

The culture factor

A company's culture can be its best asset. When it's more than just hype it can inspire and empower staff to take the business to great heights, writes **Gillian Bullock.**



CORPORATE CULTURE is the hidden force that shapes behaviour. It's like gravity, you can't see it, but you can feel its pull.

Every company has a culture that drives the way its employees behave. When a new person joins an organisation they will adapt to the prevailing corporate culture in order to assimilate with their fellow workers.

If the culture is poor, rather than bringing a breath of fresh air to the business, they will merely adopt the bad practices.

But what is this intangible "corporate culture"?

According to Quentin Jones, Director of Human Synergistics Australia, it is the shared values, norms and expectations that guide an individual's behaviour within a company in terms of how they relate together, how they get a job done and how they relate to customers.

"The key word here is 'shared'," says Jones. "If you don't share the values, aims and expectations then that's where you get trouble and that's when it's difficult to change a culture."

Robin Speculand, Founder of Asia-Pacific consultancy Bridges Business Consultancy Int, puts the definition even more simply. "It's the way you do things."

More than the dollars

A corporate culture solely focused on the dollar will prove short-lived, and there are many examples where this has been evident.

"Making money is just the hygiene factor, it is not the ultimate motivator," says Jones. "Organisations are saying they need to motivate people at a deeper values level."

While making money is of course the first objective of any business, the second, and equally important,

objective is how this will be achieved. Will it be through cost cutting, laying off staff, focusing on research and development or providing outstanding customer service? The answer will drive the culture within the organisation.

Speculand says that a focus on money making is invariably harmful to your company.

"If you are just there to make money, then it may work in the short term but in the longer term it will start to damage your business," says Speculand.

"Xerox almost went bankrupt in the 1980s for this reason, and an extreme example is Barings Bank where the culture of making money led to the Nick Leeson scandal. And what about Tyco and Enron?"

"While Enron's core values were communication,

respect, excellence and integrity, the corporate culture was to make money, and the culture overwhelmed the values."

But equally there are companies with healthy corporate cultures. As Jones says the real challenge for companies is to create an inspirational type of culture.

Feeling the winds of change

So how do you recognise that your company needs to change its corporate culture in the first place?

Jones says the realisation comes when an organisation has restructured, cut costs and changed systems, and the employees are still dissatisfied and there are still silos.

While you can change a culture from within, rather than employ an external consultancy, this can be difficult if the leader of the initiative to change has been with the company for any length of time.

Cultural change has to come from the top. This is the most critical element for its success. Unless executives are walking the walk and talking the talk, then the staff will be reluctant to accept any mooted changes.

Both Jones and Simon Baker, CEO of realestate.com.au, refer to the line "the fish rots from the head down". This phrase, which stresses the importance of leadership, is a reference to the 1997 Bob Garratt management book *The Fish Rots from the Head*.

What it means for Baker is that he is the one responsible for the corporate culture at realestate.com.au.

"Successful cultural change requires strong support from management and commitment from the whole team."

Debbie West E*TRADE

Jones goes on to say that research has shown that only one-third of managers and leaders understand the impact of their behaviour on others.

"Two-thirds of managers and leaders don't have a good perception of how others see them and that plays out enormously," says Jones. "Staff are extremely sensitive to an integrity gap between what leaders say and do."

The maverick factor

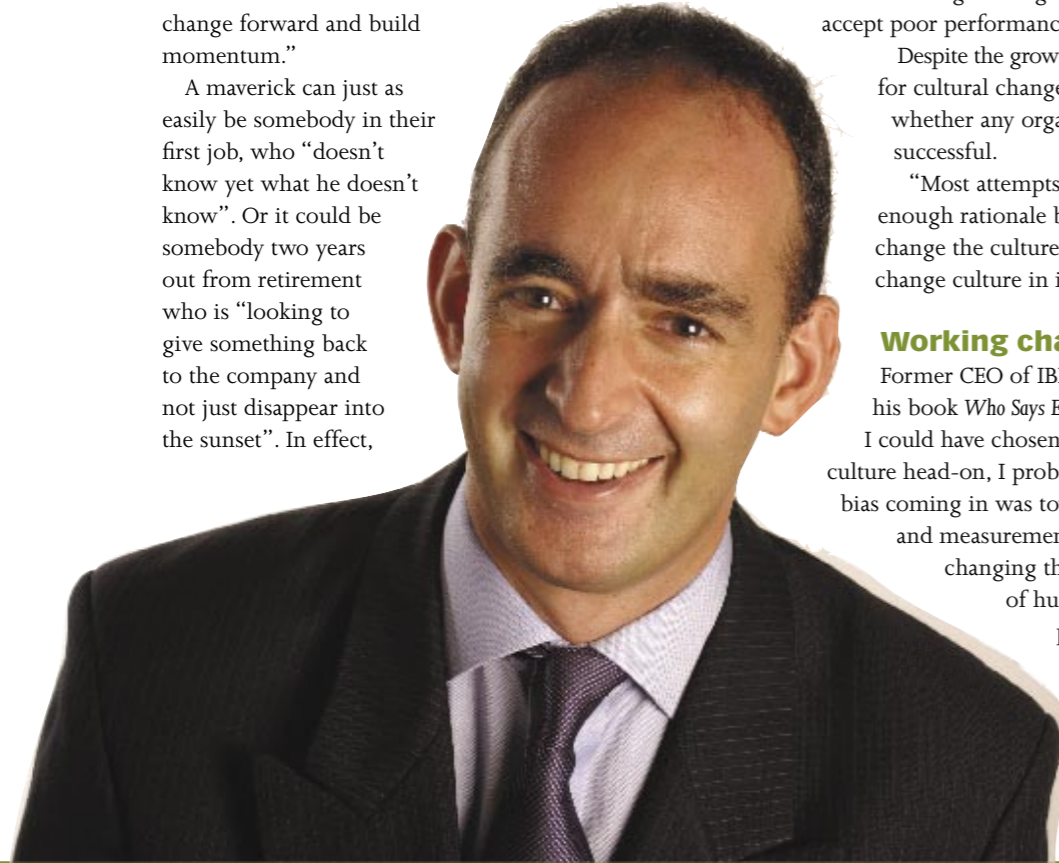
But having inspirational leaders is only half the equation. You also need to have key personnel to help implement the change.

