

# Lessons Learned from Harpoon Brewery:

Finding Balance Between the Employee and the Firm.



TEAM V  
OB-221 B5

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## **Introduction**

In today's business environment, the employee can no longer be a means to an end. All around the United States, companies are recognizing the importance of the employee and understanding the benefits of employee welfare. Many companies are offering enticing perks, like 16-week paid family leave<sup>1</sup>, unlimited vacation, and free gym memberships and food. Few companies, however, are willing to go the extra mile, beyond surface level perks, and truly empower their employees.

Harpoon Brewery is a part of that minority. Harpoon recognizes that employees are a key stakeholder in a well-functioning organization, which is why it instituted an Employee Stock Ownership Plan (ESOP) in 2014. According to Dan Kenary, co-founder of Harpoon Brewery, “Employee ownership is the embodiment of what Harpoon stands for. The ESOP strengthens our commitment to our employees, our culture, and to making and sharing great beer.”<sup>2</sup>

But the ESOP is just one of the ways that Harpoon has been able to excite its employees while building a strong and successful brewing company. Harpoon seems to recognize the intricate balance between employee empowerment and corporate decision making. This paper explores the challenges that Harpoon faces as an ESOP as it continues to grow; the delicate balance between keeping employees engaged, while maintaining the small business mentality that senior managers attribute to its success. By analyzing the practices that Harpoon affords and constraints it employees, and explicating the tactics that Harpoon uses to make decisions and manage its brand and culture, we are able to better understand how successful teams circumvent obstacles, and apply our newfound understanding to our own current and future teams.

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<sup>1</sup> "Benefits and Rewards." Deloitte United States. 2016. Accessed November 20, 2016.

<sup>2</sup> Wilmore, James. 2014. "US: Harpoon Brewery Moves to Employee-Owned Status, CEO Exits." *Just - Drinks Global News*, Jul 11.

## **Values, Attitudes, Perceptions, & Preferences**

At the core of all strong company culture resides meticulously crafted de facto norms that shape the values, attitudes, perceptions, and preferences of the employee and the organization as a whole. All companies look to hire talented human capital, but few are willing to esteem values and intrinsic passion above direct qualification and merit.

Harpoon Brewery aims to create a work environment that is comprised of employees who share homogenous values and attitudes. It accomplishes this by proceeding with an extensive interview process. Applicants are screened through resumes, phone interviews, and finally, a select few applicants are permitted to participate in a working interview that showcases their skill sets and attitude toward brewing. The final and possibly most important step towards securing a position at Harpoon is engaging in a round robin set of interviews where department heads (about five) across the board decide if the potential employee truly has a future working at Harpoon. By implementing a strong interview process and reinforcing an infectious company culture, Harpoon motivates employees to take an increased level of pride in their work. At the end of the day, each employee's financial situation rests on the mutual dependence of all other employees; that everyone is putting their best foot forward one hundred percent of the time.

While some may argue that people in homogenous business settings are less creative due to a lack of diversity<sup>3</sup>, Harpoon aims to dissolve certain conflicts that they believe drive down productivity, kill the culture, and simultaneously boost individual behavior along with results. The importance of hiring people who share values and beliefs is most apparent when evaluating the benefits associated with employees who see each other as more than fellow co-workers but as

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<sup>3</sup> OB221 Lecture #3 Effective Teams Slide 38 (Figure 2))

true friends. Differentiation is avoided purely to encourage strong relations from the minute someone is brought on board at Harpoon. Al Marzi, the Chief Brewing Officer, oversees the hiring process for employees, and he believes that Harpoon is, “really trying to bring in people that are similar in many ways. Harpoon will not hire someone who is arrogant or rude, even if they are well qualified.”<sup>4</sup> The hiring of a someone who does not fit with Harpoons core values and attitude could potentially lead to, “a loss of \$12,000 per year” while the hiring of a “superstar” adds about, “\$5000 to the company's profit.”<sup>5</sup>

The glue of Harpoon’s attitude and values lies in the employee-owned structure of the company. Value congruence, reinforced by the motivation to benefit the Harpoon stock, is consistently embodied by employees. When comparing Harpoon to the Schwartz Value Model<sup>6</sup>, openness to change is complementary to the conservation of company values. Employees are encouraged to pursue innovative techniques that help to keep their company at the peak of the craft brewing industry. Al Marzi believes that as employees “look around in their daily life at the brewery, they should be thinking: how can I save the company money? How can I contribute to making this an even better place? Everyone’s mindset should be one that focuses on benefiting the company as much as possible.”<sup>7</sup>

Such dedication to building the company's overall worth through the openness of management in facilitating change goes hand-in-hand with Harpoon’s desire to conserve its values and attitudes embraced by all. Harpoon recognizes that being a successful

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<sup>4</sup> Al Marzi, interviewed by Tristan Ruh, October 24th 2016, Interview Summary 1

<sup>5</sup> Porath, Christine. "How to Avoid Hiring a Toxic Employee." *Harvard Business Review*, February 3, 2016. Accessed November 25, 2016.

<sup>6</sup> Schwartz Value Model (Figure 1)

<sup>7</sup> Al Marzi, interviewed by Tristan Ruh, October 24th 2016, Interview Summary 1

employee-owned firm requires the status quo of the employees is to constantly pursue innovation.

### **Performance, Rewards, Applied Motivation**

At all organizations, employee effectiveness is the lifeblood of value creation. Employees are the physical force that begets success or failure; triumph or defeat. At Harpoon, an added level of complexity exist in that employees are synonymous with owners. This organizational structure creates an interesting motivational atmosphere which requires unconventional methods of employee engagement, recognition, and evaluation.

Harpoon, even before it was an employee-owned company, had developed an online portal for which employees could voice their opinions on work-related issues and post ideas for how certain processes could be improved. If an idea was attractive to senior management, the employee would be recognized by having his idea and image posted on Harpoon's Idea Wall.<sup>8</sup> Recently, Harpoon has begun to incorporate its employees' MBTI types in their recognition tactics by assessing whether or not a certain personality type would enjoy public or private recognition.<sup>9</sup> On top of their engagement and reward efforts, Harpoon is dedicated to having "regular conversations about how people are performing", and conducting a plethora of different annual evaluations that measure employee happiness.<sup>10</sup>

Harpoon's unconventional approach on how it motivates and assesses performance begins with its unorthodox, mainly organic, organizational structure<sup>11</sup> which combines a wide span of control and little formalization with centralized decision making, allowing for high levels

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<sup>8</sup> Idea Wall (Figure 3)

<sup>9</sup> Chris Bonacci, Interviewed by Moe Alhassan, October 24th, 2016, Interview Summary 2

<sup>10</sup> Chris Bonacci, Interviewed by Moe Alhassan, October 24th, 2016, Interview Summary 2

<sup>11</sup> Centralized vs Decentralized (Figure 4)

of interaction between employees and senior managers. Couple that with employee ownership and a culture that encourages its employees to “raise and confront brutal facts,”<sup>12</sup> an atmosphere is developed that requires constant feedback and dialogue. This unremitting back and forth between managers and employees is great, in theory, but it can be detrimental to efficiency. For one, it perpetuates a cycle of increased employee engagement, which requires moderation in the already cumbersome, centralized-yet-employee-owned firm. According to Chris Bonacci, Harpoon’s Vice-President of Marketing, there’s a “risk of increasing engagement in the company and then having people be disappointed because they feel like there were promises that aren’t being kept.”<sup>13</sup>

Perennial cycles of appraisal and discourse also allow management to be acutely in tune with what employees in their span of control are up to. This is a positive in that managers can better perform their five functions, especially directing and controlling,<sup>14</sup> but a negative in that it can set the precedent for micromanagement and a lack of trust -- which will harm a “team’s morale and – ultimately – [their] productivity.”<sup>15</sup>

Lastly, a culture that encourages debate is arguably healthier because of the increased propensity to solve conflict and confrontation earlier, but too much debate can lead to a higher barrier to entry for new team members -- slowing team development. Constant parleying may also drive employees to insubordination<sup>16</sup>, which is the telltale indicator of substantial distrust within any organization.

