cash, especially when you can't take credit cards and the banks won't take your money? Fortunately, that situation has matured over the years.

> *"As we get stronger, we will do so on (the) shoulders (of middle market companies). I encourage you to do what you do and be the face of our economy and help it get stronger."*
>
> **— Denver Mayor Michael Hancock**

Our initial consulting was teaching people in the cannabis industry how to put together their financial persona. We initially started with 13 cannabis companies. They were in grows, cultivation, training and a company that created CBD with industrial hemp. All of these industries are regulated. We currently do a lot of business using our Clear™ product line. Clear is a concentrate. It was born in Long Beach, California in 2013. I began doing strategic consulting with that company in 2017 and, in 2019, I acquired their intellectual property. We've since expanded the production and distribution of Clear into seven states. I should note that every state has its own set of cannabis rules, regulations, labeling and potency caps. They also have rules on how you can advertise – or not.

We currently are active in California, Nevada, Colorado, Oklahoma, Missouri, Michigan and Massachusetts. We will soon be in Canada, Montana, Illinois, Ohio and Florida. Every one of those states has different requirements. Every one of them can change on a dime and there is no grandfathering. When a state makes a change, it's typically instituted immediately, without prejudice. Actually, Colorado is different: they've always done it right. I can tell you that Colorado is the best. They haven't done everything perfectly but if the other states would copy Colorado, it would make my life really simple.

For regulatory, most of our supply chain is within a state. You've got to grow the product in that state and distribute it in that state. You have to collect the money in that state and can't cross over state lines with any of it.

Because we're in the vape segment, we get all of our hardware from China. There have been supply-chain issues with things coming out of China, including after the pandemic started. Tariffs have always been a problem – so has the political climate. We've had to look at what we'd been doing, to see if we could do something differently. We have six different operating units. I brought in the CEOs and managers from those units and told them we have to accept the (pandemic) hit as a gift. We had to retool everything, from the warehouses to the production lines. We couldn't have assembly lines because of social distancing. People in our industry like to work bankers' hours, so trying to run two shifts was a problem. Warehousing was problem. It all ended up becoming a good thing, operationally.

A lot of people lost their businesses. There were three groups. One was the group that probably was going to go under, anyway. Then, there was the group that refused to change. Finally, there was the group that decided to innovate. They took the initial hit as a gift, retooled and rethought about the way they were approaching things. They listened to their customers and reinvested in their people.

SINDEN: I read consumption was up after the pandemic started.

BATENBURG: It was a good problem but it's still a problem. We opened up three new states in the middle of this pandemic. A new order for one of these states is about a million dollars in hardware, including vape cartridges. We had to take cartridges from one state to help supply the new ones. Nevada, as you may know, went from 1.2 million visitors a week to zero (due to pandemic restrictions). Our partner there had a lot of inventory sitting idle. It cost us a lot in margin. However, we felt as though we would come out of this one day and we'd come out better – which we have. We have better people today who are more committed to the company, its growth and success. We've learned how to squeeze the lemon more.

I think it's a good time to get into cannabis, although I'm biased. It will probably take three or four years to get true federal legalization.

» NINE DOT ARTS

SINDEN: While everyone was working from home, NINE dot ARTS committed to a total overhaul of its recruitment, retention, and engagement practices to fulfill a commitment of being a people-first company and a leader in ethics and processes for other businesses. Could you please tell us about those initiatives and what made them work?

WEIDMANN: At the top of our mind was, "What's the core of our business?" At our core, we are agents of culture…and culture is all about soul…and soul is all about people. If we were going to be the creative minds that put community arts plans together for places – some places as large as neighborhoods built over the course of 20 years, to amazing experiences like the one here at the Rally Hotel, we had to find ways to not only nurture the creative talent we work with externally, but also internally.

We took a step back during Covid. We had been through one recession previously. Going through one gives you a bit of confidence going through the next because we had a sense of what could happen. In our space, we had a longer tail by having been associated with large-scale projects. We had about six months of lead time to figure out what we were going to do during this downturn. We invested in two things. The first was technology, so we did a systems and infrastructure overhaul. The second was talent. We figuratively had to have talent to transform and grow this business. We saw that we were less than one percent of the total market share in our industry. We wanted to make a play to be the only national art consulting firm in the United States.

