The Cultural Evolution of the Overwaitea Food Group

The story of Overwaitea's founder, Mr. Kidd, selling "Over 'weight' tea—18 ounces for the price of a pound," has been told many times.

The small town grocer's incredible rise from obscurity to the top spot as British Columbia's market share leader has been well chronicled. The saga of a company built by the capital of Jimmy Pattison and the pride of over 10,000 employees is outlined in the eight-year history publication.

This is not that story.

Overwaitea Food Group

This is a story about the guts, not the glory. This is a story about a company that is changing by design so that their story has a future and not just a past. Every company president for the past 50 years has left a legacy of innovation and progress; yet the hurdles were vastly different for each.

Stuart Mitton took on the key role in 1953 and led the company while the Kidd family remained involved, then through the acquisition by Jim Pattison in 1968. In 1972, he turned the reins over to a bright, determined, and dedicated young man, Clarence Heppell.

Heppell's Hurdles

Clarence had studied Safeway when he was still a junior clerk. "To get on equal terms to compete with them, we had to do three things," he reflects. The three major hurdles were daunting:

1. Close under-performing stores in small centers.
2. Get the employees to believe in themselves.
3. Get developers to believe in them and enable Overwaitea stores to enter better sites in the major centers.

"One of the toughest decisions was to close the stores that were dragging us down. We had to take our company forward," commented Heppell. "Perhaps the biggest hurdle of them all was to get Overwaitea people to feel that they were the best…and show them what they were capable of doing."

He continues, "The third one was to secure the locations that were essential to our future growth and our competitive survival. I spent a lot of weekends taking developers to Prince George to show them that we could successfully anchor a center against competition such as Safeway. Once we had earned the developers confidence, our owner backed us with the financing to do what we thought we could do."

Unprecedented Growth

Under Heppell's guidance, Overwaitea launched the Save-On-Foods concept, entered the lower mainland with less than 15 percent market share, growing to over 30 percent market share and 6,000 employees strong. "During this time, we made the decision to match Safeway's wages and benefits (in OFG's union and non-union stores)," recalls Heppell.

Early Warning Signs

"In my opinion, Safeway, with it's huge market share in those days, and it's huge profitability in Western Canada (then), gave away union contracts that it shouldn't have. And we were forced to go along with that."

Rapid growth and price increases to cover rising costs had created a false impression that all was well. But beneath the surface, costs put pressure on finite resources and cracks in the dike were beginning to form.

When the United Food & Commercial Workers Union 1518 signed a favorable contract known as "the triple seven" to incoming new competition, the dike burst.

Profit and Jobs at Risk

Overwaitea had been fast on its feet and fuelled by growth. This had been enough to compensate for the competition's larger economies of scale. But a significant wage advantage given by the same Union was unheard of and became an instant threat to the viability of the entire organization.

As Clarence would say, "Profit is not a dirty work. Your job is here because of profit." Now both profit and jobs were at risk.

Head office and branch managers alike had looked to Clarence for decisions and direction for almost two decades. "You've got to have a team; not to make team decisions. I liked to make my own decisions. I love making decisions. I love being responsible for decisions. But you have to have people you feed off."

This was paternalism and it had served the company well. But when the stable environment of labor peace lapsed (a 10-year no-strike warehouse contract ended in 1991), suddenly serious issues of trust and communication surfaced in a manner that hadn't been seem before.

Over the next few years, Doug Townsend advanced the company into Alberta and into the retail gasoline business. Despite this progress, the same fundamental problems and culture existed as he passed the control to Brian Piwek. The only difference now was that the problems had grown.

Managing Change

Determined not to see Overwaitea go down in history with Woodwards and Steinbergs, the youngest ever president of the company now took a look at the change that would have to made to reach a vision for the year 2000 and beyond.

Like Clarence Heppell years before, Brian's hurdles were daunting and global competition had placed them even higher.

Brian Piwek's Hurdles

"The company faced well-financed, lower-cost competitors coming into the market. This was something that Overwaitea Foods had never experienced before," Piwek confirms. "That was the number one thing I was facing. I already had the locations, but now I was on the defensive. Secondly came the whole challenge of making the average employee a champion."

Competition was eroding growth and now fewer promotions were being sought by more employees. Previous growth had created career expectations among employees which were now beyond the company's ability to deliver. Satisfaction had to be found within existing jobs, not from the promise of advancement.

A third hurdle made the others even worse. "For the first time in the company's history, there was no inflation," emphasized Piwek. The company could not raise prices to cover rising costs.

The Impact

"Downsizing was becoming a major thrust. Many five- and six-year employees remained, but some full-time employees fell to part-time as the competition struck in specific areas." Reflecting on this, Brian outlined, "There is no provision within a paternalistic approach to business to deal with these kinds of issues because the candor and respect is not there. Candid communication is treated with mistrust and disbelief."

Grid Solutions

> *Grid…was like someone turned on a thousand watt light bulb…I could see all the obstacles.*
>
> Brian Piwek
> **President, Overwaitea Food Group**

"I knew what was wrong," Brian continued. " It was just common sense. But I really didn't have the sense of how I was going to fix it. When David Coe (President of Dairyworld Foods) invited me to Grid, it was like someone had turned on a thousand watt light bulb because for the first time, I could see the whole room. And I could see…all the obstacles. Then I really began to understand the different dynamics and how I was impacting people. That's why I've taken Grid on with such vigor in this company. It is the first real, honest-to-God way to make people understand why they are being a certain way and how that influences other people, and gives them the license and the tools, through that understanding, to make the difference.

"After going through Grid, I realized that we were following the '9+9 [paternalistic]' Woodwards model (which had led to their failure). It was a model I didn't want any part of. I clearly saw the need to change the status quo."

Going Forward

"It takes years and years of dedication, persistence, and consistent commitment to good management principles to get the culture of a company as big as Overwaitea to change," Piwek reflects. "I feel that we are really noticing the principles of Grid surface more and more within our culture. There is a marked increase in trust, team cooperation, and accountability. Our people are forming partnerships in-house to tackle projects utilizing resources we already have and respecting the expertise another may bring to a particular issue. Each team member wants to own the outcome and therefore individual accountability has increased considerably.

"We're sure a long way away from where we need to be, but...going forward, we at least have a tool, a way, and a goal to manage the company culture."