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<sup>12</sup> Harpoon’s Mission Statement (Figure 5)

<sup>13</sup> Chris Bonacci, Interviewed by Moe Alhassan, October 24th, 2016, Interview Summary 2

<sup>14</sup> Five Functions of Management Diagram

<sup>15</sup> Wilkins, Muriel M. "Signs That You're a Micromanager." Harvard Business Review. 2015. Accessed November 20, 2016.

<sup>16</sup> Falcone, Paul. “Insubordinate Behavior: Deal with it Before it Destroys Employee Morale.” Society For Human Resource Management. 2001. Accessed November 19, 2016.

In order to maximize efficiency at Harpoon, senior management walks a tightrope between too much and too little engagement and applied motivation. Luckily, Harpoon managers can best predict employee behavior according to Lewin's Formula<sup>17</sup>, because of their use of MBTI to understand their individual employees, and their concrete definition of the optimal environment.

### **Collaborative & Transformational Leadership**

Collaboration and strategic communication within any firm promote productivity, but true growth and success are derived from collaborative learning efforts between leaders inside and outside of the firm. By discussing the merits of certain business practices with companies who have pioneered the practice in question, Harpoon leverages past experiences to mitigate risk and propel innovation. According to Chris Bonacci, "you need to be confident enough to know what you know, and confident enough to know what you don't. And be open to the idea that you can learn from anybody."<sup>18</sup>

As a relatively young ESOP, Harpoon is vulnerable to making many mistakes, as all companies are when they implement a new practice. To alleviate this risk, transformational leaders, like Cellar Manager and ESOP Coordinator Aaron Moberger, regularly attend ESOP conventions to change current practices to maximize efficiency. Attending these conventions demonstrate both Harpoon's "commitment to continuous improvement" and their "motivation to brewing great beer."<sup>19</sup> Moreover, by actively meeting with ESOP pioneers, Harpoon is not only able to expand their network, but also to add valuable resources and insight to their company.

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<sup>17</sup> Lewin's Formula (Figure 7)

<sup>18</sup> Harpoon's Mission Statement (Figure 5)

<sup>19</sup> Harpoon's Mission Statement (Figure 5)



As Harpoon tends to hire employees who share its values and perceptions, collaborating with companies that have dissimilar identities can also help propel innovation. Challenges tend to arise, however, when working with organizations that do not share your core values and attitudes. To combat such challenges, Rebecca Newton, a writer for the Harvard Business Review, advises finding common ground at the level of interest.<sup>20</sup> Although other ESOP companies may have differing operating norms, collaborative leadership and interaction with divergent organizations at ESOP conventions precipitates opportunity and creativity. Interacting with people in such a setting provides a platform in which diverse groups can discuss their experiences, and ultimately brainstorm to create new and effective means of operating as employee-owned firms.

### **CSR & Decision Making**

To have a competitive advantage within any industry, an organization can set itself apart from others by employing corporate social responsibility initiatives that tune the brand's decision-making mantra. Harpoon Brewery has grown tremendously since its inception in 1986, mainly due to Harpoon's skillful decision making in being sustainable and considering key stakeholders. Harpoon concentrates on two components of the triple bottom line: people and planet with its philanthropic arm -- Harpoon Helps.

Harpoon Helps is dedicated to supporting local charities throughout Massachusetts with donations of free beer and volunteer hours. Since 2001, Harpoon has already donated 261,664 beers and volunteered 39,109 hours.<sup>21</sup> Some of the environmentally sustainable practices at Harpoon include: providing local farmers with spent grain for animal feed, recapturing

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<sup>20</sup> Newton, Rebecca. "Collaborate Across Teams, Silos, and Even Companies." *Harvard Business Review*. N.p., 01 Nov. 2014. Web. 29 Nov. 2016.

<sup>21</sup> "Upcoming Events." Harpoon Helps: To Brew and To Serve. Accessed November 17, 2016.

condensation to deter unnecessary heating costs, and encouraging brewery employees and visitors to ride their bikes to the brewery.<sup>22</sup> Harpoon implements these CSR initiatives because it believes that the company is indebted to the community that drinks its beer and supports its brand.

Organization-wide decision making is driven by the fact that Harpoon doesn't simply offer material rewards such as bonuses, but the charitable events offer motivational factors from Herzberg's Two Factor Theory<sup>23</sup> for employees. When each employee signs the mission statement poster, he or she is agreeing to host memorable brewery visits, to tell its story, and be a good neighbor.

One of the top 3 things people search for today is "Purpose."<sup>24</sup> "During the April 19 awards presentation, Harpoon was cited for its exceptional sustainability program, which includes waste reduction, responsible chemical usage, and operational efficiency measures, as well as energy management initiatives with EnerNOC."<sup>25</sup> Harpoon is able to achieve this award because the employees use available resources responsibly, and make environmentally sound decisions. Employees fulfill and find a purpose when they work for Harpoon because they are accomplishing larger goals by participating in events for something they love, and for making the world a better place.

Harpoon's Director of Quality, Jamie Scheir said, "we instill into people the culture of accountability. The mechanism we are using to do that is the culture that comes with being an ESOP."<sup>26</sup> As an ESOP organization, Harpoon creates unity and a family-like feel through these

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<sup>22</sup> "Harpoon Brewery." Harpoon and Our Environment - Harpoon Brewery. Accessed November 20, 2016.

<sup>23</sup> Herzberg Two-Factor Theory Diagram

<sup>24</sup> OB221 Lecture #2 Slide 66 (Figure 9)

<sup>25</sup> "Environment; Harpoon Brewery Wins Boston" (Investment Weekly News, 2012) , 1.

<sup>26</sup> Jaime Schier, interviewed by Nancy Song, October 24th 2016, Interview Summary 4

events. Employees form stronger bonds and have genuine care for each other, which increases mutual accountability. “You got to choose which mountain you want to die on,” said Harpoon’s Sales Manager, Bill Leah.<sup>27</sup> As a result, no matter what problems employees encounter, everybody is willing to help and figure it out together. ESOP enables employees to feel motivated and form strong opinions about how their company should function, which may sometimes result in disagreements. The charitable event is an outlet for everyone to work as a family and ensure that all employees are still friends at the end of the day. It lifts the values and attitudes up so that upper management can make organization-wide decisions.

### **Application to Current & Future Teams**

By determining personality traits early on in the norming stage of forming a team, we will have a better grasp of how to effectively interact with group members. Understanding and respecting an individual’s preferences can also aid in avoiding and addressing confrontation when need be. We can tailor the environment to fit and accentuate specific team members’ strengths and foster an optimal environment for a high-performing team by understanding that behavior is a product of personality and environment. Creating these relationships opens the door to more effective and meaningful communication which leads to innovation. Recognizing this individuality, even in homogenous groups, is imperative as each individual reacts differently to certain motivation and reward systems.

Though different teams may be working on fundamentally different projects, by communicating and collaborating with other teams, an opportunity for innovation and improvement arises. By developing an environment that encourages the creation and

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<sup>27</sup> Bill Leahy, interviewed by Roger Wang, October 24th 2016, Interview Summary 3

communication of ideas within and between teams, we can leverage diversity and take advantage of a larger variety of resources that can aid in problem solving and heightened creativity.

Engaging with people who have diverse talents and experiences allows a company a greater opportunity to create optimal outcomes.

After careful analysis of the results and characteristics of this type of management practice, our team has decided to participate in one of Harpoon Helps' charitable events on December 3rd for our Community Service Initiative, Harpoon Helps Spread Holiday Cheer. This will allow us to interact with each other outside of a professional setting in order to continue to develop a genuine bond and create a better environment for us to function in as a team and as friends. When we participate in events that we care about, we will fulfill a purpose and the need to identify with a group of individuals who have the same mission. This will allow us to fulfill our core goal of this semester, going above and beyond the basic requirements for the class. We would like to accomplish a larger goal by helping others, rather than just achieving a mere extrinsic reward.

