

## WHAT?

### UNDERSTANDING WHAT CULTURE IS

Company culture is often described as “the way we do things around here.” While culture is invisibly shaped by the collective values of company members who keep social norms in place, it can also be observed in everything from employee attitudes, business policies, decision making, and leadership style, to performance measurement, rewards, use of language, dress code, business hours, company structure, and more.

Culture is worth our attention, it is the number one enemy of business success. It can break or fuel your company’s strategy.

Highly engaged companies have highly committed leaders. These leaders understand that business outcomes are easier to achieve with an engaged workforce. Leaders need to embrace and model respect for diversity and inclusive behaviors, as leaders impact how their employees view the company.

At the root of any company culture are the values held by its members. These values often manifest in observable employee behaviors and artifacts (such as office layout, decor, and dress code). Every company has a culture, either by design or by default. If your company has not purposefully defined, established and nurtured a desired culture, then an unintentional “way of doing things” has developed.

Having a culture that values diversity and inclusion ensures employees’ are valued, respected, accepted, and encouraged to fully participate in the company. Employees in diverse and inclusive environments feel appreciated for their unique characteristics and are therefore comfortable sharing their ideas and other aspects of their true and authentic selves.

### KEY ATTRIBUTES OF CULTURE

- Shared - Culture is an attribute of a whole group, not of an individual or a collection of individuals. It’s all about the unwritten, shared values, rules, and assumptions that guide how organizations behave.
- Pervasive - Culture applies broadly throughout an organization, permeating all levels and functions.
- Enduring - Culture has a major influence over the long-term mindset and actions of an organization. It includes the shared rituals, stories, legends, and experiences that typically define the organization. It plays a major role in determining those who fit in and stay and those who don’t and tend to leave, thus becoming self-reinforcing and resistant to change over time.
- Implicit - People are hardwired to instinctively recognize and respond to culture — serving as a kind of organizational silent language. Research has shown that the human capacity for culture is universal, having been shaped by evolutionary processes.

## WHY?

A company’s culture acutely impacts business results, from customer loyalty, to innovation, to achieving strategic financial goals.

Culture can be a relatively cost-effective way for a company to differentiate itself as an employer and retain and engage top talent to support and achieve its most strategic goals.

Companies with strong workplace cultures report more than five times the revenue of companies with poor cultures.

### ORGANIZATIONAL CULTURE DESIGN

As diverse companies grow, and as unavoidable organizational changes impact your company, the importance of an intentional culture becomes more apparent.

Organization design is a process that aligns core components of the company's system to solve business problems, enable performance, and define culture. The following determine an ideal culture, including employee and internal customer experience, to enable a future state.

- Strategy - Refresh mission, vision, guiding principles, and strategic roadmap
- Structure - Determine structure including core functions/work, roles, responsibilities, decision rights and governance
- Processes & Technology - Determine new operating model, core business processes, and how technology could support
- People - Understand capabilities needed for the future, existing capabilities, and strategy to fit right people into the correct roles
- Rewards - Determine compensation and performance goals; Create meaningful rewards & recognition to reinforce new behaviors
- Data - Understand breadth and depth of what's possible with data analytics

### ARTICULATE THE ASPIRATION

Cultural transformation is not unlike defining a new strategy for the organization. They both must be openly discussed and understood throughout the company. Leaders must understand how the new culture aligns with market and business conditions. Since culture is a somewhat ambiguous and abstract subject, it's important to use real, concrete business challenges and opportunities to help people better understand and connect to the need for change.

### SELECT AND DEVELOP LEADERS WHO ALIGN WITH THE TARGET CULTURE

In the end, leaders set the culture of their organizations. Therefore, it's very important to select leaders whose cultural style is well aligned with the desired change. At the same time, culture change often leads to turnover because some leaders are no longer a good fit for where the organization is headed. Such leaders should be asked to leave lest they jeopardize the needed organizational changes.

### USE ORGANIZATIONAL CONVERSATIONS ABOUT CULTURE TO UNDERScore THE IMPORTANCE OF CHANGE

It's important to discuss the desired culture change throughout the organization so that people can viscerally understand both the challenges and opportunities for the change. "As employees start to recognize that their leaders are talking about new business outcomes - innovation instead of quarterly earnings, for example - they will begin to behave differently themselves, creating a positive feedback loop."

### REINFORCE THE DESIRED CHANGE THROUGH ORGANIZATIONAL DESIGN

When a company's structures, systems, and processes are aligned and support the aspirational culture and strategy, instigating new culture styles and behaviors will become far easier. Cultural changes are generally accompanied by changes in the way employees are paid, evaluated, and promoted. These are concrete, visible ways of reinforcing the desired evolution of the organization.

