



The Guiding Force of Corporate Culture

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Every business has a culture – a way of doing things that is learned as they learn what does and does not work. Culture is defined as the way people treat each other, how they communicate, behave together – the spoken and unspoken rules within a company.

Some basic considerations about corporate culture

A culture's beginning starts with the founders' interests, beliefs and values. Over time, these values are either strengthened (to the benefit or detriment of the company) or weakened (again, to the benefit or detriment). Whether the culture works to support or impede the company depends on the nature and strength of the founders' experiences, beliefs and values.

Cultures need to morph with the changes in business and business climate. What worked well in years past may not work well for today or for the future. Cultural morphing can be unintentional or intentional. As leaders focus on culture, they move it in the way that best supports the company's vision and mission.

How should cultural be aligned to business?

Cultures that support employees' direct involvement with the business, whether in decision-making, innovation, or product and service generation and delivery will, sustain and grow the business over a long period. Other culture components that support performance are trust, accountability and open communication.

Over the years, we've learned that customer focus is critical, but not too many companies actually practice premier customer service. Culture that supports this includes front line empowerment to act, process improvement systems and sense of employee ownership and involvement.

Corporate culture as power behind business performance

In the early 1990's, Alberto-Culver North America became dangerously stagnant, earning roughly one cent for each bottle of its most popular shampoo brand. The CEO set out to systematically turn the company around from this dismal performance by changing the culture. Since the culture change that began in 1994, Alberto-Culver NA gained an increase of 83% in sales and 336% in pre-tax profit. Employee turnover was cut in half. Bernick stated that "culture and performance tend to become self-perpetuating circles."

Another great example of a company whose corporate culture continues to guide their success is Zappos.com. In just 8 years they've grown from \$100K in sales to over \$1billion. The company is "powered by service" and as they state in their published Culture Book 2008, "to succeed as a service company, we need to create, maintain and grow a culture where employees want to play a part in providing great service."

There are many more examples of companies that have done well through wielding the power of their corporate cultures. Any leader can utilize its corporate culture to sustain and/or improve business performance.

Measuring and identifying culture can be challenging. Many questionnaires measure only surface artifacts and thus miss deeper cultural assumptions. For example, four executive team meetings a month for one company could mean internal 'analysis paralysis' that needs to be addressed and to another company a healthy response to a shifting client market.

Begin asking yourself and your executive team – what do we believe and value around here? Do these beliefs and values support our company vision? If not, what beliefs and values should we be instilling in our company? How will we institute and support this culture?



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