



The Accountable Executive

Two of our LeadershipOne business writers, Hal Johnson and Ed Street, expect to have their new book, *The Accountable Executive*, released in the Spring of 2009. This is the third in a series of five articles, each addressing a key accountability function, based on material from their book. They have observed that accountability is a meaningful area of struggle in many mid-market companies and they address what they observe are major contributors to low accountability cultures - and the antidote.

Being Accountable for a Peak Performance Culture – Function #3

An organization's culture is a direct reflection of the business leadership. A careful look at the culture can provide a vivid image of what the leadership team models as their "walk." Former IBM CEO and author, Lou Gerstner, (*Who Says Elephants Can Dance*) claims culture is not just one aspect of the game – it is the game. With an influence as powerful as culture, it is surprising how little time and attention leadership spend on developing the desired culture. Indeed, it is even more surprising how infrequently a strategy is developed to take advantage of the impact a high-performance-oriented culture can have. There will be a culture. And that culture is definitely going to have an impact on the organization's performance.

The only way that culture development occurs in most organizations is if the leadership team initiates it. The single most visible factor that distinguishes major cultural changes that succeed from those that don't is competent leadership at the top. Culture is a powerful force that in most cases exists with very little forethought about what can be done to improve it or make it more effective. But that is changing. The leadership teams of many businesses are beginning to realize the value of a strategy to create and support an effective culture. It takes awareness and commitment.

A key component of a high performance oriented

culture is the development of a core ideology – core values and sense of purpose beyond just making money that guides and inspires people throughout the organization and remains relatively fixed for long periods of time. The real difference between success and failure in a corporation can very often be traced to the core ideology of how well the organization brings out the great energies and talents of its people.

Attitudes affect behavior, which in turn produce business results. The relationship between culture and business performance is significant. Various patterns of culture and performance relationships are identifiable. Considering the tremendous impact that an organization's culture - whether "healthy" or "unhealthy" - has on performance, a close look at what a strategy for creating culture can accomplish is warranted. But first you need to understand what makes a culture either healthy or unhealthy. The term "healthy" is used to describe a condition in which positive behaviors are produced that are supportive of and conducive to desired performance and outcomes. Similarly, an unhealthy condition influences or produces behaviors that create less-than-desirable performances and outcomes.

Two Harvard Business School-sponsored studies on the relationship between business culture and business performance of more than 200 firms were conducted by John Kotter and James Heskett. Their research and conclusions are described in their book, *Corporate Culture and Performance*. They reveal that:

- Corporate culture can have a significant impact on a company's economic performance.
- Corporate culture will most likely become an even more important factor in the future in determining a company's success or failure.
- Cultures that can help organizations anticipate and adapt to change will be associated with superior performance over longer periods of time.
- Companies with more adaptive cultures strongly emphasize that managers throughout the business should provide leadership to initiate change in strategies and tactics to satisfy the



interests of stockholders, customers and employees.

- It is not easy to change a corporate culture. It takes a specific strategy and strong leadership.

The basic premise is simple: cultural change gets real when your aim is execution. The leadership that succeeds is the one that can assemble the architecture of excellent business execution, focused on achieving great business results and how you achieve them. It's based on a culture and supporting processes for executing, promoting people who get things done more quickly and giving them greater recognition and rewards. Organizations don't execute well unless the right people, individually and collectively, focus on the right details at the right time. A culture emphasizing results facilitates the perpetuation of great companies. That is what leaders are accountable to do.

The mission of the management leadership is predictable, successful performance. The successful companies that consistently achieve their objectives have the following characteristics:

1. Focus on results – we all are judged by our results.
2. Hold one another accountable for results.
3. Chose clarity over accuracy – but be decisive, but flexible.
4. Encourage harmony with creative conflict – open communication; get the unvarnished truth.
5. Be real and vulnerable – build trust.

And that should be the objective of the culture – to reinforce these essential success-supporting behaviors. All it takes is accountable leadership.

Hal Johnson and Ed Street have been senior level as well as chief executives of several companies. They sit on boards, teach, coach and consult regarding best practices, including accountability concepts, to executive management.

They may be reached at (916) 391-3042 or at hjohnson@leadershipone.net.