ORGANIZATIONAL HEALTH CULTURE



It Can Help — or Hurt — Your Organization's Success

So, you are a leader in your company. You've done all the right things. You understand your business. You've created the business strategy. You've established goals. You have a lot of smart people working with you. Everything should be moving the business ahead. But you've stalled… or you're coasting… or sliding backwards.

Why is it so difficult to get things done? Implementing well-thought-out goals should be easy, but it's not. What's happening?

At Work Effects we believe the "secret sauce" is the corporate culture.

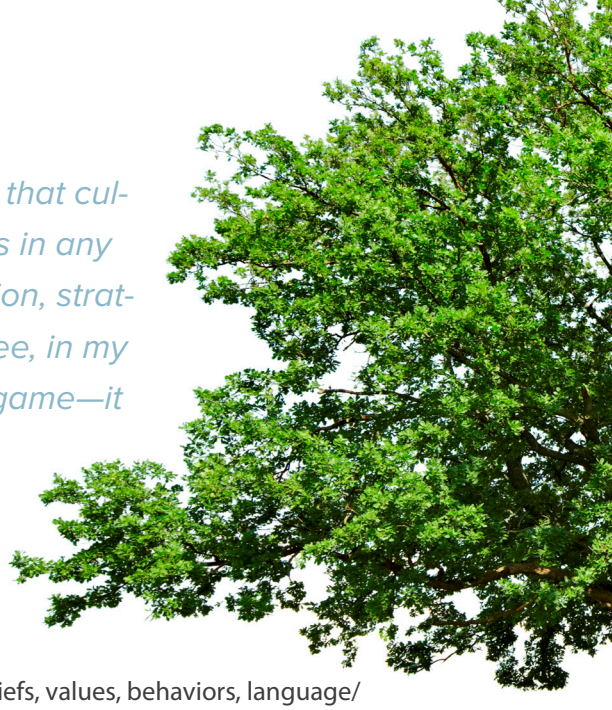
Extensive research on leading companies in many industries clearly shows that those with a culture integrally aligned with strategy do better than those without a thoughtfully managed culture.

The John Kotter and James Heskett book, Corporate Culture and Performance, reports their study findings that over a period of 10 years companies that intentionally "managed their company cultures well" outperformed similar organizations that didn't:

CULTURE	Intentionally managed well	Not intentionally managed well
Revenue	+682%	+166%
Stock price	+901%	+74%
Net income	+756%	+1%
Job growth	+282%	+36%

The impact of a purposeful culture – one that is consciously aligned with the organization's business strategy – is astounding!

Awareness of the importance of culture to a company's bottom line is growing. A quick Google search for "corporate culture and performance" results in more than 85 million hits. That's about seven times more that TV's most popular program, NCIS, and 25 million more than a search for "Warren Buffet."



"Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success—along with vision, strategy, marketing, financials, and the like... I came to see, in my time at IBM, that culture isn't just one aspect of the game—it is the game."

Lou Gerstner, former CEO of IBM

WHAT IS CULTURE?

So what is this nebulous thing called culture? It's a system of shared beliefs, values, behaviors, language/jargon, traditions and knowledge that is transmitted within a group. It's "the unspoken rules about how things are done" in an organization. It's the organization's personality, its unique DNA.

Can it really be measured and aligned? Yes.

At Work Effects we have identified the 10 dimensions of culture and by locating where a company is on each continuum, we can determine how well the culture is aligned with the organization's strategy.

When does a company's culture seem most out of whack? At Work Effects we've identified the Five Scenarios of Pain that amplify to the schism between culture and strategy.

Customers
Transactional or Intimate

Market Approach
Market Adopter or Market Leader

Identity
Brand Centric or Brand Neutral

Focus
External or Internal

Risk Tolerance
Risk Mitigation or Embrace Risk

Operational Approach
Low Process Variation or High Process Variation

Decision Making - Information
Fact or Intuition

Decision Making - Location
Centralized or Decentralized

Atmosphere
Disciplined or Social

Results
What or How

But company culture is HR's domain, right? Wrong! Anything that influences the company's achieving its goals is the responsibility of all the corporate leaders. That means you. You need to understand what is driving performance and what is inhibiting it.

1. **Change in Leadership** – The average tenure of a Fortune 500 CEO is just 4.6 years. Studies suggest 40% of new leaders fail within the first 18 months. Aon Consulting reports a 50% chance an executive will quit or be fired within his first three years. Sales leaders are replaced every 18 months. Think this will affect your company?

2. **Merger or Acquisition** – You've probably seen it or been part of it. Company A takes over Company B and tries to merge the two companies into one. They both agree on the strategy, they both are willing participants, they both want it to work. But it doesn't. The cultural differences probably jinxed the merger from the onset. Left untended, the cultural divide deepens and distracts everyone from the common goal. The merger fails and you're left to pick up the pieces.

3. **Sudden Unexpected Downturn in the Market or in the Company's Performance** – Some things are beyond your control. But how you react to them is totally within your control.

4. **Talent Armageddon** – The day is coming soon for many companies when a significant amount of their corporate knowledge and experience will exit the company as the Baby Boomers retire. Often, too, if a company is slipping, key players will abandon ship.

5. **Exponential Growth** – Sudden growth can quickly change the way a company operates.

Many numbers-based organizations want to break out the ROI of HR to determine its value. We say that's the wrong approach; it's the wrong question. The value of HR is how well it helps to execute the strategy. HR should lead the way for culture to be an integral part of the company's achieving its business goals. And that's something we can measure. HR should pave the way for leaders at all levels of the organization to develop a culture that aligns with the business goals and strategy.

At Work Effects we look at several factors affecting a corporate culture:

1. **Organizational Health** – How good or bad is the health? How strong is employee engagement? What part does "trust" play in your company? (We think it's critical.)

2. **Purposeful Culture** – Is the culture purposefully aligned with strategy? How is it managed?

3. **Lasting Change** – Sustainability is inversely proportionate to Ease of Change. Things that are easy won't last. You need sustainability to achieve a strong competitive advantage.

4. **Accountability** – We help you assign responsibility for every step of the culture transformation and walk with you every step of the way to keep you on track.

If you are a leader in an organization, you're part of shaping the culture that either supports or inhibits the business. If you want to create a sustainable competitive advantage, Work Effects can do the to help you identify, enact and sustain changes necessary to become the business you want to be.

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