We are based here in Denver. We started with our growth plan with a massive infrastructure overhaul of our internal operating systems. We invested in technology infrastructure. We wanted to overhaul our systems of hiring, retention, and employee engagement, so we came out of the (pandemic) with the best team we'd ever had. One of the first things we looked at was our hiring practices. I know most of the people here are talking about labor shortages, but we have more than doubled our staff. We now have the most talented group of people we've had in 12 years. We've tried to recruit and retain some of the best people in the industry. We used that downtime as an opportunity to acquire new talent.

In hiring, we talked about how to diversify our talent pool. Right now, our staff is 30 percent BIPOC (Black, Indigenous, People of Color). We were not that diverse before the pandemic.

We began using the four S's (salary, sight visibility, scenarios, and selection pool). The first was, are you posting a salary for a job? Women are far more likely to apply for roles and negotiate their salary rate if you are posting salary rates publicly for a position. You'd be surprised how many companies don't do that.

Another is sight. You want a candidate to see your staff and what their boundary systems are. We show images of all of our staff at our company on our website and list personal things about them. You want people to have visibility about the team they are joining.

The scenario portion of our interview helps to remove bias. In the scenario process, we give the candidate an opportunity to respond to a real-world example of a problem, strategic initiative, or something they would face in their job. We give them three days to respond. By seeing that response, you can actually see how they approach work. It lets you see how they think for that role. It also gets people who are applying more invested in the role. We put together committees for hiring and selecting the people coming onto the team. We don't have one person doing the selecting – it's a selection pool.

As far as retention and engagement, that's where you can be creative. We survey our team every single month. We ask what they are thinking and feeling. We also ask what they are missing right now. For one of our surveys during Covid, one of our staff said they missed being around art. As a result, we started an art-share program. We have a lending library where people can check out art from our offices and take it to their home. We have people working in Georgia, North Carolina and Seattle. We ship art to their homes and provide a stipend so people can outfit their home offices with equipment and tools that will help them do their job.

We also just changed our gender-neutral parental leave policy, extending it to 12 paid weeks of parental leave in addition to their four weeks of personal time off. When Google made this shift, they saw retention increase by 50 percent. This is not just a good ethical system, it's a good value system. In the United States, we are one of the few nations that have not caught up putting into place policies like this. This is not just for women. This is for men (or their partner), when their wife might need them to take time off to support her. If you adopt a child, you need time to acclimate to bring that new person into your home. If you think about engaging your team from a holistic perspective, it creates a creative environment where people feel engaged and want to be more productive. When you support your creative people and your talent, they want to be there and do great work. That strategy has been hugely successful for us in growing our business. I'm also pleased to announce we have opened an office in Seattle, our second-largest market on the West Coast. We're looking to open an office in Atlanta in 2022.

"We are focused on the Three S's: scalable, salable, and sustainable."

— Matt Joblon, CEO, BMC Investments

» BMC INVESTMENTS

SINDEN: Since 2010, BMC has acquired and managed more than 10,000 multifamily units in metro Denver with a combined asset value of $1.5 billion. During that time, they've also developed more than $1 billion in projects in Cherry Creek, Boulder, Fitzsimmons and the suburbs of Denver. They have been instrumental in bringing world-class retail and restaurant concepts to Cherry Creek. BMC currently has 250 employees and is growing at a fast pace. Matt, can you tell us what it's like to be a vulnerable leader and how the pandemic proved to be a great reflection period?

JOBLON: We had just been quarantined and I was sitting in my house with no idea how this was going to all play out – there was so much uncertainty. Then I realized that we had $1.5 billion in real estate assets with just below $1 billion in debt. Hotels had a zero percent occupancy because everyone was staying at home. Mayor Hancock and Gov. Jared Polis just announced people didn't have to pay rent, which was the majority of our business. Then I thought to myself, "How are we going to pay the monthly debt service on $1 billion of debt if we have zero income?" That's a problem that will shock your system and force you to think in new ways. It made me hit the reset button and strategize on how we were going to mitigate this risk – we had to get resourceful in ways we had never before. However, we had the option of looking at this massive problem as a massive opportunity. An opportunity to reflect on the business and think about how we can learn, improve and start with a blank slate to build a thriving business going forward based on all the lessons learned over the last 10 years. How can we change the way we do things for the better?

