

Creating A Culture That Matters

Part 1: Laying The Foundation For A Great Business Culture



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What Is Company Culture?

Company culture (also known as corporate culture or organizational culture) has been a hot topic for the past few years. Some of the most successful companies you see today are successful because they cultivated a culture. Cultures are advantageous in many aspects of a business. A culture drives sales, unites employees and attracts new ones. It encourages creativity, accountability and loyalty in both your team members and customers. Ultimately, culture sets you apart from your business peers and competitors.

But what exactly is culture?

Culture is what makes a company great. It's a means to connect — with an organization, with an organization's people and with an organization's customers. It's a shared set of ideals, beliefs and practices that binds a company together. Essentially, it's what *defines* a company.



Make Your Company's Culture A Priority

Great Place To Work, a global research and consulting group that supports companies with exceptional cultures claims that businesses with robust cultures see *“significantly lower turnover and better financial performance than industry peers.”*

In our eBook series, we explore the value of company culture, the foundational elements of a strong culture, costly mistakes and how to sidestep them, tips for hiring the right people, secrets to maintaining a top-notch culture, and more.



What's All The Hype Around Company Culture?



The world of the Internet, social media and instant communication continues to impact and reshape our lives in unanticipated ways.

Professionally speaking, corporations are awakening to the reality they are no longer insular institutions with a public face and a hidden, internal working environment. People want to know all about your company culture.

Providing the ability for workers to post feedback on what companies are really like is the meat and potatoes of websites such as Indeed and Glassdoor. Even sites with other purposes, such as LinkedIn, are a primary source of insight for recruits and prospective new employees.

In other words, there's nowhere to hide for businesses today, so you better whip your culture into shape.

More Than A Paycheck

For the past two decades, consultants and experts in the recruitment field have been alerting employers to a significant shift in expectations from employees. However, the past few years have seen a rapid acceleration of these new standards, fed by an increasingly tight market for top recruits and talent.

Savvy tech firms have led the way with the idea of creating innovative and worker-friendly environments. As the publicity and awareness about free meals, full on-site day care (yes, even for pets), liberal working hours and vacation time has increased, the expectations have grown tremendously.

The simple fact, however, is that first-rate hires today are not just looking for a list of monetary perks. Instead, they are looking at a prospective employer's overall company culture — the working environment itself. They desire a sense of community, a work family and security.

Culture And Climate: Attracting The Best Performers

While the idea of company culture has been a topic of discussion among personnel experts for 50 years, it has now become a boardroom level issue of concern and priority. For example, Deloitte, one of the world's largest professional network firms, touches on the issue in its focus on the concept of human capital. Engaging employees with the appropriate culture is now seen as essential to not only attract the right candidates and hires, but it is also a major part of improving employee retention.

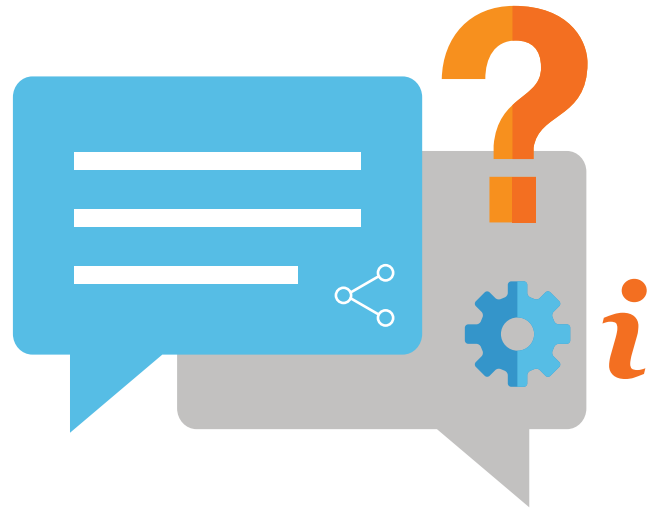
For a time, executives were more fixated on a defensive position, ensuring their cultures and working environments were compliant with new anti-discrimination and sexual harassment standards. Those types of environments, however, are now expected to be the norm.

The simple fact, as Deloitte refers to the "naked corporation," is that today no corporation, large or small, can cover culture deficiencies with fancy works, attractive brochures and fat paychecks.

Social media is just one way employees will tell the world what working at a company is really like. Take for example Amazon's workplace scandal. Revelations such as these are nightmares for recruiters, and create happy hunting grounds for headhunters.