Harpoon has taught us that for any company or individual to be successful, they must first have explicit respect and understanding of their own core attitudes and values. As Mr. Moberger said, "When you're coming to the standpoint between two departments with conflicting interests, you have to go with the one that's best for the company and most in line with our values -- that's how we find common ground."<sup>28</sup> While there are many formulas to organizational success, Harpoon, over time, has perfected the art of galvanizing its employees while staying steadfast to its mission.

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<sup>28</sup> Aaron Moberger, interviewed by Meghan Peters, October 24th 2016, Interview Summary 5

## **Appendix I**

**Interview Summary 1:** Al Marzi: Harpoon Chief Brewing Officer: Interviewed by Tristan Ruh

**Question 1: How do you think Harpoon compares to competitors in terms of working environment, customer satisfaction, and employee satisfaction?**

Al: I think that those are three areas that you are always looking for improvement in. You can not rest on your laurels. When you think you are doing well you need to double your efforts and always keep improving on them. In terms of customer satisfaction, I think we do a very good job. One of the advantages we have here is that we have local distribution so we get to know our account very well. It helps if our retailers have a personal interaction with our facility because the effects can trickle down to the people that are consuming at the package store, or if they are buying it at an on premise bar.

**Question 2: Does conducting all of the operations under one room benefit the beer brewing process at Harpoon?**

Al: There is no other location in Boston where you can sit down and have a beer while watching the beer be produced. If you go over there, you will notice that there are no TV's, it's just long tables. One of our statements is "Love Beer Love Life" so there is a lot of communication and interaction with your friends. Spending time with your Co –Workers and discussing a workday over a beer is something that we hold very near and dear to our hearts.

As far as employees go, we are an employee owned company. We really try to have engaged personnel who take part in a number of fascists at the brewery. While each employee may be focused in a particular area of the facility, we try to keep people informed about everything that is happening at the brewery. We have a company meeting once a month that everyone is invited to. At these meetings the head of each department gets up and talks about what is going on in various aspects of the company. It is really a nice opportunity for everyone to see what is going on in the company. We go over our sales from the previous month, we talk about new activities that will come up within the next month. We talk about what new beers we have coming out so that we keep everyone informed. We really try to drive down to each person in their various areas that they have ownership of what they are actually doing. So, if employees have an idea for improvement, we want to hear it. I'm up here in my office and I can really learn a lot more from them. I think by listening to the employees it helps with morale.

**Question 3: Do you think the culture at Harpoon contributes to operations on a daily basis? How does the satisfaction of employees contribute to operations?**

Al: The people that work together end up forming close ties. They not only work well together, but they have beers together after work and develop true friendships. Such practices can facilitate employees feeling part of something bigger than them.

**Question 4: Are there any metrics that you use to measure success as the Chief Brewing Officer?**

Al: From a qualitative perspective, yes we have many metrics in terms of quality assurance that we have to hit. I look at the beer as one of my responsibilities and we are constantly monitoring the beer all the way through production, packaging, and finally ensuring that all sorts of specifications are taken into account. As far as innovation goes, we are constantly coming out with new beers. We have a small ten barrel pilot system where we create beers that we can then test in the beer hall. We try to get direct feedback from our customers, but we also put together a group made up from people all parts of the brewery that meet once a month to test our new beers. Another metric my job is judged by is customer satisfaction. For us, it is all about creating the right atmosphere here at the brewery. We have what tends to be a younger demographic in the brewery. As part of that, we have people that are in various stages of their lives; so they may be moving and there is an inherent turnover rate. Even if you had the best working conditions in the world people may want to alter their career paths and pursue other avenues in life.

**Question 5: What is your hiring process like?**

Al: Our hiring process is rigorous. We do want to take our best shot at someone who is going to be here for a long time. I have been here for 25 years, we have a lot of guys who have been around for a long time.

The first thing we do is vent resumes when they come in and give them screening questions. Some of the questions include: what's your favorite beer, what kind of working environment would you like? Next we bring them in and put them through a round robin set of interviews. You could be hiring for a driving position, a maintenance position and I might be interview them. We like to have people from all different areas of the company to meet the person. Even if you do not know anything about the job they are interviewing for, you can at least vet them for their personality, what their likes and dislikes are, and what they do outside of work. We are really trying to bring in people that are similar in many ways. We will not hire someone who is arrogant, rude, even if they are well qualified.

We also go through another process called "On Boarding"- When potential employees come in here, we try to have them spend a day in various departments where they can see what other people are doing and gain an appreciation for that.

**Question 6: Are there any challenges associated with working at an ESOP company such as Harpoon?**

Al: There are challenges in explaining exactly what working for an ESOP company means to employees. Particularly for younger people it can be difficult because at the end of the day it is a retirement program. You are building equity in the company for your retirement. One of the nice things is that after five years or so and you become fully invested in the company, you have that

money and although you can't take it you can use it as collateral to go get a loan to buy a house. It is real money, but it is just not in your hands to spend. Sometimes you have got someone who is in their twenties or thirties that is thinking: hey you know what I want to go see another part of the country. The ESOP is not necessarily going to keep them here because it is not something tangible to them yet. The other thing that we have found talking to a bunch of different ESOP companies is that it takes time for a culture to develop where people really understand what it means and that they need to act like an owner. As they look around in their daily life at the brewery they should be thinking: how can I be saving the company money? How can I contribute to making this an even better place? Everyone's mindset should be one that focuses on benefiting the company as much as possible.

We have only been an ESOP for about two and a half years and I think we had a nice culture beforehand, so I would say that ESOP really just boosted our culture and took it to the next level. There is not an us vs. them, management vs. employees culture, we are all in this together. Some people come in and they aren't ready for it yet.

#### **Question 7: About Harpoon Events**

Al: What happens at our events is all of our employees work at them. It's hard work; you are either working at the front door bringing people in, handing out glasses, selling tickets for beer, pouring beer, whatever it is we are all involved in it. I'm the chief brewing officer and I'm out doing whatever.

When the event ends everybody leaves and we all go upstairs and have beers with each other which is really a great team building exercise. You have salesman next to production guys, next to delivery guys, next to marketing people.

#### **Question 8: How often is Harpoon coming out with/ creating new beers?**

Al: There are probably 75+ beers right now if you count the pilots. If you count the beers that made it to a six-pack with a label this year we had fifteen new beers.

#### **Question 9: What are some of the largest decisions you make and how much of an effect do you think they have on the success of this company?**

Al: I am the chief brewing officer so I am in charge of the pilot system which consists of always coming up with new beers. I also run the live group which is our group that tastes beers once a month. Another thing I contribute is in the hiring process I make sure that we bring in the right employees and set everyone up for success. One of the more tangible things is that I have eight different managers in eight different departments that report to me. One of my main jobs is to be sure that I am outfitting them with whatever they need to make their guys successful as possible; whether it is continuing education, management techniques, support, whatever it might be.

#### **Question 10: Do you think that Harpoon plans to expand further West?**

Answer: We just went into Minnesota and Wisconsin this fall. We will see how it goes. Our mindset all along has always been to grow organically in areas that we are in and that has worked for a long time; however, the market has changed. There are now 4500-5000 breweries that exist.

**Interview Summary 2:** Chris Bonacci, Harpoon VP of Marketing: Interviewed by Moe Alhassan

**Question 1: How did you get started at Harpoon?**

Chris: I graduated in '01 and then I was doing recruiting so I was working in human resources. And then everything changed with the economy after 9/11 obviously and the job that I was doing was basically just being eliminated. So they said take your time to figure out what you want to do, I looked around and did a few different things and eventually came in here through our sales marketing training program and that's been it. I bounced around a little bit within the company and switch from sales marketing six years ago in 2010.

**Question 2: So you've worked your way up and gotten to see different aspects of the company. What stands out as you've progressed through Harpoon, in general, about the company culture & the people here?**

Chris: We are still an all hands on deck company. Example: So we'll do three festivals a year, one here, two in Vermont, and we have everybody in the company comes out to work the festivals, to sort of put them on. We ended up mixing up "mix-packs" just a few weeks ago and we put a call out for anybody who was in the company to come out and do that. A "mix-pack" is a variety pack for different styles of Harpoon beer. This one happened to be 15 different styles with two of each, so each pack has 30 beers. The amount of "mix-packs" that we needed to make made this a larger project. A lot of people came out and helped, so I'd say people are pretty open to coming out now and helping out. And to a certain extent as you grow as a company, you probably don't want to do that all the time. It makes sense as you're kind of a smaller growing company, but then as you get larger it sometimes doesn't make sense either. The willingness is still there, I think for the people in this company, and part of that is because we're all dedicated to being here and dedicated to help individuals as well as the company grow.

