



Great Culture? How Do You Know? Why Should You Care? Tying Your Communication Strategies to Culture and Measurable Impacts

by Linda Pophal

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Many companies espouse their strong cultures, but, interestingly, they're unable to point to *why* they believe this or to any evidence that the culture is indeed "strong" or that the culture has any measurable impact on the company's overall mission, vision, values or objectives.

Fred Miller is national leader of Deloitte Consulting's behavior-led strategy practice, in Atlanta. Ten years ago, says Miller, it seemed as though culture was "hardly on anybody's mind." Today, he notes, "it's one of the first things that most clients seem to want to talk about."

But while a great culture is something desired by most businesses, its attainment can be ephemeral. Simply stating it is so does not make it so as many management consultants point out. In fact, it is the alignment between stated culture and observed behaviors that really defines the strength of the culture.

Sandy Gluckman, Ph.D., is a management consultant and author of *Who's in the Drivers' Seat: Using Spirit to Lead Successfully* (CornerStone Leadership Institute, 2007).

"Over many years and in many countries I hear the same defensive ego response from leaders, claiming that their culture is strong and healthy when, in fact, employees will tell you that it is the very opposite," says Gluckman

Leaders, says Gluckman, "do not truly understand what culture is, how it develops, how to measure it, how it directly impacts performance and how to change it." Culture says Gluckman is simply: "how things are done around here."

Ilya Bogorad is principal of Bizvortex Consulting Group, Inc., in Toronto. "I am typically skeptical when I hear an organization announce its 'great corporate culture'," says Bogorad.

Culture, says Bogorad, "universally means a collection of beliefs, values and attitudes which define behaviors. This sounds great if all of these are congruent with the values, vision and

the strategy of the organization.” But, congruency, she notes, is reflected in specific, measurable outcomes that tie to business performance objectives such as turnover rates, profitability, sales and customer satisfaction.

The problem with defining culture, says Dr. Karissa Thacker, an organizational psychologist, is that “people use the term without any sense of rigor about what they are saying. “If you ask people what they mean by the word ‘culture,’ they look puzzled,” she says.

From a purely anthropological point of view, says Miller, “Culture is a set of implicit beliefs that guide how people understand what’s going on around them.” Thacker also draws on anthropology in considering corporate culture and its impacts. “Great cultures adapt and do not become extinct,” she notes. “This is a relevant metaphor in today’s climate where change is rapid. If you want to have a great culture, you’d better be able to show how you can adapt and change on a dime.”

Measuring Culture

Anthropologist Thomas Hall said: “culture is largely invisible to its participants.” Thacker and others agree.

A key point that Thacker and others note is that the poorest source of input or perspectives about a particular organization’s culture are those who are enmeshed in that culture. “The culture goes unnoticed by people who are really in it,” says Thacker. “It’s like the air.

Culture is implicit, says Miller, and because of that it’s difficult to recognize. “It’s particularly difficult for people who are *in* the culture and who *partake* of the culture to recognize it,” Miller says. “It’s just part of how you think about things.”

Because of the very subjective nature of culture as it is typically defined in organizations, suggests Jenny Schade, president of JRS Consulting, Inc., in Wilmette, Ill., its measurement can involve matching stated values against observed behaviors. For example, she tells of a large pharmaceutical company she worked with that espoused a value of being family-friendly. “When I did interviews with different groups of employees all around the U.S. I heard again and again that they felt very comfortable setting up flexible schedules – the stated value was reflected in actual behavior.”

To do this, she notes, the first step is defining *specifically* what you’re measuring. “If a company says it has a culture of diversity or open communication, what does that mean and what does it look like?”

In many organizations, says Miller, there is a gap in terms of what the culture is as stated and what the culture is as actually lived. “The influential piece of the culture to the largest extent is going to be the culture as it is lived, not the culture as it is stated,” he stresses.

“The best way to measure it is to actually look at the way people behave – not what they tell you, but what they *do*.”

Schade uses this approach in her work. “I always insist on visiting the company and just walking around in the halls and noting what I see,” she says. “For example, if a company says it has a culture of diversity, I’ll hang out in the cafeteria during lunch and see how employees are congregating. Do all of the executives have lunch in the executive dining room and never mingle with the people in the cafeteria? Do people in the cafeteria segregate themselves by certain groups?”

In addition, she says, she’ll talk with employees to compare the stated values with their actual experiences and beliefs. “If the company tells me ‘these are my five values,’ I’ll show those values to employees and say ‘what do you think – are these really the values?’ – if not, I’ll ask them what would need to change to make it so.”

Tying Culture to Performance

It is not enough though, says Miller, to match what you say with what you do. What you do needs to be directly aligned with performance outcomes.

Miller notes that many companies have embraced “the very good work” that John Kotter has done which, he believes, has driven much of the increased interest in culture. “Most anyone you talk to who are familiar with Kotter will tell you ‘we want to have a high-performing culture’.”

That high performance has certain characteristics that are pretty standard, says Miller. “In my experience, companies usually pick from basically a bin of about 15-20 cultural attributes, each of which is a virtue. So they’re going to say: ‘We want to be customer-focused,’ because a high performance company will focus on its customers. Or, ‘we want to be innovative,’ because everyone knows companies who are innovative can bring new products to market most successfully. Or, ‘we want to have a culture of respect for the individual,’ because we want all people to be able to contribute in this organization regardless of their background or their personal characteristics.” In fact, says Miller, these cultural attributes, which are actually *virtues* and not values are things that most everybody would agree with.

