

CASE 16

Ethical Leadership at Cardinal IG: The Foundation of a Culture of Diversity*

BACKGROUND

Cardinal Glass Industries, Inc., is a corporation that specializes in the design and manufacture of high technology insulating and solar glass. It is organized as a privately held S corporation with 70 shareholders, all of whom are employees. From the corporate offices in Eden Prairie, Minnesota, CEO Roger O'Shaughnessy oversees two research facilities and 29 manufacturing subsidiaries in 16 states. Cardinal Glass is the largest company of its kind in the world. Its 5,500 employees serve customers throughout the United States, Canada, Latin America, Europe, Asia, and the Middle East.

In any organization, ethical leadership is paramount to success, and by all accounts Cardinal Glass Industries is a successful corporation. Although the corporation as a whole has been profitable since inception in 1962, one of its manufacturing plants, Cardinal Insulating Glass (Cardinal IG) in Fargo, North Dakota, consistently outperforms all others in production efficiency and financial performance. Its workforce is the most diverse of any Cardinal subsidiary. The company consists of over 50 percent New American employees (many who speak limited English and recently arrived from unfortunate circumstances in their home country).

This case study explores the main factors contributing to the Fargo plant's success through the stories of plant manager, Dave Pinder, his leadership team, and the Cardinal IG employees.

THE CARDINAL IG STORY

It is an amazing story when you think about it. A diverse group of people, who knew very little about making glass, started up an insulating glass manufacturing plant in Fargo, North Dakota. In a very short period of time, they earned all of the business and

*This case was developed by James Legler, Associate Professor, Offutt School of Business, Concordia College, Moorhead, Minnesota, and Mary Leff, Organizational Development Consultant, Sanford Health System, Fargo, North Dakota © 2012. This case was prepared for classroom discussion rather than to illustrate either effective or ineffective handling of an administrative, ethical, or legal decision by management. All sources used for this case were obtained through publicly available material and interviews with Cardinal IG management.

the respect of one of the biggest window companies in the country and established their insulating glass plant as the very best in the world.

– Cardinal IG Fargo Leadership Handbook

When Dave Pinder, the newly hired plant manager of Cardinal IG, arrived in Fargo, North Dakota, in 1998, the future plant site was nothing but a flat grain field. He had been hired to start the plant from the ground up—build the new factory, hire and train new employees, and develop relationships with his customers. Along with these responsibilities, CEO Roger O'Shaughnessy gave him complete autonomy to establish the corporate vision of "designing and fabricating the most advanced residential glass products in the industry."

The 33-year-old Pinder brought an unlikely background to the position. A graduate of West Point, a commander in Desert Shield and Desert Storm, his last military assignment had been tactical officer in charge of 200 cadets at the United States Military Academy at West Point. While in the service, he completed a master's degree in leader development and counseling from Long Island University. He spent a brief time with International Paper before being approached by O'Shaughnessy to join the Cardinal leadership team.

Getting started was a daunting task, beginning with building the leadership team. Pinder did not hire glass experts. He couldn't find any. Instead he hired people with leadership potential, a positive attitude, and a passion for learning the business and teaching others. In his words,

We started with a group of 40 people in a 140,000 square foot building. We knew nothing about making glass. Our first employees jumped into a van and traveled to Iowa for training at another Cardinal IG plant to learn how it was done. We asked those first employees to trust us.

Today, Cardinal IG operates out of a state-of-the-art 500,000 square foot facility in Fargo. The plant runs seven days a week, three shifts per day, supplying the majority of insulating glass found in Marvin Windows. Pella and Anderson Windows are also customers of the company. The Fargo plant became a leadership training center for other Cardinal plants, and Pinder's responsibilities expanded to include troubleshooting and leadership coaching at other manufacturing sites. Cardinal's workforce of 183 people is made up of 55 percent New Americans from 15 different countries, astonishing diversity in a region of the country where U.S.-born Caucasians make up 93 percent of the demographic mix.

Cardinal IG operates in a competitive business environment, and the economic recession and downturn in the building industry added volatility to its challenges. In spite of this, leaders have had to make only incremental changes in operations. The Fargo plant continues to be the best performing plant in the Cardinal manufacturing system.

MISSION AND VISION

Before hiring anyone, Pinder had a good idea of what he wanted to create.