**Question 3: And I'm guessing that feeds largely into the employee-owned culture here.**

Chris: Exactly, that has played into that feeling. There was this feeling it was already there and then I think becoming employee owned helped elevate it.

**Question 4: When did it become employee-owned?**

Chris: 2014, so pretty recently. The first year was kind of interesting. People were sort of wondering how well what does this is actually going to mean, what is going to happen here? And the second you start seeing it and so we have a shared Distribution day, that when people look at



their shares, and they see that it's real money, it's money that we don't put it in that comes from the company, so I think that kind of start it, and it starts adding up and people start thinking well there's got to be ways where I can influence this and that's really when it becomes powerful.

**Question 5: How do you think Harpoon compares to competitors in terms of work environment, customer satisfaction, and employee satisfaction.**

Chris: I would say that we're going to be probably pretty comparable for breweries that are our size. I think depending on what people want to do, they are going to be breweries that are larger than us and breweries that are smaller. So if, for example, you want to come in, and Al could probably talk to this more, we spend a good amount of our time making our Harpoon IPA, which is about 50 percent of our business, roughly. We then make a line of Harpoon seasonal beers, and then on the UFO side, we have UFO white and UFO seasonal beers. So really we spend probably 80 to 90 percent of our time making four styles of beer. If you want to make 100 styles over a year you are probably not going to be the happiest Brewer here. You'd be happy at a place that makes smaller batches, that can change up. That has the challenge and the benefit of not necessarily relying on long term contracts for ingredients. We're lucky to be able to do that here. Smaller breweries get to sort of say we're just going to play around, so they get to see what's available at any given time and design a beer around that and go from there. So I think, depending on what people are looking for, this is a phenomenal place. There are a lot of people that you can learn from. We've been in the industry for 30 years, so we have a good sense of what we're doing and we've learned a lot of things that a lot of the other companies are going to learn, but probably doesn't have that entrepreneurial edge that you might have in a small startup brewery. But I think for breweries that are our size -- we brew about 200,000 barrels -- I would say that we're going to be pretty comparable in terms of employee satisfaction. I think employee ownership has helped and created a sense of ownership within the brewery and that will continue to drive, holding each other accountable, which is a positive and a challenge, and continuing to have people invest in the company.

**Question 6: So what metrics do you use to measure how people are being successful in the company?**

Chris: So we do we do a couple of different things:

1. we have general compensation reviews, and that's part of the whole thing ESOP thing. We try to have regular conversations about how people are performing. In sales, in some ways. And I think they would probably push back, in sales in some ways it's a little bit easier because you have sales growth numbers of accounts that you're looking to hit. So there are there are metrics that you really want to hit, etc. It's a lot more tangible and quantitative.

2. In marketing, we're working on becoming more quantitative but we're developing that muscle so for a long time we really didn't have yardsticks or benchmarks used to say we know we're doing well or not.
  - a. The biggest thing that we use is looking at what we call overall volume, distribution, and velocity. So for us distribution is where we put the products. So it could be a thousand accounts and we have a six pack place we want to look at with the distribution goals or also look at how quickly it sells. So for us that's philosophy how quickly does that turn out or how fast does a consumer pull that product off the shelf. That's a big benchmark that we will look at in terms of general succession markings.
3. We do a number of different annual evaluations on employee happiness. Their level of engagement at the company can be drilled down to the department. But I think generally we tend to have a manager employee hopefully more common conversations about this is going well we need to spend more time here. And then a lot of what we do is rewarding people we do a lot to the public recognition. Most people who are here ultimately aren't here hoping making millions coming into the beer business. You can live a comfortable life, you can live a happy life. You're not going to make you millions. So there has to be something else that people come here that's driving them. So finally the financial success is a big part of it. But then there are other things that we want to do to make sure people are happy. Public recognition or depending on the person can be private and we've actually started implementing predictive index. It's a it's it's kind of like a personality assessment but it's a little more in-depth than that but it gives you good information in terms of the different players and how they respond to different sites.

**Question 7: Sort of Like an MBTI assessment?**

Chris: Yes, exactly. So, will they value public recognition or private recognition? What are they actually looking for. The numbers driven concept driven so we're started putting some of those entities.

**Question 8: The critical challenges, like if you could place a name on the those challenges that you face as a marketing manager what would those be?**

Chris: I think our challenges are probably related to twofold.

1. One of them is we're trends from it from a marketing standpoint. We're transitioning a little bit from what would be considered a sales driven organization to a brand led organization. I think that's that is a challenge making sure that the the the whole company sort of understands that vision and is behind it. And I think it's a big transition because you go through it. It's a challenge when you go through. And I think the time that it's taking place makes it particularly challenging given all of a sudden this universe where for a long time we would grow as the category grew. Now there are more entrants

coming into that pie is growing is not growing as fast as the number of new entrants. So it just becoming more challenging to going through that kind of evolution.

**Question 9: Yeah how did you how do you think ESOP has changed Harpoon?**

Chris: It takes time for that. The idea of employee ownership to sell it historically said employee owned companies outperform other companies that are competitors in their industry. And I think that we will see that be the case we're seeing hints of it now but I think it will still take time for the idea of your ship to really take root and that's what we started it is designed to do.

**Question 10: What are the Cons of ESOP?**

Chris: I think it's all about two and three occasions I think making sure that people understand how employee ownership works and that. It has a tremendous amount of advantages as long as everybody knows how an hour. For example, we're not going to vote on new products or new names or something like that. So you run a risk of increasing engagement in the company and then having people be disappointed because they feel like there were promises that aren't being kept. That's not a reason not to do it. It's just something to pay attention to. I think people become really involved which is great. You just need to make sure that you're managing expectations because everybody's still going to play their individual part. And I think that's probably that's probably the most important thing for us.

**Question 11: How do you deal with conflict due to the involvement?**

Chris: We've always tried to encourage debate, and in some ways we've increased that with the employee ownership transition. And I think that can be productive. I think now we're trying more and more to encourage healthy debate so that people understand you have been talking about that don't take anything for granted should be talking about but also do it in a way that it's not it's not personal. You know we're talking about sort of different initiatives whether right or wrong and it's not the outcome that we're looking for rooting for the best results.

And so I think that's what we try. And that works a lot. There are times where it doesn't. And we're sort of we're we're feeling our way through that as we go again. And I'm encouraging a lot of that debate is going to bring up some some issues and hopefully everybody feels comfortable enough to know that we're going to end up in a good place in the department.

**Question 12: My last question is a kind of a personal question. How have you grown with Harpoon over the years. What skills did you come in to Harpoon with and what did you learn?**

Chris: We'll I can tell you I didn't know much. I came into the company with a political science background and some interest in the beer business. And I started in sales which is an experience that I think is viable for anybody almost no matter what they're going to do. Primarily because it teaches you determination. You get 10 "No's" for every Yes. It's that sort of thing where you

just have to continually keep working on what you're doing and finding your message and being willing to get knocked down quite a bit and be able to come back. I think that was probably the first lesson. But there's definitely a lot that I think I still have to learn and that we all still have to learn I think.

In terms of working as a group. I probably like to think that I'm more humble which is a vicious vicious cycle. But it really is in this business, and I think Dan is very good at it, it's such a fast paced business that you can't ever take for granted that you know everything. You need to be confident enough to know what you know and confident enough to know what you don't. And be open to the idea that you can learn from anybody. You try to do that but it's hard and every day just because of the pace of the business you just need to keep moving.

