



# The Culture-Talent Management Connection

By Ken Cottrill

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Corporate culture—or a lack thereof—shapes an organization’s value system. And the values that characterize a company influence the types of individuals it hires, how they perform in the organization, and how long they stay in the job.

There are many anecdotes about the negative impact of uninspiring corporate cultures on staff retention. These include cultures that are overly bureaucratic or too focused on micro-management, and ones that encourage finger pointing rather than constructive problem solving. Sadly, relatively few companies appear to leverage corporate culture as a positive employee retention tool.

One of the exceptions is Coyote Logistics LLC. Headquartered in Chicago, the third party logistics provider employs about 1,100 people. Coyote has clocked spectacular growth rates since it was created in 2006. It effectively doubled the size of its work force in 2011, and plans to add another 500 people this year. CEO Jeff Silver is not worried about a shortage of talent thanks largely to the way in which his organization’s work force and culture are aligned.

## Four Traits of the Brand

Named to the Inc. 500 list of the fastest-growing privately held companies in the U.S. for two consecutive years, Coyote posted revenues of \$558 million in 2011 and is on course to near the \$1 billion mark this year.

“Our brand is our culture,” says Silver. Following a rebranding exercise, Coyote identified four characteristics that represent its brand: True, Tenacious, Smart, and Tribal. The four descriptors define the way the organization positions itself internally to employees and externally to customers and carriers.

**True.** The 3PL is a non-asset-based truckload, less-than-truckload, and intermodal service

provider that moves 2,800-plus loads per day across North America. Coyote focuses on back-haul opportunities.

As Silver points out, traditionally the truck brokerage business has not been associated with trustworthiness. The industry’s early evolution involved “guys sitting in basements and trailers and there was a lot of black box mentality.” Cargo was accepted and moved if the right margins were on the table; if not, loads were rejected or delayed. This tendency to put short-run profitability ahead of customer service has given the industry a less than stellar reputation in the trust department, Silver maintains.

Coyote’s “True” characteristic addresses this issue. Central to its business model is a “no excuses” philosophy where every load that is accepted is moved—even when unprofitable. “Anyone who works here has to have that [mind-set],” he says. “We talk about it all the time—not taking short cuts. We don’t optimize on margin.”

Silver’s rationale is that a reputation for dependability is good for business because shippers are more likely to repeat the experience and their referrals drive more orders.

**Tenacious.** Tied to the “True” descriptor, “Tenacious” reinforces the notion that an operator never quits on a load that he or she is responsible for.

**Smart.** Silver is a graduate of MIT’s Masters of Engineering in Logistics program (now the MIT Supply Chain Management program), as are two other members of his executive team. Five more MIT alumni will join the company this year. Graduate degrees from schools such as Georgia Tech and Northwestern’s Kellogg School of Management also feature on team members’ resumes.

The aim is not to collect prestigious school names. Rather, it is to provide the smarts that leading 3PLs need not only to compete globally,

but also to offer high-level analytical and consultancy services in areas such as network optimization.

There is an important talent management payoff, too. While logistics is still regarded in many quarters as a blue collar activity, Coyote employees understand that it is every bit as sophisticated as more esteemed departments or disciplines. “Logistics is a cool place in which to work,” says Silver, “and it helps us when bright college students think that way,” says Silver.

**Tribal.** This characteristic defines how employees work together, and hence how Coyote gels as a competitive organization.

As the company name suggests, there is a pack mentality that is nurtured from the first day on the job. The absence of a dress code, open-plan offices where there is no such thing as an executive suite, and an emphasis on frank discussion across the organization, are among the features designed to reinforce employees’ affinity with the tribe.

### Self-Built Pipeline

These characteristics underpin a corporate culture that is at the center of Coyote’s approach to staff recruitment, development, and retention. HR is headed by Chief People Officer Marianne Silver. Her team includes a Director of Recruiting, eight corporate recruiters, and a recruiter for IT.

The company shuns hiring individuals from other 3PLs, preferring instead to start with a “clean slate” when introducing new people to the organization. Most recruits are fresh out of school, but the right individuals with work experience are also considered. There are staff members with backgrounds in professional sports and the car rental business, for example.

Every new employee goes through intensive training, and Jeff Silver uses the initial training sessions as an opportunity to infuse the Coyote culture. “Any day I am in Chicago I try to spend at least an hour with the training classes,” he says. Senior executives make a special effort to meet recruits on their first day with the organization.

Also reinforcing the culture is a strong ethic of self responsibility. “Like any other job or relationship, you get out of your job at Coyote what you put into it. But because

of our environment, culture, and growth opportunities, even more so here than in other companies,” Silver says.

If someone is unhappy about any facet of their role, then they are expected to speak up. “Our executives do not work in a separate office. They sit out on the floor, so it’s on you to come and talk to us,” he notes.

## While the supply chain industry grapples with the challenge of building a talent pipeline, Coyote Logistics is creating its own pipeline.

Silver was asked recently whether he worries about the culture being diluted as Coyote grows. “I used to worry about that, but we are getting good at recruiting the right people, and there is a positive feedback loop where the people who are already here reinforce the culture and bring more energy.”

That feedback loop also plays a key role in maintaining a supply of talent, because employees recommend the company to their social and professional circles of contacts. While the supply chain industry grapples with the challenge of building a talent pipeline, “we are creating our own pipeline,” says Silver.

### Culture Compass

Coyote could encounter staff retention issues down the road as other 3PLs learn from its business model. But Silver believes that a more competitive logistics industry benefits all successful players in the long run.

Meanwhile, there are a number of lessons that the industry can draw from Coyote’s talent management approach. One is the merits of developing your own talent at a time when training budgets are being slashed and there is more emphasis on poaching employees from rivals.

But perhaps the most important lesson of all is that a strong corporate culture is the glue that binds the workforce together. And by aligning employees with the organization’s growth goals, corporate culture sets the agenda for how these individuals are hired and progress along a career path.