Companies Call For Proactive Efforts

These realities are the reason so many boardrooms and C-level executives are now sitting up and taking a more proactive stance on the issue of culture and climate. The issue is not only not going away, but it will be a key factor in shaping any company's ability to compete.





3 Key Elements For Cultivating A Great Company Culture

A company's culture affects everything, from staff recruitment and retention to customer perceptions and engagement. Burgeoning, successful companies cannot afford to ignore culture in today's hyper-competitive environment.

We've discerned that creating company culture is crucial in today's business world; however, where do you even start? How do you build a culture and how do you make it last?

Understanding The Challenge Of Creating A Strong Culture

In this chapter, we explore the core of the issue in an attempt to define the basic elements found in companies that are considered to be successful in creating enviable cultures.

Where To Find Inspiration

ROI Online found a lot of our inspiration on culture in the work of Daniel Pink. We personally apply the wisdom in Pink's book, *Drive*, to our digital marketing agency. After evaluating Pink's views on motivation, which he developed over more than four decades of analysis, we realized the goal is to first understand what drives intrinsic motivation.



Revolutionizing Steam-Age Concepts

Pink provides solid evidence that modern attitudes toward human capital are woefully outdated. He notes the roots of many incentive programs are based on Taylor's work in the area of scientific management in the early 1900s. That concept focuses on tasks and piecework. It resulted in a primary focus on incentives that encouraged success at increasing productivity and penalties for failure. This is, of course, the carrot-and-stick approach to motivation.

Through his research, Pink sought to solve his "puzzle of motivation." In doing so, he identified what he calls the importance of the Third Drive, as originally proposed by Professor Harry Harlow in 1949.

We'll discuss this more at length in the coming chapters. However, Pink postulates his Self-Determination Theory based on three innate human drives: Autonomy, Mastery, and Purpose, which are true for businesses of yesterday, today and tomorrow.

These three elements apply to any culture and encourage employees to see themselves as team members by providing:

1. **Autonomy.** This is a sense of reality of control over basic aspects of work, including the when, how, with whom, and what of their tasks and responsibilities.
2. **Mastery.** Success in this element means providing an environment where team members can learn and develop.
3. **Purpose.** Providing a sense of purpose only happens when an employee feels he or she is contributing to some higher and enduring worthy cause.

Creating a strong culture that people believe in is not an easy task. It takes time, and trial and error. Prioritize, focus and communicate. Don't get wrapped up making your company an utopian wonderland. It's about cultivating a culture that breeds loyalty, synergy and happiness.



Company Culture Gone Wrong

So far, we have looked at some of the characteristics of a great corporate culture, and why such a culture is so important to companies today. The cost of creating an unhealthy culture can, well, cost you your business.

How Poor Culture Can Affect Your Business

A toxic or dysfunctional culture will impact your business in many ways in every department, including:

- Productivity Loss
- Poor customer perceptions
- Low employee retention
- Inability to hire the best and brightest talent
- Damage to brand on social media
- Hostile work environment



If these types of issues cause you to shudder, you can help avoid them by apprising your culture. This reality is discussed in a [Forbes article](#) outlining 10 signs of a problem company culture. This overview makes the point that a solid culture is not created by adding a few games or perks, like having a ping pong table or posting values on a wall.

A strong culture starts with leadership – leadership that is adopted by employees and evidenced in how customers are treated. An [interesting article in Inc.](#) makes an even more compelling argument for avoiding the “toxic culture trap.” The author of this piece points out that even if you luck out and attract some good employees, a poor culture will soon affect them and even turn them into bad employees.

This particular discussion about cultures in Inc. includes other warning signs of a culture gone bad (or never having taken off) such as:

- Everyone working at a fever pitch all the time
- Leadership that does not model the desired values and performance
- An unclear and/or contradictory company culture

The latter point goes back to the earlier issue of thinking that winning the culture war in your company consists of superficial actions and plastering values on a wall. It just isn't that easy.

Making A Strong Culture Last

While it is critical to capture the elements of your values and culture in written form, like a culture code, that just kickstarts the process.

Shawn Parr reinforces this point in an article entitled [Culture Eats Strategy for Lunch](#). Stressing the idea that culture is more than a vibe or something fluffy, he attacks the misconception that culture is more than office décor or surface effects. Rather, great companies have great cultures as part of a long-term and sustainable approach to their employees and customers.