It's a great business. It's a fun it's like it's a great business. It's more of a business than I thought I was going to be. I mean it's a it's a real business when you have 30 you don't expect. You always start talking about the distribution channel or things like margins and healthy margins and all that stuff. It's a really old school business, it's a personal business and sales teams personality driven relationship here and there and that's it.

### **Interview Summary 3: Jaime Schier: Director of Quality: Interview by Nancy Song**

#### **Question 1: What's your idea of Harpoon's company culture? How does that company culture contribute to operations on a daily basis and does it contribute to the bottom line?**

Jaime: So there are a lot of aspects to culture. There is a complicated blend of things but one overarching thing that we instill into people is the culture of accountability. The mechanism we are using to do that is the culture that comes with being an ESOP (employee stock ownership program). We try to reinforce with people the large and bigger pictures things but also the small and mundane things, all of it from takes ownership of tasks. If you feel that you are an owner of a whole organization, your approach would be different than if you were just in control of your one little job where you come in, punch in, punch out, then go home.

#### **Question 2: So because employee own part of the company, they feel more of an urgency to complete their tasks well right?**

Jaime: It works on a lot of different levels. Not only do you feel a sense of urgency to do your role well because you think that at some point or reassurance that at some point that will come down to your benefits, not in just a form of a raise or good performance review but if Harpoon does better overall, then each of the employees does better too. Do you have an idea of how ESOP works?

#### **Question 3: I only know the general idea of it but you explain it to me further?**

Jaime: Each employee is paid an hourly rate or salary and that's pretty standard everywhere you work. In an ESOP there is a group of trustees who look at you performed over the year and they come up with a valuation for the whole company. Everyone has a motivation to drive the increase of the value. After the valuation, the trustee delegates a certain number of shares based on what their salary is. It is a very egalitarian system. Each of use have a drive to help Harpoon do well. You also have an obligation to your coworkers to do the best that you can because you don't want to be the guy who holds people back. People do work outside of work too to improve and help the company in whatever they can.

**Question 4: Going off of ESOP, what are some of critical challenges that Harpoon faces compared to competitors?**

Jaime: Must listen to everyone's opinion. Must use different methods to do that without being paralyzed. Huge challenge is to keep everyone engaged but also moving forward at the same time.

**Question 5: How do you deal with that? Managers? Online system?**

Jaime: Departmental meetings every week. Opportunity for leaders to discuss what they well, what they need to work on. Also a chance for employees to bring input in what they think they've been performing. For ideas that are larger, we have "the ideas wall program" where employees submit an idea that is reviewed by coworkers then gets put on wall if they think the idea is good (approved).

**Question 6: How do you think Harpoon compare to its competitors for employee satisfaction?**

Jaime: I've talked to employees from other companies where people are unhappy. We are one of those where employee owners are mostly happy but we are always striving to improve that. If employees do not feel that they are heard, then they will never be happy. We are working for great.

**Question 7: What is the teamwork culture like here? Does Harpoon give opportunities to work in teams?**

Jaime: Fair amount of individual work from the productions side. You spend most of your time working as an individual. You are always surrounded and have opportunities to work as a team. 85% on your, 15% on your own. In the larger scope of things, every if a person is working but him or herself he is still in a team. It takes 25 people to get a batch of beer out.

**Question 8: What would the top 3 reasons employees would they say they love working for you?**

Jaime: I work in QAQC. 1. We have an unique role in the company which is where we work with every single step of the process. From buying the raw materials till all the way when the customers get the beers. We have a broad involvement in all aspects.

2. Everyone in our department has the opportunity to combine science and beer together. They are all scientifically inclined mind.

3. I'm aware of my personal limitations and I try to listen to people when they point out when my limitations need addressing. "You're missing this, you're being a grouch."

**Question 9: Do you think this relates to Harpoon as a whole?**

Jaime: Yes, we set it as a goal to continue to improve in that regard. We've come along way from 10 years ago where we were not as good as this. We have a set of 24 beliefs because there are usually 24 bottles in a beer case. Each week, we choose one to talk about this. There are a set of aspirational behaviors/fundamentals where we try to incorporate these into our daily lives and professional ideas. A big part of why people like to work here, everyone who is here is because they love beer. Anyone here stays here because they love beer and what we're about and what we are trying to create here.

**Question 10: What are some of the key skill you look for in new hire for the QAQC department?**

Jaime: Independent thinkers, who do not need a set of instructions. Also look for people who are patient. In science, you don't get the answer on the first try. Someone who is determined to keep at it and try something over and over again without getting bored or distracted.

**Question 11: What are some of processes and tactics you use to measure the quality?**

Jaime: We have a couple of different ways to evaluate quality of beer. Ultimately, (this works for every industry), quality is ultimately defined of the consumer and it consists of how much someone is willing to pay you for the product. Attracting passionate and enthusiastic consumers also retaining them and keeping them happy. Nitty gritty: set quality control specifications that are quantifiable and measurable. Check at many points to check each batch of beer is meeting those specifications. Dissolved Oxygen content of the beer determines shelf life of beer and how long would it last good. So always tracking that. Also keep track of microbiological content of beer, make sure beer does not contain any microorganism at multiple points. There are also specific things like color, hop content and want to see consistency. Consistency is hugely important for us throughout this process.

**Question 12: How does Harpoon get evaluated?**

Jaime: Sales is a lagging indicator of quality, like to see sales continue on reasonably trend. Trying to find new people and also repeat business. Pay attention to the voice of the customer through direct contact, social media, beer tracking firms that research these kinds of things.

**Question 13: How are the people in your department rewarded?**

Jaime: Direct personal recognition, being called out in front of the workers. Sincere, specific, timely praise. People love it.

**Question 14: What are some of the conflicts you face as a quality director and how do you go about solving them?**

Jaime: Our role allows us to observe sub-optimal conditions that may exist between different departments. Sometimes you observe two groups go towards similar goals but not in synchronicity. It's difficult to tell a group to slow down. Mediating different groups of people who think they have the best idea of how to get something done. Also, integrating the different voices and opinions about how things should be done (department challenge). Hearing these opinions, giving them full attention, and explaining the feedback. Passion can be good or bad. If an employee feels that his idea was not given full consideration, it's tough for a manager to explain to him in realistic terms without being biased. (individual challenge)

**Interview Summary 4: Bill Leahy: Sales Manager for HDC: Interviewed by Roger Wang**

**Question 1: How do you think Harpoon compares to his competitors in terms of working environment, customer satisfaction and employee satisfaction?**

Bill: I would say I will take a lot better than our competition we have a very unique role in the whole system because we're an employee owned company. In the craft beer industry, there is very much in demand. A lot of big money is trying to get into the industry. So a lot of companies, like Harpoon, independently owned Breweries have to face choices when they get to a certain point where it's like hey you know. We can sell out to a large macro group. And I suppose we can take in money from private equity and you know just get private investors to come in and buy out half of the company and they ultimately are just doing something to sell it down the road. A lot of people that are in this stage of the game, like Harpoon, have been doing this for 20 to 30 years. People have found companies themselves a lot of times. They have worked and built everything up and when you're in your early 50s and you have an opportunity for your kids to work again it's pretty tough. Instead of making either of those paths, we took a third path and became employee owned company in 2014. I believe it was. So they took 40 percent stocks of the company and gave it to employees. We brought one of our co-founders and the gifting of half of them over 30 years really helped improving just around all of that. It gives everyone skin in the game. So it's kind to help you investing.

**Question 2: How does the company culture contribute to operations on a daily basis? How does it contribute to the bottom line?**

Bill: For our sales team in particular it's unique because we do our own distributing within the city itself. So our sales team in Harpoon is going out and showing our pool. We have that as a

responsibility. We also are responsible for getting orders, placing orders, merchandising and building displays on promising events was to use motions. But we also have to work with our operations department and get the orders in on the right day on time so the trucks can do that. Our culture really shines through in that there's a lot of competition for craft beer out there and a lot of Bar managers, store owners and all this and they have a lot of choices to put out there. So, every single person in the company has the best interests of harpoon in their hearts and drivers are overly friendly and customer service is really good. You know everybody is trying extra hard, not just trying to get their paycheck done. In my word, in particular that's a credible advantage that we have. It's something that we have to do and it's also something that we wanted to.