I had a vision for what I wanted the organization and the culture to look like and a plan to get there to maintain the culture. I wanted a world-class facility—the best of its kind on the planet. The culture must enable you to get the vision. I wanted my employees to love to come to work every day because the work was challenging, meaningful and fun; the

plant was clean and well lit; they felt like they had ownership and a say in the business; they were treated with dignity and respect; and they felt like they were part of a disciplined team ... I wrote my leadership philosophy before I hired anyone. I use it to guide all that we do.

Cardinal IG's mission melds the business purpose with Pinder's vision of how that purpose will be achieved. The mission is a constant reference point for all Cardinal IG is working to achieve. It is simple and straightforward:

To make money, by thrilling our customers with our product and service, and by taking care of our people.

The mission influences the hiring process, reward system, leadership, team culture, and work processes. Signs posted throughout the immaculately clean manufacturing floor and training rooms reinforce the mission, report team performance, and emphasize excellence. The company is intentional in keeping all three mission objectives (profitability, customers, and employees) paramount and visible.

VALUES, PRINCIPLES, AND BEHAVIOR

As defined in the *Cardinal IG Leadership Handbook*, company values include loyalty, duty, respect, selfless service, honor, integrity, and personal and moral courage. Values are the foundation of culture but remain abstract unless they are lived in day-to-day actions. Pinder's West Point background and beliefs are reflected in these values and made real in the behaviors he models and expects of his employees. The values are further translated into specific expectations in Cardinal's Guiding Principles, statements that serve as a code of conduct for the way employees do their work and treat one another:

- **Safety**
Nothing we do is more important than safety. It is our #1 priority.
- **Quality**
We ensure that every product we ship to our customer is flawless.
- **Service**
We treat our customers like they are the most important people in the world.
- **Training**
We develop, implement, and maintain a top-notch training program.
- **Leadership/Teamwork/Communication**
This organization is led as a team to make Fargo IG the flagship of the company.
- **Cost Awareness**
We will spend money wisely here—as if the money is our own.
- **Respect for Others**
We treat others with dignity and fairness while encouraging others to do the same.
- **Care for Families**
We encourage our people to spend time with their families and balance work accordingly.
- **Integrity**
When in doubt, do the right thing. Trust is an important part of our relationship.

- **Attitude**
Remember both positive and negative attitudes are contagious—keep a positive attitude.
- **Keep a Sense of Humor and Have Fun**
We are serious about our business but have fun working, training, and growing together.

LEADERSHIP THROUGH A MULTI-LEVEL TEAM STRUCTURE

Structure is the process of aligning work through tasks, responsibilities, departments, and divisions. Cardinal IG has a hybrid-type structure that includes a traditional hierarchy—using basic centralized administrative functions that include accounting, sales, and marketing. Yet the heart of the company is an integrated team network embedded in this organizational framework. Teams operate both at the top level and within the many manufacturing divisions within the plant, assuring everyone is working toward the same purpose.

The six manufacturing divisions of the company are responsible for specialized components of production, such as glass cutting/tempering, spacer fabrication, insulating glass production, shipping, and receiving. Each division has a supervisor with broad management responsibility. Division supervisors are salaried workers that previously served as team leaders and are selected for their past performance and leadership potential within the organization. These supervisors meet as a team, and are responsible for upper-level decisions and the recognition program.

Within each of the six divisions, there are three teams, each with its own team leader. Team leaders serve at the front of production, managing the day-to-day operations and maintenance of the plant, and also take on a major part of the human resource functions of the employees. Cardinal IG does not have a human resource department, although it does maintain a centralized function for the technical administration of payroll and benefits to assure compliance with laws and regulations and internal consistency. Duties such as hiring, firing, personnel problems, scheduling, and training are done by the team leaders and department supervisors. “We do not send our problems to the HR department for them to solve. Our team leaders are empowered and taught to solve the problems. They are close to the situation,” Pinder says.

This cuts down on bureaucracy, keeps decisions close to those that do the work, and creates ownership of results. The plant runs seven days a week with three weekday shifts and a maintenance team that works on weekends when the plant is not in production. Pinder comments that the team leaders are considered the most crucial part of the organization.

