



Environment Eats Culture for Lunch

By Sander Gerber

Times have changed and it is time to alter the narrow view of corporate “culture” to the broader one of organizational “environment.”

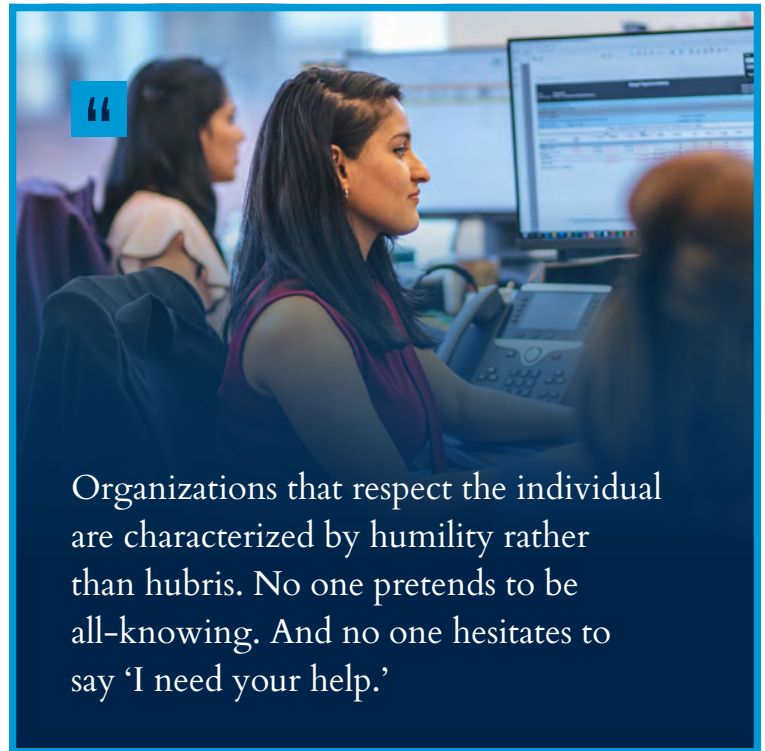
The dictates of corporate culture have prevailed for decades, a one-way street where people marched to the company’s beat, and suppressed their personal identities. A culture where corporate-speak, buzzwords, and platitudes dominate. Sadly, many companies’ “purpose-mission-values-culture” statements are so generic they are interchangeable.

But in today’s competitive world, it’s critical that organizations create an environment where people see themselves as valued contributors rather than mere conformists.

At Hudson Bay Capital, we start with the premise that we are not one culture. Rather, we are a community of individuals, a melting pot of backgrounds, ethnicities, languages, and perspectives that reflects the ethos that draws so many immigrants to America and what makes the American dream possible. Our environment is animated by three foundational attributes: respect for the individual, independent thinking, and collaborative idea generation.

We try to treat every Hudson Bay colleague with respect, regardless of role, level, or title. Central to **respect for the individual** is actively listening with courtesy and consideration. We invite feedback on all issues. We avoid interrupting. We engage, draw out, and seek understanding of other people's points of view. We work to comprehend others' reasons for suggesting or concluding something. We actively solicit views and demand that people debate the components of a problem and not make personal attacks.

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We **promote independent thinking** from all of our colleagues. Some of the most valuable fine-tuning and even groundbreaking discoveries come from some of the most persistent challengers. This open-mindedness enables us to question conventional thinking and to find solutions that are insightful and innovative.

Colleagues who join Hudson Bay are often well-educated and studied at top-tier universities. While incredibly bright, they have key ways of thinking to "unlearn." What helped them to succeed in the "ivory tower" doesn't always translate to success on the trading floor.

Western education places a high value on identifying and learning from "the expert." At Hudson Bay, we want our colleagues to *question* "the expert." We want to approach problems with an open mind, with curiosity, and with humility. We want to question long-held beliefs and established methods.

We **foster collaborative idea generation** by actively promoting the interchange of ideas. We ensure that our decisions are checked and balanced by the discipline of "the best minds weighing competing solutions." This continuous improvement approach – ensuring the organization's highest standards are met – requires an openness to competing ideas.



We are in the business of assessing risks and rewards. We do that with variations of “if/then analysis.” We ask, “If we do this (or don’t) then what is most likely to happen?” When we detect an opportunity, we assess how much downside risk justifies the potential rewards. To best answer these questions, we foster an environment of debate. It is an environment of constant collaboration and course correction.

In this environment, our gold standard is to be “impeccably prepared and prepared to collaborate.” Merely having a point of view is insufficient – it needs to be defensible. We believe our purposely collaborative approach is a competitive advantage relative to other multi-strategy hedge funds. While other firms are siloed and restrict communications amongst portfolio managers, we believe our best investments are the result of collaboration.

To this end, we have standing team meetings that allow portfolio managers to showcase their talents to other colleagues and to highlight their experience and availability to help others. In this way, our colleagues are able to assess the value of others’ advice, which supports their ability to incorporate this thinking into the risk-reward decision.

The typical way gratitude is expressed in a hedge fund is through monetary compensation. We believe our unique value proposition to current and future colleagues must include compensation *and* a work environment that colleagues feel proud to be a part of.

One colleague we hired spurned the effort of his existing firm to keep him because, he said, “I worked there for four years and never heard from the chief operating officer until he found out I was going to leave and only then did he urge me to stay.” He said that the corporate culture at his old firm was strictly transactional, whereas he saw our environment as being relationship-oriented.

Today, people are crying out to be respected, listened to, and treated with courtesy and consideration as unique individuals. People want to live and work in an environment that produces experiences addressing their interests, needs, concerns, and desires.

Is Hudson Bay perfect? Far from it. These values are aspirational. What's important though is that when we do misspeak or misstep, we work to make it right. We actively listen to each other and in turn, we are better.

It's time to retire the concept of corporate culture. It should be replaced by a corporate environment that respects and harnesses individual uniqueness. We must reject people pledging allegiance to a preordained culture. Rather, we need to help people contribute and grow – as individuals and colleagues and who are key parts of a greater whole.