



Culture on Purpose[®] :

The Intentional Use of Culture to Drive Business Results

INTRODUCTION

Many books and theories have extolled the virtues of culture and the influence it has on business outcomes, yet, many organizational leaders are mystified by culture and worse, may even feel victimized by their own organizational norms. Company culture can be deeply ingrained and seem nearly impossible to budge.

No wonder many executives shrink from the idea of changing corporate culture, much less using it as a competitive advantage. But, while it may be easier to leave culture alone or let it develop “organically” or “naturally,” that approach is ultimately detrimental to organizational well-being and profitability.

In today’s market many organizations are looking to technology to produce transformational change in their business, sometimes replacing systems deployed twenty or more years ago. But technology alone is never the solution. Today’s technology can provide access to the right information, but organizations must also cultivate leadership accountability and inspire profitable behavior to achieve transformational change. The introduction of technology aligned with culture change can be a winning formula for sustainable results. In this paper we’ll introduce a concept we call Culture on Purpose[®] – the intentional and strategic use of corporate culture coupled with technology to drive measurable business outcomes.

WHAT IS CULTURE?

At its simplest level, organizational culture is the sum of everything that affects what and how things get done in your business, including:

- Organizational strategy and the success of that strategy
- Behavior of leaders and how well they communicate their vision
- Values, attitudes and behaviors of employees
- Results

“The reality is that culture is a business issue that has significant impact on a venture’s ability to generate a return on investment and should be prioritized and measured just like other business objectives...”

National Venture Capital Association,
Venture Capital Review, Issue 29, 2012

According to John Kotter, “...culture is group norms of behavior and the underlying shared values that help keep those norms in place.”¹ Or, to put it in operational terms, it’s “how we do things around here.”

Jim Sinegal, founder of Costco famously stated, “...culture is not the most important thing in the world. It’s the only thing.” Costco’s attention to culture has led to one of the lowest turnover rates in the retail industry – 5 percent among employees who have been there over a year, and less than 1 percent among the executive ranks.² Southwest Airlines has been successful in a troubled industry because of its focused strategy and a unique culture that permeates the entire organization. Seeing pilots help clear away trash to get planes quickly back in the air is a remarkable demonstration of the power of culture to inspire profitable behavior.

Successful organizations understand the power of culture and have traditions and disciplines to sustain its winning power. But how do companies instill the new cultural traditions and disciplines they need to jump start their organizations? Today’s technology can help by aligning goals and performance, fostering enhanced communication and providing access to information not easily attained before. Organizations that are embracing human capital management (HCM) technologies can use this enterprise-wide event to start a new cultural journey.

CULTURE ON PURPOSE®

Positioning an organization for extraordinary results starts with the premise that culture matters.

To easily determine whether culture matters in your organization, can you answer “yes” to these three essential questions?

1. Does your organization summon the power of culture to drive its will in your market?
2. Do your leaders understand their personal accountability for results and have the information and authority necessary to take action?
3. Is each employee inspired, equipped and empowered for success?

Leaders have a fiduciary responsibility to manage culture, just as they manage the company brand or the financial stability of the organization. If the answer to any of the questions above is “no,” maybe it’s time for a purposeful cultural change.

1. “The Key to Changing Organizational Culture” *Forbes* online, September 27, 2012, <http://www.forbes.com/sites/johnkotter/2012/09/27/the-key-to-changing-organizational-culture/>

2. “Costco CEO Craig Jelinek Leads the Cheapest, Happiest Company in the World” *BloombergBusinessweek*, June 6, 2013, <http://www.businessweek.com/articles/2013-06-06/costco-ceo-craig-jelinek-leads-the-cheapest-happiest-company-in-the-world>





We believe that Culture on Purpose consists of three related components:

- Strategic Intent – Identifying and defining organizational objectives and the strategies necessary to achieve them
- Empowered Leaders – Giving managers the information they need to tie actions to outcomes, and the ability to drive needed change
- Results – Defining fair and consistent metrics as indicators of success

STRATEGIC INTENT

The journey begins with a thorough analysis of the organization's strategic intentions and how to operationalize them. Often strategy is captured in a 3-ring binder which gets tucked away in a credenza and collects dust. The overarching strategy may be sound, but only significant to the few who labored to get every word just right.

Cascading the strategy to everyone in a meaningful way requires more. Bringing life to the company strategy requires constant, relentless communication so that each employee understands how their individual actions are relevant to the enterprise. A successful strategy is always accompanied by measurable goals, along with plans and actions to accomplish them.

If your culture doesn't value designing a strategy that works at all levels of the organization, you'll never achieve your goals.

EMPOWERED LEADERS

The alignment of strategy and operational excellence is driven by leaders that understand and embrace their accountability for results, and who are given the resources they need to achieve them.

Today's technology connects leaders with information on an unprecedented scale. Enterprise-wide data warehouses and big data analytics provide the ability to inform decisions and validate actions like never before. With this information, empowered leaders can manage performance in deeper and more meaningful ways, inspire employee behaviors and achieve desired results.

But if your organization is micro-managed by a few at the top and line managers aren't trusted with big decisions, your culture will get in the way of performance.

RESULTS

Results are the outcomes of collective behaviors in any organization. The goal is to achieve positive results by encouraging the behaviors that lead to profitability while averting the behaviors that don't. Simple, but not always easy.

It's not easy because gauging results – positive or negative – can only occur when organizations define the metrics that represent those results. Then, they must gather and analyze the data that form the metrics.

But the amount of data can be overwhelming. Turning data into useful information requires harnessing large data sets and presenting the right information to the right person at the right time. When designed and used properly, analytic tools give leaders and employees valuable insight into past and current performance, along with the ability to predict future performance and spot areas where intervention is needed.

BUILD A CULTURE OF EXCELLENCE

Remember that your organizational culture is the sum of *everything* that affects what and how things get done in your business. The information gleaned from data analysis may drive decisions, but your organization's culture is what encourages or discourages certain behaviors. Marrying data-driven decisions with your organization's behavioral norms and group values is the essence of Culture on Purpose.

It's old news that many change efforts fail. Some estimates suggest that as many as 70% fail to deliver tangible business results, and only 25% of initiatives deliver sustainable gains over the long term³. Organizations that use today's tools and technology and start the journey toward Culture on Purpose will gain competitive advantages that produce tangible value.

Call us to arrange a consultation with our experts. Seize this opportunity to align the forces in your organization that drive your success.

3. "2013 Change and Communication ROI Study: What Change Leaders Need to Get Right," Towers Watson, August 2013

