



graphics by nitish jurekar

# myths BUSTED

## AUDITING CULTURE

Denise Lee Yohn, author of *FUSION: How Integrating Brand and Culture Powers the World's Greatest Companies*, cracks the code on culture-building. She explains why and how to use corporate culture to increase the competitiveness and sustainability of one's business.

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there is one 'right' kind of organizational culture that works in all companies

02

you can improve your culture by giving employees perks and throwing parties

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you cannot really affect culture, it grows organically

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culture-building should be handled by the human resources department

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culture is only good for improving employee retention and recruitment, and bolstering corporate reputation

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## **Imitating another company's brand leads to a weak and unsustainable business; imitating someone else's culture does as well.**

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"The world has an employee engagement crisis," Gallup recently reported. Only 13% of employees working for an organization are engaged. This, they go on to say, has "serious and potentially lasting repercussions for the global economy."<sup>1</sup>

This lack of engagement exists because most business leaders do not know how to cultivate a healthy organizational culture, or they go about it the wrong way. Some of the most common misperceptions about how to build and sustain a great culture include:

### **01 there is one 'right' kind of organizational culture that works in all companies**

Many business leaders think they need to cultivate a benevolent and supportive culture because that is what seems to work in other companies. In fact, most of the existing rhetoric on culture says that managers must be warm and friendly and they must treat their colleagues like family by being nurturing, encouraging, and inclusive.

But nothing could be further than the truth. Every organization is different, so its culture should be too. A warm and family-like culture might fuel one company's growth but might backfire completely at another, which must be more competitive and driven by standards.

Imitating another company's brand leads to a weak and unsustainable business; imitating someone else's culture does as well. Each organization needs a distinctive culture that expresses its unique purpose and core values, orients everyone to the unique challenges and opportunities the business faces, and develops the mindsets and behaviors that enable its employees to deliver on-brand customer experiences.

### **02 you can improve your culture by giving employees perks and throwing parties**

Good health benefits and free snacks or parties have become mere table stakes for most employees these days. These tactics soon lose their power to motivate people and differentiate an organization. In fact, some perks are not as effective at motivating employees as they might seem. A study on millennials in the workplace by Qualtrics, a US-based experience research firm, found that free food is one of the least important elements of culture.

Instead, companies should help employees connect what they do to the value they create for their customers. Doing great work that makes a difference motivates people far more effectively than perks and parties. And it prepares them to produce great customer experiences.

### **03 you cannot really affect culture, it grows organically**

It is true that culture cannot be imposed. Leaders cannot force the team to think or behave a certain way. Plus, culture should produce unity, not uniformity, within a workforce. Diversity leads to innovation and resilience. The goal of cultivating culture is to set up the organization to operate in a particular, but not necessarily predictable way.

So leaders should not sit back and assume that their culture will develop the way they want. They can and should set the conditions that actively influence the way they want the employees to work daily. The best approach is to adopt core values to serve as guard rails that prescribe boundaries, not as tracks that dictate behavior.

### **04 culture-building should be handled by the human resources department**

Traditional human resources functions such as recruiting, training and development, compensation, and benefits certainly influence organizational culture. And human resources managers should be actively engaged in developing and implementing strategies and tactics that support and advance a company's desired culture.

But culture involves so much more than human resources initiatives. Jim Collins, the author of *Good to*

*Great* and other seminal leadership books, says that culture is strategy.<sup>2</sup> He means that investing and cultivating culture is a strategic priority that leaders at the highest levels of the organization must adopt as a key management responsibility.

As a strategy, culture must be operationalized throughout all aspects of the business. Leaders must implement an organizational design and run its operations to provide the structure and processes necessary for the desired culture to flourish. And they should deliberately design and manage all aspects of the employee experience including facilities, corporate communications, social responsibility/community involvement, and IT so that every facet of an employee's journey throughout her connection to the organization encourages and enables the desired culture.

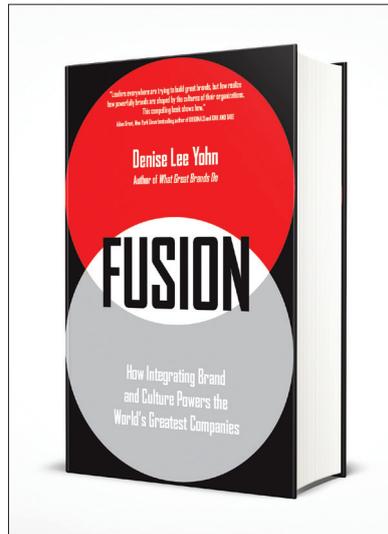
**05 culture is only good for improving employee retention and recruitment and bolstering corporate reputation**

Researchers from Booz Allen Hamilton and Aspen Institute's Business and Society Program found that companies usually think of core values as tools for achieving objectives related to corporate reputation and employee relationships. But their research also found that an organization's values can directly affect its earnings and revenue growth if they are linked to the way the company actually operates.<sup>3</sup>

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Plus, as global M&A activity has heated up, attention to culture has risen as well since it is one, if not the most, critical factor in the success or failure of newly combined organizations. So, in fact culture is a business performance-enabler.

Culture also protects a company's downside. More information is readily available about corporations and their leaders today than ever before, and it also has the potential to spread faster and more widely, so culture can increase or decrease a company's risk by guiding and aligning everyone's behaviors and decisions. In fact, the corporate executive board found that companies with weak

ethical cultures experience ten times more misconduct than those with strong ethical culture.<sup>4</sup>

Culture is not 'soft stuff'—it is hard because it produces concrete results. It also requires hard work; it cannot be taken for granted.

Culture is only going to become more important as the war for talent increases, companies continue to diversify, and the pace of business continues to accelerate. Rejecting common myths and deliberately cultivating a unique, healthy, and sustainable organizational culture is the key to preparing organizations for what lies ahead. ■

References

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