**Question 3: What metric for you to measure success?**

Bill: Sales are really easy because we have really simple math and Excel spreadsheet can work for us. So now the question is that are we selling more beer than we were last year? But we also look into things of points of distribution, like we want to make sure from year to year. You know we have a good idea IPA ,we have year round, there are seasonal beers we want it right now we do it this season. We're going from our fall years into our winter years of October. The way we measure that is we get reports on our distribution so we can do a count of how many Flannel Friday draft lines around the city. And if we have less than that. When it comes time to switch to waiters and we've lost some business. So we need to get back and you know we can look at. Places that we've lost placements plays the game and ideally you always want to be growing distribution because that's our primary job. Getting it out there and getting it to the customers is our focus. We measure that by really tracking down the numbers and really kind of getting descent idea of what our success looks like where does it look like, where we're doing well what we're going to have. Is a lot of have been those diagnostics of us saying all right why is this not doing that, why is this doing so well.

**Question4: What are the critical challenges that Harpoon faces as an ESOP as compared to non-employee owned business?**

Bill: It certainly it raises the stakes because you know having the ownership of the ESOP is really kind of changes on everybody doing the job and if something's not going well like, for example, our sales are really down. I think that I would feel like I was laying the rest of the company down because everybody goes right. Someone is in challenges, they're supported by the leader here. Helped up, it's something that we're going through right now. And today we have a bunch of our drivers. We have two guys that we lost and two guys that got hurt just because they're delivering bags of beer because bags are heavy. Injuries happen and all of sudden we're short on staff. We have to scramble to get stuff done. So we're figuring out where we can pull people from other parts of the company and everybody kinds of gets together as they are how can we fix this problem. Because everybody knew that.



**Question 5: How many people are on your team and what are their responsibilities?**

Bill: I manage a team of seven sales reps for assistance and one merchandiser. Our responsibilities range everything to selling beer. We kind of have the opportunity to be all things at one time in a lot of ways to base our sales focus in the Boston area. It's very much the face of the brewery, interacting with Bar owners and retailers, interacting with Beer drinkers. So it is a little bit marketing in our jobs. There's a finance aspect of our job and we are responsible for collecting payments. All of that stuff. And that's the harder part of the job. But you were kind of relied upon to be your expert in all things. You have to have a certain amount of your knowledge and knowledge of how systems work. And we have to have a certain level of organization to make everything to get to keep the trains running on time. So yeah it's a small team and they get to work very closely with everybody on my team. But our responsibilities are first and foremost so out of here we have a lot of actual layers that kind of work to our responsibilities.

**Question 6: How do you handle relationships between members regarding their different personalities?**

Bill: Yeah that's. A good question. Careful. That's how I do that. So you know I think it's certain people just don't get it, just kind of listen to people and see what they need, what they don't need. Get it figure out what people respond to what they don't respond. Figure out where to put pressure and where to back off you know a lot of it because you work with people that work together and they get a lot of personalities that kind of clash sometimes. And You have to really choose pick and choose your spots of where you're going to be hard on somebody or not be hard on somebody because you know you never want to put someone on break. But at the same time we're all held accountable for their whims. I think that my team makes it pretty easy on me and I think they all understand that. We have enough challenges out. In the field that I think instead of just clashing. It's more bonding that brings us together than anything else. I think that's a big source of pride for me. I really like having that kind of loyalty, team and people that really care. And I want to go the extra mile. It's it's nice not having to chase people around.

**Question 7: How do you keep competitive with other members?**

Bill: You know I just try to motivate them the best they can. I try to set realistic, relatable but difficult goals and uphold the expectation that we have from them and it's there's there's a lot rides on their performance and I really try to stress that as much as I can. I'm fortunate that I came from doing this job before I manage these positions. I understand I'm never asking anybody to do something that I haven't done or I'm still willing to do. That really pushes everybody through. And there are people in sales are competitive and they like to win. So a lot of the motivation and kind of comes internally anyway. All you have to do is fan the flames.

**Question 8: What do you think is the most important aspect of the team?**

Bill: Working together is the biggest driver of success. But holding everybody accountable for what they do and how they do it just really ensures that everybody is growing in the same direction. I think that's the biggest thing that. We get. As I keep saying, the challenges that we get. That fire exists within everybody. That's something that they take. Personally. It's something that. You know. Five o'clock rings around and check out, our workers are here. They believe the brand. And if you're out with your girlfriend or boyfriend or lover and while they're at a bar and they don't have harpoon are the last or else says Hey didn't you used to carry you for a while. And then. You know they'll call up the phone and may open up for that area. You're never really off the clock. So I think that that kind of pride and passion for the brewery and everything that we stand for and the beer that we make, the fact that that transcends race and homework.

**Question 9: If there are problems appear in the team (attitude and conflicts), how do you address it?**

Bill: I think you really have to kind of understand the source of the problem first and just figure out what the outside antagonists that we can do something about is it too much work at the time. Is there stuff that we can do to take things off of that person's plate or is there things that they should be directed focused on. Do we really have to kind of look at every individual challenge and do you have to tell them say how important is this problem that's given you so much anxiety and how much of a big deal is it. If it's just having trouble with one skew in one place like I you know maybe that's not as big a deal. That's my mother use an old Irish saying that I say to my team all the time. You got to choose which mountain you want to die on.

**Question 10: What is the relationship between HDC and Harpoon? How do you worked to maintain that relationship?**

Bill: We exist in that kind of unique world in that Commonwealth of Massachusetts has three tier system which is designed to keep a kind of a middle man and wholesalers in between being retailers and producers. So If essentially events like you know Budweiser from coming in and just buying up all the bars or a big brewery coming in to do that so. This has been around since that prohibition where you have the retailers who are your package stores, your bars, you can be gardening and all that stuff. They buy their product from wholesalers, so the wholesalers carry a bunch of different brands they can distribute beer wine and liquor and they'll have a book and so you basically seizing all here's what I want to order if this whole season. Here's what I want, I want this wholesaler and then they get their products from breweries wineries distilleries all that stuff and they were also making clear cut. And then they sell their market product to retailers. We realized a long time ago that. We were giving up a pretty significant advantage of being the only brewery that we were to sell beer right next door. We had to send it out of town and then

sent right back and it seems a waste but it's also kind of behooves us to not be in the same house as our competition. Because a wholesaler rather would go in and he may sell harpoons in Nevada. They are probably focused on their activity. It's a good meaning of exporting our culture. In daily business environment and our interactions with wholesaler retailers. With retailers, bar owners. Everybody that touches our product before it gets to a customer. It allows us to get a little extra attention with them as well. So you know we're unique in that. We're very much a harpoon. We were very much harpooners. But we do operate within our own little world. And as you say. It's. Maybe it would be illuminating if we were somewhere else. But the fact that we're right in the brewery and we have so many just connecting lines with everything that goes on here we have the ability to bring in accounts in on their day off. A lot of bartenders have today off, like Monday. You know. That's we're very much providing them with a harpoon experience but we're doing it through the vein of HTC. And now when you know are you guys going in there you know next time say hey you know let me see you. I really like that new video. Let me give you another placement. Let's look into that. And it also makes when your competition goes in or tries to talk to that bartender. I think I have an eye to them. I feel like with the frogs get out of here. I love our food. It's a good defense as well. But I think that it really gives us an advantage in what we do, being so connected and being so close to whole base.

**Question 11: What kind of issue do you generally face as a manager in this field? How do you overcome it?**

Bill: You know we have our challenges come from a lot of different places. Acting with specific accounts that come from, meeting with our competitors and it also comes from an internally, running out of stuff for supply issues and everything that happens whether it's a bad batch of office or just drought for a grain prices or anything like that that trickles down, we have to deal with directly. We try to stay ahead of it and just plan ahead and have to see plans in place so instead of being reactive and being proactive. That's probably the only thing we can do and then there's some things that are just out of our control and so I think that we have to think creatively and just try to make the best out of the situation.