## HOW?

### DEFINING CORE VALUES

Core values are the highest values that guide a company's actions, unite its employees, and define its brand. Company culture gives everyone in the organization a common platform and approach for their work. The shared outlooks of a company's culture determine employees' attitudes, effectiveness, and sense of team. Some cultures develop around the way a company works, and other times, leaders work to shape and implement a company culture. Creating a strong and effective company culture stems largely from the communication strategies of owners and top management. Companies who want a creative and proactive company culture not only have to communicate this to employees, but must reinforce it in their daily communication styles. For example, managers of empowered company cultures often say things like, "Great thinking — can you take the lead on implementing that?," "How would you solve this problem?" and "I'd like you to come up with three great ideas and come show them to me later."

Clear core values can help an organization hire the right people, dismiss the right people, secure high-value customers, navigate through crises, remain accountable to commitments, and serve stakeholders better.

Consider these questions regarding your company's current and future state of your company's culture: How do your company's core values shape the company culture?

- How do your company's core values align with diversity and inclusion?
- How does your organization design reinforce your company's core values?
- What actions/behavior support those core values?

### BEST PRACTICES FOR CULTURE CHANGE

Consider Cummings & Worley's (2004) proposed six guidelines for culture change:

1. Formulate a clear strategic vision and values. This vision gives the intention and direction for the future culture change.
2. Display top-management commitment. The top of the organization must favor the culture change in order to actually implement the change in the rest of the organization.
3. Model culture change at the highest level. The behavior of the management team needs to symbolize the kinds of values and behaviors that should be realized in the rest of the company. Change agents are keys to the success of this cultural change process and important communicators of new values.
4. Modify the organization to support organizational change. This includes identifying what current systems, policies, procedures, and rules need to be changed so alignment with the new values and desired culture can be achieved.
5. Select and socialize newcomers and terminate deviants. Encouraging employee motivation and loyalty to the company will create a healthy culture. Training should be provided to all employees to help them understand the new processes, expectations, and systems.
6. Develop ethical and legal sensitivity. This step can identify obstacles of change and resistant employees, and acknowledge and reward employee improvement, encouraging continued change and involvement.

## MEASURES OF SUCCESS

### MANAGING AND MEASURING CULTURE

When culture is not measured and managed, it can influence the behaviors of employees in unplanned ways – often devastating employee engagement and retention, obstructing corporate strategies and goals, and ultimately eroding the bottom line.

Culture has proven time and again to be a powerful force that can either accelerate, or topple, the most well thought out corporate strategies. Companies tend to focus and excel only on what they can tactically measure, and companies have learned to expertly analyze financial metrics, competitor performance, and operation efficiency.

It is important to translate your desired values into behaviors, processes and artifacts that drive your company to literally live the values that are written on the wall. Using real data will allow you to measure progress as your organizational culture begins to transform.

Set targets by reviewing past company performance (not financial) and internal conditions, as well as external benchmarks (other competitors). Determine success of diversity strategies in recruitment, retention, development, training, and succession planning (candidates for leadership positions).

Tools and resources to understand and improve your company culture:

- Track legal complaints or HR complaints
- Track retention rate
- Employee surveys, exit surveys
- Client surveys
- Culture parity – workforce mirrors customer base
- Increase in diverse candidates applying for positions

“Culture eats strategy for breakfast,” a phrase originated by Peter Drucker, legendary management consultant and made famous by Mark Fields, President at Ford, is an absolute reality! Any company disconnecting the two are putting their success at risk. Organizational culture eats strategy for breakfast, lunch, and dinner so don’t leave it unattended.

Where is your company on its journey to having a healthy culture?

## DEVELOPING A CULTURE STATEMENT

- No more than 20-75 words
- Written at an 8th to 11th grade level
- Include “positive words” that signal inclusion; such as “Inclusive, Celebrate, Grow, Experiences, etc.”

### ADP

*Headline: Each Person Counts*

At ADP, we believe the best ideas thrive in an inclusive environment that values diverse perspectives. That’s why we made it the cornerstone of our one-of-a-kind culture.

### Go Daddy

*Headline: A Culture of Creativity is life at Go Daddy*

We hire the best, give them first class training and set them loose. If you are driven to perform you’ll fit right in. Everyone is welcome – as an inclusive workplace, our employees are comfortable bringing their authentic selves to work. Be You!

### T-Mobile

*Headline: Be Yourself. We like it that way.*

Diversity fuels the unXXXXX spirit. Our commitment to inclusion across race, gender, age, religion identity and experiences drives us forward every day.