Pinder’s philosophy of leadership extends beyond management. All Cardinal IG employees are considered leaders, accountable for their individual behavior and performance as team members. Developing the strong work culture at Cardinal IG Fargo starts when a team member is hired. Pinder meets with all new employees and makes sure it is understood that if they choose to work at Cardinal, they must meet four criteria: *First, be willing to work hard. Second, have a good attitude. Third, be a team player. Fourth, be willing to support the mission.*

The leadership training program established at Cardinal IG is extensive, continual, formal, and informal. It includes quarterly leadership training sessions reinforced by the

Cardinal IG Leadership Handbook. Leadership development is a key part to building confident and competent leaders, and ensures a ready bench of people prepared to lead.

Managers at all levels are trained and expected to serve as mentors and coaches for their employees. Division supervisors, team leaders, and Pinder himself are available to employees at all times. That accessibility is a critical component of teamwork, especially for a company that operates around the clock. Pinder and his entire management team continually reinforce and model teamwork, communication, and accessibility. The Employee Handbook states the following:

My intention is to run this organization as a team. My role on the team will be like that of a coach. I will provide the vision and direction, while you will run the plant. Together, we will make Fargo IG the flagship plant in the corporation—a world-class performer. To do this, we also must communicate with each other. If you have an idea to make things work better, please let me know about it. Know that I am always available for you—anytime day or night. You are my top priority and you are the organization's most valuable resource.

A leader should always train his or her subordinates to be ready to take over their position at anytime, a philosophy Pinder continually stresses in his leadership training. Recently, Pinder was promoted to president of Cardinal Glass Industries to manage nine IG plants (one of which is Cardinal IG Fargo). Mike Arntson, the production manager who has been with the company since it was started in Fargo, was promoted to plant manager. In a recent interview, Arntson was asked if it was difficult to transition into the new position. "It was not difficult at all. I have been trained for this position, and I have been part of developing the philosophy of the company since I started. It was a natural transition." Leadership is intentionally evolving at Cardinal IG.

A CULTURE OF DISCIPLINE AND RESPECT

In the book *Good to Great* (2001), Jim Collins describes companies that outperformed others as having a "culture of discipline." They have not settled on being just "good" but have characteristics that make them "great." They have a freedom (and responsibility) within a defined framework. They have a fanatical adherence to doing what they do best. These organizations as described by Collins are not autocratic, but caring.

Discipline in this sense is about having a consistent, orderly system of rules that govern conduct and activity. It is about making roles, responsibilities, and expectations clear, and fostering self-regulation. This view of a culture of discipline describes Cardinal IG well, and is influenced by the military background of Pinder. However, discipline is only half of the story. Love is the rest. Pinder describes the balance of love and discipline in an article:

We hold subordinate leaders accountable and responsible—and the big thing is that you must love—truly love—your subordinates. People might think that sounds strange. "Love? What are you saying Love?" But every employee needs to know that their leaders and I love them and truly care about them, their families, and their futures. If you truly believe that I love you, you're not going to call in, show up late, because you don't want to let me down.

(Bock, Open Magazine, Winter 2007)

Pinder models what it means to balance love and discipline. He has a unique ability to remember names, and he knows the names of all his team members, their family members, and the personal interests of all his employees. He is available 24/7 to all his employees. Pinder has an open door policy and addresses problems immediately. He also emphasizes leadership continually through mentoring and formal training. As he walks around the plant, he stops to visit. Handshakes and hugs are characteristic. Through this constant interaction, he keeps a pulse on the organization, and knows what is happening with individual team members. He requires the same of his leadership team.

Stories are characteristics of Pinder's leadership style, and they contribute to Cardinal's strong culture and identity. He loves sports and brings in many interesting stories. Signs on the walls remind team members of their pursuit of excellence in all they do. The following quote from Vince Lombardi is posted in the plant and emphasized by team leaders:

Gentlemen, we are going to relentlessly chase perfection, knowing full well we will not catch it, because nothing is perfect. But we are going to relentlessly chase it because in the process we will catch excellence. I am not remotely interested in just being good.

ETHICAL EXPECTATIONS

Employees are rarely terminated, but certain actions can result in dismissal. The non-negotiable aspects of behavior are clear, and they are backed by consequences. First, if employees are not living up to the four criteria (work hard, good attitude, team player, support the mission), they can be terminated. There are actually very few of those situations because the hiring and mentoring processes are so strong.

At the same time, Pinder has zero tolerance for racist or sexist comments and jokes, stealing, fighting, drugs, or alcohol in the plant. Pinder is a role model, and his actions match his words. If something is not right, he immediately talks to the team leaders and asks them why they handled the situation the way they did. If it was done incorrectly, he stresses the importance of doing it right. Generally, there is no mystery in knowing what should be done. The balance of discipline and respect/caring of the individual team members is discussed often by the management and the team members.