But, he asks, what’s the point? “I have a hard time drawing a connection from putting a generic statement on the wall, or on a screen saver, or on a little laminated card – and performance.

Performance metrics need to go beyond the standard employee satisfaction scores and turnover numbers, says Miller.

“If you have very low turnover and very high employee satisfaction you may have a fairly self-satisfied workforce that isn’t driving itself to deliver,” he says. “If you have very low

turnover it may mean you're not really doing a good job of moving your dead wood out of the organization."

These things may be important. The key is that their importance is only relevant when tied to specific business outcomes.

"Nobody got rewarded with a higher stock price for having a great culture," says Miller. "So you'd have to ask: how are you measuring it and let's dig in and understand why you're not seeing the results you want to see."

In fact, says Bogorad, in situations where a company is faced with challenging economic conditions or organization change, a "strong corporate culture" may prove to be a serious stumbling block in turning the ship around, says Bogorad. She has seen this borne out in many merger and acquisition situations. "Corporate culture – or "group norms" – may not be aligned well with the aspiration of the corporation," she says. "If this is the case, it can work against, not with the organization."

Miller suggests that rather than focusing on "culture," companies focus first on the business results they're attempting to achieve.

"I think it's a lot easier to get people to align about what's important in their business – not focus on culture. Most of the work on culture starts from the assumption that if we define the *right* culture – this illusive high-performance culture, and we tell everybody about it and we get everybody to agree with it then they will behave in ways that enact the culture and we'll get the business results we want."

Miller says he would approach it from the "entirely opposite direction" – starting with the desired business results. Starting from that perspective, he says, allows focus on some very interesting and important questions.

"For example: If I believe that customer focus is important, where could I improve my customer focus? I don't mean on the general level of telling everybody 'go be more customer focused,' but a very specific question of 'where would it make a difference to my profession if we were more customer-focused?' – where in my interactions with the customer could I improve the customer experience and, if I identify those points (that could be the first time a customer meets someone from my company, the first time a customer calls a call center with a complaint, the way we present our first bill – any number of things depending on the business you're in. How could I change how people act to be more customer-focused in a way that really mattered?"

The bottom line, according to Miller, is: "How can you improve the business in ways that, in turn, will lead to having that high-performance culture? When you're performing highly, you have a high-performance culture!"

What Characteristics Are Associated With High Performance Cultures?

The Institute for Corporate Productivity (i4cp), commissioned by the American Management Association (AMA), conducted a global survey looking at the characteristics associated with high performance cultures. Findings from the *High-Performance Organization Survey 2007* suggest that higher-performing organizations are superior to their lower-performing counterparts in a number of areas:

- **Their strategies are more consistent, clearer and well thought out.** They are more likely than other companies to say that their philosophies are consistent with their strategies.
- **They are more likely to go above and beyond for their customers.** They strive to be world-class in providing customer value, think hard about customers' future and long-term needs, and exceed customer expectations. And they are more likely to see customer information as the most important factor for developing new products and services.
- **They are more likely to adhere to high ethical standards throughout the organization.**
- **Their leaders are relatively clear, fair and talent-oriented.** Those leaders are more likely to promote the best people for the job, make sure performance expectations are clear, and convince employees that their behaviors affect the success of the organization.
- **They are superior in terms of clarifying performance measures, training people to do their jobs, and enabling employees to work well together.** They also make customer needs a high priority.
- **Their employees are more likely to think the organization is a good place to work.** They also emphasize a readiness to meet new challenges and are committed to innovation.
- **Their employees use their skills, knowledge and experience to create unique solutions for customers.**

A recent online “convenience sample” survey of HR professionals, revealed the following perspectives on culture – what’s important and how it’s impacted:

Importance of... (1-5 scale; 1= not important)

Management "walks the talk"	4.8
The leadership team has a shared definition of the desired culture	4.6
Individual departments and/or divisions work effectively together	4.6
Employees enjoy coming to work	4.4
There is a high level of customer service	4.4
Company goals are regularly achieved	4.2
Employees get along with each other	4.1
The company is financially strong	4.0
The company has a written statement defining its culture	3.8
There is low turnover	3.5

A company's culture can be STRONG even if... (1-5 scale; 1=Strongly disagree)

The company is going through layoffs/downsizing	3.9
The company is not profitable	3.0
There is a high level of turnover among employees	2.5
There is a high level of turnover among customers	2.5
Employee consistently receive low performance ratings	1.7
Employees consistently rate senior leaders as ineffective	1.6
Employees consistently rate supervisors/managers as ineffective	1.6
There is a low level of customer satisfaction	1.6
There is a low level of employee satisfaction	1.5
The company is going through layoffs/downsizing	3.9

The strength of a company's culture is most impacted by... (percent selecting as #1)

The CEO	17.5%
The senior management team	35%
The HR department	5%
Supervisors/managers	25%
Individual employees	7.5%
Customers	0
The media	0
Other	2.5%

Importance of...in developing a strong corporate culture (scale of 1-10;1=least important)

A climate where employees feel that management "walks the talk"	7.6
Clearly articulated goals, strategies and objectives	7.5
Effective communication with employees	7.3
A climate where employees feel free to share opinions and ideas	5.9
Hiring for "fit" (e.g. hiring those who match the defined culture)	5.4
Hiring for job-related competencies	4.7
Performance evaluations that provide feedback on "cultural fit"	4.5
Corrective actions that promptly address issues of poor performance	4.5
Training on culture expectations	4.2
Corrective actions that promptly address issues of "poor fit"	3.4