

Sharpen Your Tools

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Betting on Culture

Your company's culture is too important to leave to chance

As a speaker and expert on leadership and teams, I spend my days working with organizations, getting to see firsthand the dynamics and challenges associated with running a business. And in my experience, no matter the industry, business model or size—from grocery retail to manufacturing to hospitals—there is one commonality that determines success over struggle: Organizations that prioritize culture are winning.

For the most part, companies spend their time and energy focused on developing and executing business strategy. For many, company culture is just something they hope to get right, often waiting to address it until it's broken and the consequences become too costly to keep ignoring. Business visionary and author Peter Drucker famously said, "Culture eats strategy for breakfast." This quote couldn't be more on the money.

The Case for Culture

The most critical mistake an organization can make is to overlook the importance of culture and simply leave it up to chance. Culture is less visible and tangible on the surface than things like sales numbers, which makes it easy to let slip down the ladder of priority. But make no mistake: The impact of poor company culture is destructive to every aspect of an organization and its bottom line. This includes employee engagement, job performance, turnover, quality control, customer experience and loyalty, just to name a few.

I'm not just speaking from the heart. There's unlimited data to support this reality.

According to a Gallup Report on the State of the American Workplace, companies that made a concerted effort to focus on culture and employee engagement outperformed companies that didn't by 10 percent in customer ratings, 22 percent in profitability and 21 percent in productivity.

Those companies also saw a 25-percent decrease in turnover and shrinkage and almost a 50-percent decrease in safety incidents throughout the year.

If that's not enough to convince you, that same report shared that companies that dedicated time and resources to building and cultivating a positive company culture created highly engaged employees who outperformed their peers by 147 percent in earnings per share. Similarly, the Workplace Research Foundation proclaims that increasing investment in culture and engagement by just 10 percent can increase your profits by \$2,400 per employee on an annual basis.

Flat out, culture is good for business. And companies that still need convincing are being left in the dust.

Where Companies Fail

Even though companies may be aware of this reality, only about 25 percent of organizations today have an employee engagement and culture strategy in place, and toxic work culture is rampant. We have all experienced it, left a job because of it or know someone whose life is currently miserable due to it.

While things like great compensation go a long way to move the needle and improve the workplace environment, it's not enough to just throw money at people and stick a ping pong table in the break room. The hard truth is that you can't pay someone enough to stay at a job they hate. When it comes down to it, culture matters more.

So yes, it's important. Yes, you're leaving money on the table if you don't address it. And yes, your employees will leave if they don't feel engaged (and you'll be stuck with the tab, which is typically 100 to 300 percent the cost of the employee's annual base salary, according to Gallup).

So the question is, how can you actually create and effectively drive culture in an organization?

There is a way. Just know this with absolute certainty: Hanging a poster on the wall expressing your company's core values does nothing to actually impact culture. As you may have heard, the values displayed in the lobby of Enron, the company bankrupted by fraud and whose leaders went to jail, were Integrity, Communication, Respect and Excellence. So there's that.

No company in the world leaves anything critical to the business up to chance. When faced with having to successfully market a brand, we develop a sophisticated marketing strategy. We define an executable plan based on desired outcomes and then put that plan into action. We don't rely on hope for great sales results; we make sales a strategic priority. It is the same with finance, operations, IT, customer service and more.

For the love of all that's good in the world, do not risk banking your company culture on hope. We have to approach culture the same way we approach any goal where we want to achieve success: Define it, create an action plan and execute it. To create and drive an awesome culture, you have to ask the right questions and get clear on the answers.

I created the following guide as a resource for teams with whom I work to build a strategic culture plan that will drive workforce engagement and team performance. The questions included are by no means comprehensive, but they are a jumping off point to define what culture means to your organization. (See steps list)

What Next?

You've done the work to build your strategic culture plan; now what? The best place to start is with your employees. Share your culture plan with them. Get them involved as early and often as you can in the process. Making sure they feel like they have a hand in creating it is a recipe for buy-in. Ask them for feedback. Does what you've created resonate with their experience? Do they live it every day? If not, what could be better? What needs to change for employees to feel engaged, bought in and excited to come to work every day? And don't just ask for that feedback once. Have the courage to ask for it regularly and be willing to make changes based on what you hear.

Prioritizing culture is not a nice-to-have; it's a must have. It is your competitive advantage and your way forward as a business. Ultimately, your focus on culture as a strategic priority will set you on a path to success, and those efforts will be felt throughout your organization. Your employees will be happier, your customers will be happier and your bottom line will be happier.

8 STEPS TO ESTABLISH A STRATEGIC CULTURE PLAN

DEFINE YOUR DRIVING STORY.

What is your company story? Why are you in business? Why do you do what you do? When people show up every day at work, what are they contributing to? Where are you headed as an organization? If everyone in the organization is holding an oar, this is why they row and what they are rowing toward.

ARTICULATE YOUR VALUES.

What are the ideals that drive your behavior as a company? Use action words. Integrity is a noun, which is fine, but also find the actions and verbs. If you say integrity, answer the question of how you execute integrity. Get specific and clear. What five actions exemplify integrity? These are your ground rules. This is a guide to how you behave not merely what you believe.

HOW IT FEELS TO BE HERE.

What is the experience of people operating inside your company? What five adjectives accurately describe what it feels like to be part of the team? What will employees tell their friends and family about how it feels to work at your company?

ESTABLISH TRADITIONS.

Identify what systems, extra steps and traditions you will implement to support the success and execution of the plan. This can include hiring practices (be specific about hiring), company events, reward and recognition programs, the way you start meetings, everyone slapping the exit sign on your way out the door, and whatever else you can dream up.

SPECIFY WHAT SUCCESS LOOKS LIKE.

What does it look like throughout the organization when you are successfully living your culture? How will employees at every level know they are positively and productively contributing to your company culture? What do you expect of your leaders in acting as stewards of culture and employee engagement? Define the results.

GET CLEAR ON HOW YOU MEASURE SUCCESS.

What are the metrics you use to gauge how successful you are at implementing your culture plan? How do you rate yourselves? How often do you revisit those results? How do you share them with

leaders and the broader employee population? This could include employee surveys, exit interviews, productivity metrics, tracking turnover, conducting interviews to gather data, implementing focus groups and/or tracking customer experience and feedback.

ESTABLISH ACCOUNTABILITY.

What is your commitment as a team when it comes to culture? What is expected of leaders and employees who are acting in line with your culture? Who holds the cards, and how do you hold each other accountable to live this culture? What language and processes do you use to address it when you need to call each other on the carpet? What are the repercussions for outliers who behave out of alignment with your values and ground rules?

CAPTURE THE BEATING HEART.

Now that you've outlined it in detail, define the essence of your culture in one sentence or idea. Do you have a name for it? Brand it. What is the heart of it? How would you describe your culture to someone outside of the organization?

Galen Emanuele is an international speaker and the Founder of Shift Yes. He works with teams and organizations around the globe, including Fortune 500s such as Microsoft, Shell and Expedia, to create a radical shift in how people interact and communicate in business. Emanuele is an expert in human behavior with more than 18 years in sales, marketing and business leadership. He is also a world-class improviser, having performed and taught improv for more than 12 years, including touring with improv legend Ryan Stiles and the cast from *Whose Line Is It Anyway?*