One story Pinder tells has to do with a Cardinal employee who reported a team leader made a racist joke. Another employee reported a similar incident with the same team leader. "It was honorable that these employees spoke up and alerted us to the situation. We called the team leader in and asked him if it was true. He admitted it and was terminated." Racism is unacceptable and dismissal, if it happens, is non-negotiable. All employees know this.

Although Cardinal's non-negotiable elements are clear, the more difficult part of leadership is dealing with consequences in situations where the solution is less defined. Another example that Pinder gives shows mentoring at a crucial moment.

Sometimes we just need to remind people of what is important. We had a team leader who I heard complaining about "all these people and how hard it was to work with them" (referring to New Americans). It was a leadership moment, and I asked him if he was just planted here or did his parents or grandparents come to this area from somewhere else? He

said they had come from Norway, and I asked him if they spoke English when they came, and he replied "no." He realized that he was just being ignorant. After our talk he changed his attitude.

ALIGNED INCENTIVES, REWARDS, AND RECOGNITION

There are positive consequences for meeting or exceeding performance expectations, too. All employees are part of Cardinal's profit-sharing plan. Cardinal IG pays their employees well but, in addition, they can receive anywhere up to 52 percent additional each month if they meet the target profit goal. The profit-sharing plan is aligned with the culture of performance and teamwork and serves another purpose as well—recruitment. Cardinal IG in general does not advertise or recruit outside of the company for new employees. According to Pinder, "...we have very low turnover. People leave mainly to return to school or to their family. When we want to hire someone new we ask our employees to recommend someone, and the candidates are brothers, sisters, husbands, wives, cousins, and friends. Nobody recommends anyone who would not work hard and contribute to the team."

An important part of the Cardinal IG culture is the award program for recognizing exceptional team members and exceptional teams. Since January 2000, the company has given 140 Employee of the Month awards. The New Americans received 80 of those awards, or 57 percent. Employee of the Month awardees are eligible to compete for the Employee of the Year Award. The Employee of the Year Award is presented at the company's annual employee banquet held at the Ramada Plaza & Suites in Fargo with all employees and spouses present. In the past 11 years, nine of the Employee of the Year awards have been received by New Americans.

SYNERGY THROUGH DIVERSITY

Pinder believes the success of "the Big Story" of Cardinal IG is largely a result of the numerous individual stories of the New Americans who found their way to Cardinal IG. While others viewed this segment of the population as too difficult to communicate with and work with, Pinder applied his trademark formula of discipline and love and built an enormous strength for Cardinal IG.

I believe—and many believe—that we've got the best workforce out of 29 factories in 16 states here in Fargo. Why is that? The only thing I can come up with is that we're different. We didn't grow up together and go to school together, go to church together—we don't know everything about each other so we're not all thinking alike. We're from 15 different countries, different cultures, different ways of doing things, and we bring different stuff to the table. And that, synergistic effect, I believe, has enabled us to get to a level that others have not gotten to.
(Bock, *Open Magazine*, Winter 2007, p 38)

Pinder is often asked if language is a barrier as many of the New Americans come from poor and disrupted countries. He comments, "Heck, no. If someone comes to Cardinal and does not speak English, we put that individual with someone who does (they pair

them with someone from their home country). Before long they are speaking English and getting along well. Many of the New Americans speak several languages, including their home country language and English."

The countries represented at Cardinal IG during the past few years include Albania, Algeria, Bosnia, Burundi, Central African Republic, Congo, Eritrea, Ethiopia, Haiti, Iraq, Iran, Kenya, Liberia, Macedonia, Nigeria, Romania, Russia, Rwanda, Somalia, Sudan, Thailand, Togo, Tunisia, Uganda, Vietnam, and the United States. Lutheran Social Services of North Dakota is the primary organization for bringing refugees into the area. It contracts with the U.S. government in relocating and supporting new refugees. Most of these New Americans came to the United States through a long journey consisting of war, violence, poverty, and persecution.