**Question 12: How do you set appropriate sales goals for your team? How to motivate your teammates?**

Bill: The good thing about sales is that it's a real skill when you are in a kind of environment. And then if you do a better job selling beer that translates into how much money you make the more you sell more money you make. So there is there's an incentive and we incentivized back away with just the way the sales were. Also we have our bonus structures in place hitting goals and the goals are set based on your trends what we expect the market to do what all of these external factors we decide that basically now for next year so that we're figuring out our 2017 goals now. And we'll kind of base that on a metric and we can do the numbers to show each individual person. This is how much you sold in 2016. Here's what we want you to sell in 2017.

Here's what you're going to have to do. People to do it best they can and support however we can and that's kind of everyone's responsibility that the Brewers are coming up with new beer that stays impeccable quality and marketing or creates snazzy new packaging and digital media gets it out there to everybody so people know about it. And our ordinary people make sure the glasses and all that stuff that we need. So there's a lot of different stuff going on. But the way that we set goals based on kind of predictions is the beginning of the year. And it's once again you can use numbers as a metric to really test it out and see how you can check in periodically throughout. The course of the year to see how people are doing it and these my guys get reports every single week to see where they are, month to day, year to date.

#### **Interview Summary 5: Aaron Moberger: Cellar Manager: Interviews my Meghan Peters**

##### **Question 1: You've been in a lot of different roles and you have “risen through the ranks.” How have you gotten to where you are now?**

Aaron: Yeah, so I started on the bottle line, that's where the show started which is kind of fun. I was there for about a year where and then took care of bottles and kegs. Then I went to fermentation for a while and now I'm the cellar manager. And they're all pretty different. Even though they are like different departments though, you feel like they're connected, having everything under one roof gives a lot of room for horizontal mobility, familiarity between departments and a lot of shared knowledge.

##### **Question 2: Now that you're a manager, do you think that because you've worked in these different departments and “lower levels” do you feel having that experience makes you a better manager?**

Aaron: Yes, because you have that experience and it keeps things real because I've been where these other guys are now. I always try to keep myself honest to by getting over myself, I mean I was downstairs filtering for the first two hours today, and a lot of stuff is changing in the process of brewing, it's gotten a lot faster and we're getting better numbers and stuff like that, so I like to keep myself fresh and updated. Also, to make sure everyone is on the same page with our tech and with our operations, we have to figure out how to make sure we're in communication. A lot of times you're just verbal communication sometimes will suffice, but only if you have knowledge about what's going on.

##### **Question 3: How do you think Harpoon compares to your competitors in terms of your working environment, customer and employee satisfaction? What differentiates you from companies like Sam Adams and Bud Light?**

Aaron: I don't I haven't had a lot of experience in other shops, I worked at one of them for about a year. I can say that there were fun people at both places and people say that the beer industry is

different because everyone is very passionate and educated about their profession. I have noticed here though there's a lot more drive here. Part of that is because it's extremely fast paced but another big part is that we're an ESOP so employees are seriously invested in the company because it's an investment in themselves. In the brewing industry, you have to keep up with the trend through just continuous improvement. When there's a changing environment you have to be able to react to it, so when demands go up you have to get faster and get better and that speed is really driven by our employees.

**Question 4: What are the critical challenges Harpoon faces as an ESOP as compared to non-employee owned businesses? How does that contribute to the company's culture?**

Aaron: Since becoming an ESOP the bar is super high and we're still working on figuring out all the kinks as we are still new to it. One of the things we've been doing is attending seminars and conventions with other ESOP companies and learning from them as well as collaborating new ideas. It's really cool to see the growth and success that we've had personally with ESOP, but also what other organizations are doing. And there's a lot of flexibility with implementing this and there's a lot of advantage to that too. A lot of is just putting the system in place. A good example is one thing that we saw in this other company's program that I think I saw excellent feedback for, which was creating a portal for employees to post their ideas and feedback. So we came back and wanted to start that off as quickly as we could, and we did it. We basically used an Excel spreadsheet to post all the feedback and everyone had access to it. It wasn't too long before we got into some problems that happen when you had everybody trying to access the spreadsheet. Somebody would go in and filter other people's ideas to try to find their own filters in place. So we get back with that company and said what are you doing differently, and I was expecting to hear something totally different. You know some crazy software, but they were like no we just use Excel but every department has their own spreadsheet. So you do have to have the flexibility to put a system in place that's adaptable, but that's also another challenge. All the while, communications really important and has to work. If you have a system it doesn't look like it's working, you have to make sure everyone is on the same page about it. Have a plan to upgrade it or whatever and then a timeline you can fix it and it stick to it. So, that's what's coming along. You know it's still a challenge but we've we've got a lot of good ideas, and you know those aren't even half the ideas that people have come up with over the past year or two.

**Question 5: You talked about how you're growing in the south and how you've grown a lot. What do you see in Harpoon's future in terms of growth and innovation? And how does the company culture contribute to that?**

Aaron: You know, yeah, I mean we just opened to new territories in new states, so that's going to be big. There's always new products. You know we've come out with a new product almost every season which can be a struggle, but there's a lot of drive to create new products among the employees. Doing the right things for the company comes a lot from, you know, market

pressures and we have got to develop to serve our consumers well and potential consumers and stuff like that.

**Question 6: How do you create an environment that inspires growth, and how do you measure that, on a personal level like employee growth versus the entire company?**

Aaron: Yeah, good question. I think that having everyone under one roof really boosts comradery and enhanced relationships between “corporate” and “blue collar” workers. There’s so much room for horizontal movement that you can explore your interests in the company while also elevating the company. I mean that’s exactly what I did. Also a unique thing about the beer industry is that all employees are highly educated regardless of what rank or position you have in the company, so people in every department and every level is aiming to innovate. And you go through a lot of trouble to make sure that you know you hired good folks who are going to a good job, really doing their best to go all the way. And a big part of it is listening to them, so back to the Excel spreadsheet, people always have ideas to make their job better, and our job as managers is to follow through with them. So for folks to submit ideas, it was not easy at first to get a good program in place, collaboration with other ESOP's definitely helped. The first thing they say is ideas are encouraged and then creating a method for submitting them is possible and easy. Using these tools you know whether it's a cell or whether it's a program to try and get them jotted down as quickly as possible and then being able to track them through. And we kind of try to keep at the forefront of our mind off this program. If we don't follow up with ideas especially getting submitted to people it’s essentially a worthless program.

**Question 7: You said that the big thing is people you hire are really smart. How do you make the decision to hire someone, what is involved and what do you look for?**

Aaron: So there are a lot of steps. I think that's probably the first thing is somebody's got to go through all the resumes and cover letters. If an applicant gets through that, which is basically your screening process, you want to basically send a stream of questions like this is a new type of stream process. I don't know what other people are exactly like, but for my department, it's just again sort of cut and dry nitty gritty so we ask, can you deal with rotating shifts can you work third shift, are you OK dragging around you know 50 pound bags to infiltrate. But then it also kind of gets a little about why Harpoon, and why the beer industry. Then you’re faced with a kind of a dichotomy. On the one side can the person do the job. Yes. Are you capable of that. Why do you want to do it? So that's that next phase and then more typically I'll talk to them over the phone. So you either get with the person off and say we appreciate you following through on this when you have some time to talk on the phone. A little bit more depth this this kind of stuff. And then I always ask them if they want to ask me any questions you know. And can you throw a couple topics out there you want to see what cellaring is, I always put these soft questions in there. My first few interviews really long time, about forty five minutes. And then it's probably do that in a half hour. From there, we bring them in for a working interview. And generally that

consists of you know you give them a pair of gloves and tell them to wear their boots and stuff and go downstairs, and I mean it lets people get kind of you know the guys who you would work with and get to know the person. Then current employees give you some feedback in that way they've got influence over the process because ultimately, they're going to work with the person. And then the other thing was, another guy here, he would always say, people can put on a try plan that that's something you can't teach and that just has to be practiced. And then a lot of other departments don't even go a step further to look at culture and they'll have people from all different departments, and run a person through a gauntlet. You'll do, you know, like half an hour in an interview with one or two people from certain different departments I've interviewed people from accounting positions or marketing, or sales. I think if I think we had two candidates that be good at that would that make that next step. And there are some people that don't make it through that, but you have to fit in with the culture of the company to be successful here.