Parr also cites one of the world's most successful, long-term cultures. While not a business, the United States Marine Corps has developed a culture that has its own name: esprit de corps. Marines fight from their first day of boot camp to prove themselves worthy of their organization and zealously guard their “organizational brand” for the rest of their lives.

Testing The Strength Of Your Culture

Test your culture by asking these simple questions posed by Parr:

- Do you run into your culture every day?
- Does it inspire you, or smack you in the face and get in your way, slowing and wearing you down?
- Is it overpowering or does it inspire you to overcome challenges?



3 Mistakes That Will Shatter Your Company's Culture

Amazon made headlines after some of its former employees publicly lambasted the online shopping juggernaut's "bruising" work culture. Amazon, of course, fired back, and the debate is ongoing, but it just goes to show you how corporate culture has made its way to the forefront of the workplace and news.

While it's important to understand the many positive ways you can put your company on the right track to upholding a healthy culture, being aware of common mistakes is also very helpful.

No Guarantees Except For Failure

It is one of the ironies of leadership that there are simply no ways to guarantee success. Unanticipated events can always derail the most successful companies. For example, the mighty IBM, known for years as one of the world's best-managed companies, almost went out of business in the '80s due to advancements in technology.

However, while there are no guarantees for success, there are many ways to virtually guarantee corporate failure. The simple fact is that most companies continue to exist with mediocre cultures and survive until a superior competitor comes along. The world of acquisitions and mergers thrives on those companies driven by powerful cultures gobbling up the weaker players.

When management fails to cultivate and maintain the environments to which employees are attracted, it's often oversight and omission. On the other hand, there are active and overt ways management can erode and undermine any efforts to create the enviable culture that produces the results we have discussed.

It is not by accident that many of the most detrimental mistakes a manager can make are related to ignoring Pike's three basic points. However, there is a long list of mistakes to avoid, including failing to:

1. **Provide a purpose.** Simon Sinek is known for his book, *Start with Why*. Having a purpose is more than a goal; it is a comprehensive understanding of why you are tackling the tasks you are assigned. Providing that "why" is a key responsibility for leaders, and you can't have an awesome culture unless your people understand the whys.
2. **Hire the people who will build and support the culture.** Your culture is your people and your people are your culture. You attract the right people with the right culture, and the right people build and sustain that culture. Every hire at every level must be evaluated for their compatibility with the culture you build.
3. **Appreciate and respect your clients.** It is a fact of the free enterprise system that you need customers to make sales and generate profits. They are not a burden. Rather, they are the lifeblood and a big part of the "why" of any business. If they are not respected, the purpose has little meaning.

Having trouble with some of your clients? Read our blog on [6 Types of Difficult Clients and how to deal with them](#).

Avoiding The Traps

Of course, there are many other culture traps you must actively work to circumvent. Today's employees detest bureaucracy, and turnover is influenced by boredom, lack of challenge, and a host of issues you can immunize your organization against.

Having a healthy corporate culture is a combination of doing the right things while evading traditional negatives.



5 Companies That Rock Their Culture

So far, we have looked at characteristics that create a dynamic and effective culture. In addition to the three basics identified by Pike (Autonomy, Mastery and Purpose), companies that succeed in building and maintaining great cultures show flexibility in their market segment and a commitment to excellence. Here, we will look at a mix of “old market” and new market companies and their highly respected cultures.

HubSpot

Riding rapidly to dominate its market spot in the world of digital marketing, [HubSpot](#) has developed a [Culture Code](#) that it reinforces with each hire and each corporate decision. It even inspired ROI Online to create [our own!](#)

The core of HubSpot’s code is a call for passion — about customers, about team members, about having fun and well, about culture. The HubSpot crew doesn’t just talk and teach culture; each employee is empowered around the principles espoused by Pike. As they say, the proof is in the pudding, and HubSpot boasts of one of the industry’s most celebrated cultures.

REI

REI has been around for decades, and during that time it has repeatedly ended up on the lists of companies that have the best company culture. It is also frequently found on lists of both the best companies to work for and the most profitable in their segment.

Of course, if Pike is right, the latter two lists will naturally follow with the first (as with the other companies discussed here.)

Customers of REI come to the outdoor supplies store with a passion about their sport or hobby, and want to find the same passion (mastery) in the people they buy from. The Outdoor Industry Association conducted a case study of REI and found passion and fun at the heart of its success. Likewise, the company is known throughout the business world for its customer loyalty and long-term retention.