In a recent article for the Lutheran Social Services publication, *The Messenger*, Meg Luther Lindholm describes the New Americans at Cardinal IG. "The stories that people were telling me were so interesting and so strong. A lot of the people that I have met and interviewed for this project could have films made about their lives. They are dramatic. They have been through that kind of experience where they have just had to use their wits to survive from day-to-day. And they have lost so much." Some examples include the following:

A young Cardinal IG worker from Somalia is a full-time student with a wife and children. He was orphaned at the age of 14 when thugs broke into his family's home. His father didn't have anything for them to steal because they had been robbed earlier in the week. This enraged the thugs, and they killed both of his parents. He fled and eventually made it to the United States and Fargo. Despite all the possible reasons for feeling down and sorry for himself, he has a very positive outlook.

A husband and wife from Sudan fled their homes with only the clothes on their backs when northern Sudanese army troops came into their town and started killing villagers and looting homes. They were separated from their son who had to stay with his grandmother until being reunited with his parents several years later. The husband is now employed at Cardinal IG, and the son is a student at North Dakota State University.

One of Cardinal IG's team leaders is from northwest Bosnia. In 1991, when he was 20 years old, civil war broke out. Serbs put him into slave labor for several years. He was caught in the fighting, was shot in the back, and spent 2½ months in a hospital. He was able to escape by crossing over to Croatia and lived in a refugee camp for several years. He later came to the United States and found his way to Fargo through the refugee program.

Pinder's leadership style breaks through communication and cultural barriers through the universal language of love, respect, and authenticity. By knowing his employees, their families, and their stories, he honors their dignity and makes it a powerful force in the culture and success of "the Big Story."

CONCLUSION

How effective is the Cardinal IG plant in Fargo? It excels at being a great company, not just a good company. From the research collected, success is evident in several areas. It accomplishes its mission well. The financial performance of the company as the top performer within the organization of 29 different plants is evidence of this along with the overall

success of the corporation—Cardinal Glass Industries Inc., It is an exceptional plant in taking care of its employees. This is evident in their high retention rate, profit-sharing plan, recognition of excellence, exceptional team members, immaculately clean plant, and the shared values of a diverse workforce.

As we examine the company from a holistic and systems perspective, it is evident many of the elements of the organization are interrelated. They fit together to achieve a shared goal—a great example of an organization “designed” to accomplish its purpose. The elements that make this happen are the strength of its leadership, specific goals and objectives, a team-based structure, strong values and culture, and intentional and disciplined procedures throughout the organization. Cardinal’s success cannot be attributed to any one factor but rather the alignment of all its parts in support of its mission.

The Cardinal IG plant also exemplifies ethical leadership. Under Pinder’s direction, Cardinal employees are encouraged to pursue the company vision and participate in the firm’s ethical corporate culture. The firm developed solid principles that are non-negotiable, such as respect for employees. The firm lives and breathes its values. For instance, 50 percent of the plant’s employees are New Americans, demonstrating the firm’s strong commitment toward its value of diversity. Additionally, all employees are treated with respect and dignity, reiterating the fact the company values their contributions. Cardinal’s strong ethical leadership enables the company to thrive while providing it with the opportunity to become a positive force in its community.

QUESTIONS

1. How has David Pinder embraced ethical leadership to create an ethical culture at Cardinal IG?
2. How has Cardinal’s principles and values shaped the ethical behavior of employees?
3. How has Cardinal empowered its employees to practice responsible and accountable leadership?

SOURCES

The above case study was based on information from the Cardinal IG website, www.cardinalcorp.com, retrieved on April 16, 2011; interviews with Dave Pinder, plant manager of Cardinal IG Fargo, on March 10, 2011, and April 7, 2011; interview with Mike Arntson, Cardinal IG Fargo, on April 11, 2012; a presentation by Dave Pinder at the Center for Ethical Leadership, Concordia College, Moorhead, Minnesota, on November 1, 2002; an article from Open Magazine, Issue 3, Winter 2007, by Jodee Bock, titled “From Westpoint to Fargo: A Leaders Journey,” Fargo, ND; an article in the Lutheran Social Services publication *The Messenger*, Winter 2005, titled “Finding common ground”; interviews with Yasmeen Frost and Darci Asche, Lutheran Social Services, New American employment, on May 2, 2011; the book mentioned in the above case was by Jim Collins, “Good To Great: Why Some Companies Make the Leap ... and Others Don’t” (2001), New York: Harper Collins; the management model used as the framework for the article was by Cavalari and Obloj, “Management Systems” (1993), Belmont, CA: Wadsworth.