The reality is that being a leader is really tough and it takes a tremendous amount of accountability, commitment and discipline. Everyone is looking at every single one of your behaviors, what you say and what you do. It takes a lot of intention and thoughtfulness to be a great leader. I wasn't that and had developed patterns over the last 10 years that were not becoming of a great leader – specifically I was very transactional in everything I did versus focusing on building the business and supporting the people around me. I had to first acknowledge that, then surrender to that fact, and then make a choice. I had to make a choice and then a commitment at that moment to become a much better and more effective leader to get us through this crises. I needed to do that because I had to get the entire team (250+ people) to get on board and rally together to get through this. The first step was showing vulnerability by sharing with my executive leadership team and then the whole company about this realization, choice and commitment I was making as a leader. Then it became about our team and rebuilding the foundation of our business – getting back to doing the basics really well.

I started a real estate investment firm in 2010 at the bottom of the market. I had just moved here from Los Angeles and had no clue as to what was going to happen in Denver or Cherry Creek. We've had tailwinds the entire time. We have made a lot of mistakes. However, the market has made us look so much smarter than we really were. During that time, we were really transparent to our investors about those mistakes and held ourselves accountable. That built a foundation of trust and allowed us to raise a tremendous amount of capital to fuel our growth. In any relationship – your wife, friends, employees or investors – without that foundation of trust, you have nothing. At the end of the day, people are betting on you, not the deal.

When the pandemic arrived, it turned out to be a great opportunity to change the way we communicated with everyone. Clear communication is one of the most important parts of any successful business. While figuring out how to pay our debt service, we had to over-communicate through extra Zoom calls and letters to our employees, who were doing okay but scared and isolated. We also had to over-communicate with our investors, who were concerned, rightfully so, at the time, because they had $500 million of their money invested with us and there was massive uncertainty. We knew we had to change the way we did business, and I knew we really couldn't do that unless we got back to doing the basics really well – effective communication being one of them.

The first thing we did was to look at the organizational chart and how to optimize it. Then for each role on the Org Chart, we got really clear about the accountability and responsibility for each role. Then we had to figure out if we had the right people in the right places to fulfill those responsibilities. You have to come to realize that if the person is not the right fit for the company, it might not be the best for that person either. If someone isn't an "A" player in your organization and thriving in their role, you're not doing them a favor by keeping them there. We had a lot of tough decisions to make. As it turned out, most of our employees were on the same page with us – we had plateaued with their growth and it was mutually beneficial to move on. We ended up turning over about 90 percent of the corporate office, which was about 30 people.

We had to figure out a plan to have all of our people rowing the boat in the same direction – full company alignment and buy-in. We came up with a plan called The Five-In-Five Plan: How to get to $5 billion in assets in the next five years. We did several town halls and began following up with surveys to make sure people understood. The reality was that it was not landing with everyone right away. Just because it was clear in my head (who created it) doesn't mean that it is clear in anyone else's head. It hit me that I had to figure out how to better communicate with our team so that it landed with them. We started one-on-one conversations with key senior leadership to ensure they understood, then empowered them to discuss it with their respective teams until they felt they were all on board. Then we told everyone that you are either "all in" or "all out" – there was no one in the middle. There's a difference between playing to win and playing not to lose and we wanted everyone fully committed and bought in to win – that is a huge component to building a great culture. I also had to create an environment where people could be transparent and share anything with me and our executive leadership team – ideas, feedback, conflicts, etc. The most effective way to build trust is through mining conflict and productively getting through it to a positive outcome.

Lastly, in rebuilding the foundation, we are focused on the Three S's: scalable, salable, and sustainable. Scalable: Is their potential to materially grow the business? Salable: Are we creating enterprise value with everything we do? Sustainable: If I get hit by a bus, will the company thrive?