**Question 8: So, how would you define the culture here?**

Aaron: Tough question there. Yeah. When I started it was called a bunch of different things; work hard, play hard was always a big one. After a festival I think a lot of us honestly probably hit a kind of a culture shock because everyone is interacting with all types of folks and once you clean up, you know you don't just go home, you want to stay and be with your co-workers because we all have meaningful relationships with each other. I would definitely say we have a creative environment where everyone comes together at the end of the day, a lot of camaraderie where everyone wants to stay.

**Question 9: How do you define and make decisions here when there is heavy employee involvement?**

Aaron: Everything gets tied back to the mission statement. It's something you sign when you come on board with the company and it's something we run our decisions by every time. Departments are going to have conflicting priorities, which isn't a bad thing and it's nothing you can get around. Sometimes you have to deliberate and when you're coming to the standpoint between two departments with conflicting interests, you have to go with the one that's best for the company and most in line with our values and that's how we find common ground.

## Appendix II

Figure 1: Schwartz Value Model

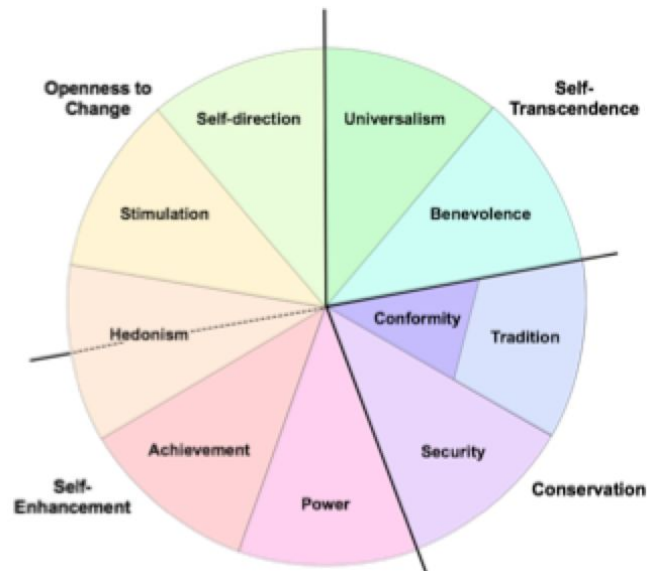


Figure 2: OB221 Lecture Slide

## Effective Teams Leverage Diversity

| Homogeneous Teams   | Heterogeneous Teams  |
|---|--|
| <ul style="list-style-type: none"><li>▪ Higher satisfaction</li><li>▪ Less conflict</li><li>▪ Faster team development</li><li>▪ More efficient coordination</li><li>▪ Performs better on simple tasks</li></ul> | <ul style="list-style-type: none"><li>▪ More conflict</li><li>▪ <b>Slower</b> team development: takes longer to agree on norms and goals</li><li>▪ <b>Better</b> knowledge and resources for complex tasks</li><li>▪ Tend to be <b>more creative</b></li><li>▪ Higher potential for support outside the team &amp; <b>better results</b></li></ul> |



Figure 3: Ideas Wall



Figure 4: Centralization VS Decentralization

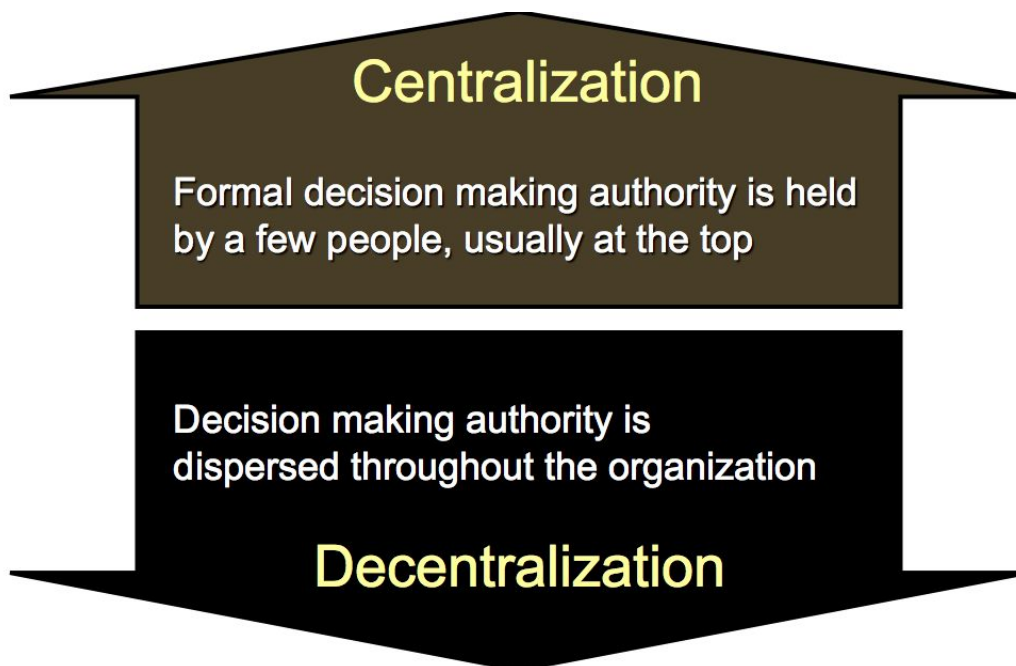


Figure 5: Harpoon's Mission Statement

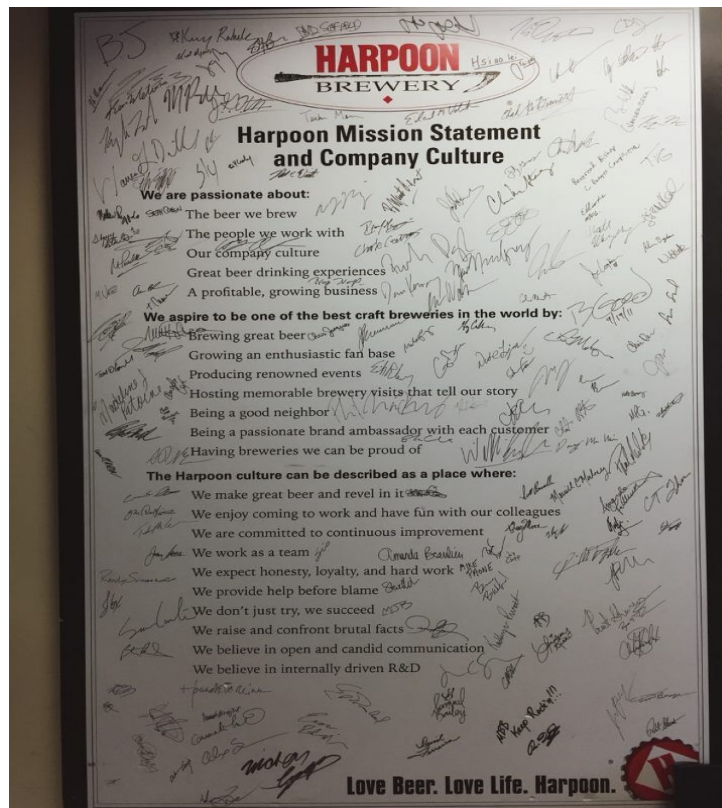


Figure 6: Five functions of Management Diagram




Figure 7: Lewin's Formula

**Lewin's Formula:  $B = f(I, E)$**

**Behavior (B)** is a function of the **Individual (I)** and the **Environment (E)**

The way you manage people and the environment you create affects **Behavior (B)**

➤ Managers can only control the **Environment (E)**



Bioware's matrix environment  
Ed Kaiser/Edmonton Journal

Figure 8: Herzberg Two-Factor Theory Diagram



Figure 9: OB221 Class Slide

## So, focus on Intrinsic Motivators

Here's the secret:

People Want 3 Things Today

1. **Autonomy**
2. **Mastery**
3. **Purpose**



Source: Dan Pink, Drive, 2009

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