USAA

Harvard Business Review considers USAA a prime example of the point we made in our opening blog in this series. Brands actually reflect the culture of the companies they stand for, and USAA has a culture that solidly reinforces its highly respected brand.

Founded as a simple insurance company serving a niche market, USAA has earned the highest level of customer loyalty a company can aspire to. Although the company does its business almost entirely over the phone, its reps are some of the best trained in the business world and are empowered to solve problems, not pass them on.

Southwest Airlines

A common question from this company's competitors (and other envious business managers) is "How do they do it?" Year after year, this airline confounds its observers and sets new records and profits. It, too, has been the subject of many case studies and evaluations. The truly unique aspect of Southwest's success is the fact that it has maintained its culture when wisdom would have called for leaving it behind. However, the company's legendary commitment to customers and employees has helped it weather massive industry storms, including the events of September 11, 2001.

In fact, the unique culture of Southwestern has also achieved success in clearing one of the toughest challenges to any startup that becomes a major corporation. Many companies grow to success around the character and drive of a charismatic founder. Maintaining that culture and success has proven an impossible task for many such ventures. However, Southwest has continued to prove the strength and vitality of its culture many years after its founder Herb Kelleher left the company management team.

And, who doesn't love those little red heart swizzle sticks?

Twitter

Considered by many, especially its customers and employees, to be the champ when it comes to commendable cultures, [Twitter](#) also enjoys the fruit of a successful culture. Specifically, more than 1,600 employees became millionaires as a result of its 2013 IPO.

The correlation here, however, between culture and success should excite all aspiring young companies. It can be argued the culture helped create the opportunity for amazing financial success, not the other way around. This further underlines the point that financial rewards should be a by-product of a healthy culture, not the foundation.

You'll find an excellent read on the Twitter culture (and how it compares to Google's) at [Dave Partners](#).

Glassdoor imparts that of the top 25 company cultures (according to their employee ratings), 11 come from the tech industry. This dominance is somewhat expected, as these are largely companies that have grown from startups free from "old economy" environments and expectations. However, the majority of those considered to have great cultures are older companies who have succeeded in adapting and proactively responding to the demands of their marketplace.

This ability to adapt and grow is an increasingly essential attribute of any culture that will survive in today's rapidly evolving business environment.





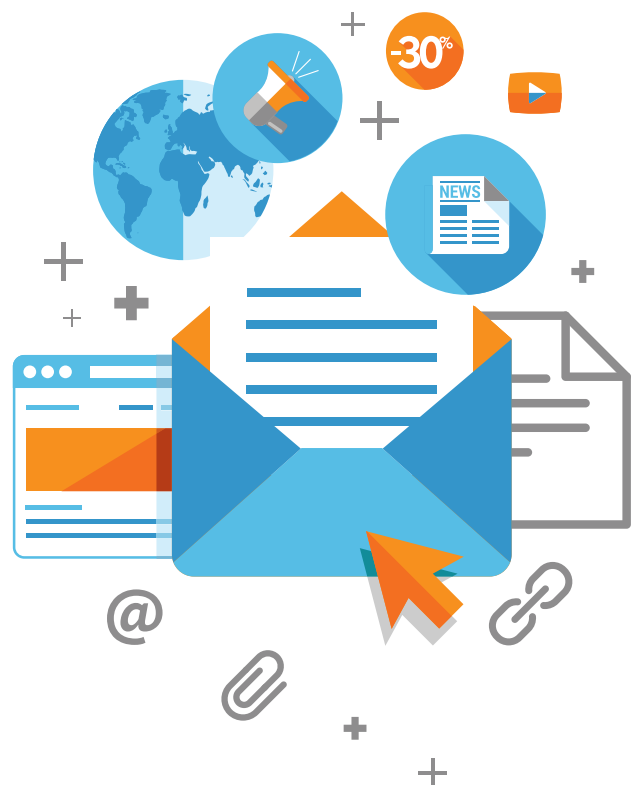
What's Next?

Creating a rich company culture takes more than laying a solid foundation. You must fill your business with a competent team of professionals who live and breathe your culture. You must connect with and communicate with them. You must reward them, encourage and offer opportunities for growth.

In the next edition of our *Creating A Culture That Matters* eBook series, we'll dive into hiring employees that fit your culture, driving employee engagement and inspiring loyalty.

Keep an eye out for Part 2:

How To Recruit And Retain The Top Talent In Your Organization, coming soon!



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