

CASE STUDY



STERICYCLE - STERICULTURE INITIATIVE

COMPANIES WITH THE HAPPIEST EMPLOYEES HAVE THE HAPPIEST CUSTOMERS AND THE BEST RESULTS

Culture Change at Stericycle

While this case study focuses on engagement but not on sustainability specifically, it offers evidence of the business value of engaging staffers. Since we know that healthier environments is one way to engage workers, through demonstrating care and respect, this case study is more about the business case for engagement in general.

Paul Spiegelman is the chief culture officer for Stericycle. He is the former founder and CEO of Beryl Health, a patient experience company dedicated to improving relationships between health care providers and consumers. He is also chairman of The Beryl Institute, a membership organization focused on improving the patient experience through research and best-practice sharing. Spiegelman is a speaker and author on executive leadership, entrepreneurship, corporate culture, customer relationships and employee engagement. He co-authored the New York Times Bestseller, *"Patients Come Second – Leading Change by Changing the Way you Lead"* with former Texas Health Presbyterian's Dallas president Britt Berrett.

Having spent many years leading their respective health care organizations and understanding the connection between culture, customer loyalty and financial results, Spiegelman and Berrett interviewed executives and leaders of hospitals and health systems of all sizes and types across the country and compiled their stories. In order for other health care organizations to begin to evaluate their employee engagement levels, Paul and Britt developed the [Culture IQ test](#) which creates a baseline score for the current culture, and helps develop a

Stericycle

Stericycle is a NASDAQ-listed, global business-to-business services organization with nearly 20,000 employees in 13 countries. Four primary business offerings include:

- Medical waste management
(*Healthcare Compliance Solutions*)
- Environmental waste management
(*Environmental Solutions*)
- Healthcare and commercial product recall and retrieval
(*Expert Solutions*)
- Healthcare and commercial communication solutions
(*Communication Solutions*)





Paul Spiegelman
Chief Culture Officer, Stericycle.

roadmap for improvement. Paul is using his current role with Stericycle as his learning lab for his theory that employee engagement is a key tactic for business success, regardless of industry, geography or company size. This case study focuses on employee engagement at Stericycle. For more information about Paul Spiegelman, visit www.PaulSpiegelman.com.

Could Paul take his skills in health care employee engagement and use them to transform the 25-year-old Stericycle to a company that honored transparency, collaboration and creativity? Can a connection be made between staff satisfaction and business success at Stericycle? Is it possible to transcend the nearly 20,000 people workforce, geography, existing management structure and industry? What does it mean for the leadership team? How do you engage with the work force that is spread across the United States (and worldwide)? These and many questions were on the mind of Paul as he sold his company to Stericycle and took the culture role in 2012.

Why Employee Engagement?

If employees are treated in a way that enhances their empowerment and personal growth, then it follows that people will be more productive, work harder and be happier because they are engaged and motivated. The “Circle Of Growth™” as Paul describes it in his book, starts with team members and a focus on creating a collaborative and trusting work. That engagement should lead to customer/

patient loyalty, and in turn drive financial results. Then the cycle simply repeats itself.

The Details

As described above, Stericycle is made up of several business units, meaning there are several independent businesses within the overall corporation. While the various businesses have different services and leadership structures, a key meeting of all global leaders revealed that they should work and act as a single company that stands for one thing. That meant the creation of a new purpose statement and set of core values.

Once the leadership team set the core values, the challenge was to engrain the values into the business so they represented not a plaque on the wall, but the way team members made decisions every day. This was done through a multi-pronged communication strategy from video to emails, newsletters and personal conversations. A key to the success of the many culture initiatives that have been started is the nomination of “culture ambassadors,” generally front line workers at each location who were passionate about culture and wanted to be the location champion and voice of change.

An initial employee survey revealed that while there was a solid culture in the business and significant loyalty, there were many gaps in engagement that needed to be filled.

Many programs have been launched over the last two years, but all revolve around

the notion that every employee, at any level in the company, wants three things from their job besides money. They can be remembered using the acronym PAL:

1. **Purpose** – Every employee wants to know the overall purpose for the company (how it makes the world a better place) and how their work connects to that purpose.
2. **Appreciation** – Every employee wants to feel recognized and valued for the work they do.
3. **Learning** – Every employee wants to feel like there is an opportunity to learn and grow.

Every initiative has a connection to these three things. For example, the company had a conference room decorating contest across the country which incorporated Stericycle's purpose and core values, simple recognition programs have been developed and launched throughout the company, and SteriUniversity was developed to add training programs so staff can continuously learn. And much time has been spent teaching leaders a new way to lead, abandoning the "command and control leadership" of the past to one of collaboration, listening and teamwork.

The employee engagement strategy requires support, and Paul oversees a team of six people who work full-time to support these efforts and consult with local business leaders. What is most important is that culture efforts need to be institutionalized to stand the test of time and survive the many phases of the

business. Data is used often to adjust and revise plans.

Measurement

How does a business measure the value of staff engagement? At Stericycle, there are multiple methods to measure progress or success:

1. **Team Member Surveys** – These are done on an annual basis, and while they are effective to show progress, it is still critical to determine if this progress has an overall impact on the business.
2. **Attrition Costs** – Through some data collection and tracking, it was determined that Stericycle's 2012 attrition costs were in the millions per year. The cost included the loss of the employee, the gap between hires, loss of productivity and the rehiring and retraining. If the company could reduce the cost of voluntary attrition, it would translate directly to the bottom line.
3. **Customer Loyalty** – it is important to track engagement against customer or patient loyalty scores to determine if there is a relationship between the two.
4. **Productivity** – At Stericycle, there was an interest in making a connection between worker engagement and productivity. The productivity measure for each area within Stericycle could be tracked in relationship to engagement strategies. For example, were happier employees in the call center more productive? Would engaged workers process more medical waste per hour in a treatment center?

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5. Financial results – Is it possible to track whether the engagement results drive financials like revenue and profit?

Results

While the program only kicked off in 2012, by 2013 voluntary attrition was down by five percent which saved \$2 million cash for the year. They saw that both employee engagement and customer loyalty scores were tracking at a parallel rate. Most impressively, a study of their most “engaged” locations showed that 50 percent of those were also the most profitable. So even at this early stage, the circle of growth is being demonstrated—that we should prioritize team member engagement as our leading indicator of success, rather than letting financials drive our business decisions.

Next Steps

Current efforts are less about what is next and more about tweaking what is already underway and to earn the trust that this is a long-term commitment, not a flavor of the month. And where does sustainability fit into the picture? While Stericycle has kicked off a sustainability program and produced a report, they have a ways to go on incorporating sustainable practices across the enterprise. But progress is

underway. Ideas are shared and the leadership at each location is urged to implement activities, take pictures, share stories and tie them back to the core purpose as a company – which is “to help customers protect people and brands, promote health and safeguard the environment.” Additionally they are looking at the connection between wellness and health care costs. This area is spearheaded by human resources where an intranet site focuses on wellness and discounted membership programs and data tracks the impact on health care costs

A Final Word on the Right People

Without a culture, without a focus on creating a culture of motivation, innovation, creativity and transparency, you can’t develop a strategy. People are the core of success and a need to have the right people involved—get the right people on the bus! As Paul Spiegelman wrote in his book, *“Patients Come Second,”* culture requires tough love and accountability. Don’t hold onto people that aren’t the right fit. It has less to do with lack of skill than lack of fit and adherence to core values. Leaders have to be courageous and eliminate their tolerance for those that are the wrong fit. Bad influencers need to be moved out.