People may hear the hype about cultural change at talkfests, but when they get back to their desks, nothing actually changes. >>

» That's why it's important to make sure you have agents who act as catalysts for your new strategies. They are what Speculand refers to as "mavericks" in his book *Bricks to Bridges – Make Your Strategy Come Alive*.

"The mavericks will see the change as an opportunity to improve and do better business. They are the ones who will drive the culture change forward and build momentum."

A maverick can just as easily be somebody in their first job, who "doesn't know yet what he doesn't know". Or it could be somebody two years out from retirement who is "looking to give something back to the company and not just disappear into the sunset". In effect,



"The worst thing in a high performance culture is to accept poor performance," says Baker.

Despite the growing trend towards the need for cultural change, Speculand questions whether any organisations are actually successful.

"Most attempts fail because there is not enough rationale behind the decision to change the culture," he says. "You can't just change culture in isolation."

Working changes

Former CEO of IBM Lou Gerstner said in his book *Who Says Elephants Can't Dance*: "If I could have chosen not to tackle the IBM culture head-on, I probably wouldn't have. My bias coming in was toward strategy, analysis and measurement. In comparison, changing the attitude and behaviours of hundreds of thousands of people is very very hard. (Yet) I came to see in my time at IBM that culture isn't just one aspect of the game – it is the game." On the local front,

"If you are just there to make money, then it may work in the short term, but in the longer term it will start to damage your business."

Robin Speculand Bridges Business Consultancy Int

Speculand says the mavericks are the people you would keep if your CEO told you that you had to fire 80 per cent of your staff.

And shedding staff is all part and parcel of cultural change. You have to be willing to lose those people who don't want to embrace the new culture.

It's what Jones refers to as consequence management. "You must be ready to get rid of people who are not living the values. It is the second most critical lever for the success of cultural change after leadership," says Jones

Consequence management is also a part of Baker's style at realestate.com.au in terms of developing the company's culture. He says if people are not continually hitting targets in his high performance oriented business a development plan is put in place, and if there is no improvement, then they will be asked to leave.

Jones refers to Yarra Valley Water, a state government owned company that operates commercially under a board of directors. The group started a cultural change program in 2001. The process comprised measuring the culture and determining the gap between the actual culture and the desired culture. An implementation program was then put into place, and this has had many positive outcomes.

These include lower staff turnover, a 75 per cent drop in recruitment costs, a decrease in debtors and an improvement in customer satisfaction.

For Baker corporate culture at realestate.com.au is something that is evolving.

"You don't create a culture but you shape and morph it over time," says Baker. "It's an active thing."

Indeed all cultures evolve over time; whether or not »»

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“The worst thing in a high performance culture is to accept poor performance.”

Simon Baker realestate.com.au

» you are successful in a major transformation depends greatly on having sufficient numbers onside to drive through its implementation.

Surfing culture

After five years in business in Australia, when it focused on developing its systems, market share, cost structure and marketing alliances, internet stockbroker E*TRADE recognised that the time had come to look closer at its corporate culture.

“We were finding that individual departments were operating successfully but there was no overall corporate feel,” says Debbie West, E*TRADE Manager, Organisational Development and Human Resources.

As a result the company embarked on a major cultural change program in late 2003.

The first step was to conduct focus groups with each department. Common themes emerged from these sessions. Next, all stakeholders were brought together for an offsite two-day culture conference with staff nominating themselves to participate. The groups were a mix of directors, senior management, long-term employees and those who had recently joined the company. One of the most important ground rules of the conference was to leave your operational hat at the door – everyone’s views were equal, irrespective of where they stood in the hierarchy.

Three key themes emerged – the need for better

communication, recognition, rewarding achievement, and employment opportunities.

“Successful cultural change requires strong support from management and commitment from the whole team,” according to West. “It is not about setting new rules and expecting people to follow them – there needs to be a buy-in from all. One of the most encouraging takeaways from the conference was the strong commitment and passion that all participants had for the company.”

Groups of volunteers were then established to explore best practice in the three themes over a four-month period.

“The key learning for employees involved in the working groups was that they had an opportunity to influence senior management and the Board on their particular focus area, and they had to take responsibility to do this,” says West.

“With the executives it was about letting go control and allowing and trusting employees to make recommendations that were cost effective and would be practical enough to implement, but ultimately would lead E*TRADE to become an employer of choice.”

The program has been gradual and consultative and to date has been effective.

Practices introduced at E*TRADE include a new performance management system, a birthday day off, a

formalised study policy, more regular and increased forums for communication and a meetings etiquette system.

Another important step was setting and communicating the vision (“challenge convention, create smart solutions and be wildly successful”), values and behaviours that allowed corporate goals and milestones to be set.

With performance management the past system, which was manager-oriented, changed to staff becoming responsible for creating their own goals. Now rather than discussing your performance with your manager every six months, talks take place every couple of months.

And with meetings, E*TRADE introduced an etiquette so that people did not waste time with meetings. The rules include such matters as arriving on time, giving people sufficient opportunity for pre-reading and vacating the room as you found it. Simple rules, perhaps, but much appreciated by employees. [vii](#)

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