

## Culture shock

A good company culture is not just about how happy your staff feel, it goes to the root of business success. By Janine Milne

**C**reating a strong company culture is more than just a touchy-feely HR initiative; it can make or break a company's fortunes. Organisations with a culture aligned with company goals consistently outperform others.

A study last year by Sirota Survey Intelligence, for example, found that firms with high staff morale saw stock price rise by an average 19.4 per cent compared to an average eight per cent by others in the same industry. Stock price at companies identified as having low morale grew by 10 per cent compared to others in the same industry that climbed 19 per cent.

Good culture is simply good business. Increasing numbers of firms are recognising the power of the simple formula that happy, motivated employees will produce happy customers and swelling profits. These companies are focusing their efforts on creating an environment that attracts and keeps top-notch staff.

"There's a real recognition that in most areas it is very hard to compete on what you offer, as the speed of knowledge transfer and product advantage is very short lived. How you relate is where competitive advantage comes in," says Dr Peter Hawkins, founder and chairman of the organisational change company, Bath Consultancy Group.

### What culture means

The dictionary will tell you that culture is about the values and behaviours shared by a group. What that basically boils down to is 'the way things are done around here'.

Every company has its own unique culture and sub-cultures, just as every individual is made up of a cocktail of traits that form their personality. In the same way as we subconsciously form opinions of a person's character pretty much before they have uttered so much as a grunt, we also absorb all kinds of details when we walk into a company or department for the first time that colour our impressions. We will pick up whether people are dressed formally or casually, whether there is a hushed silence with people bent over their desktops or animated chatter.

Trouble is, it takes just three months to become fully part of a company's culture – or part of the problem – and to take for

granted the strange and different practises that you may have noticed when you first joined. As Hawkins notes in a somewhat Confucian fashion: "The last one to know about the sea is the fish." So how do you go about creating the kind of company or department culture that will win you hearts, minds and business?

Before you set about changing anything, you need to diagnose the current health of your company or department culture and work out whether it is helping or hindering you reach your corporate goals. An obvious indication that all is not well is if staff turnover or sickness levels are high.

At the simplest level, that means listening to what your employees, customers and suppliers are saying. "Speak to people and understand what their concerns are and what motivates them," says Philip Donetti, a consultant at Diagonal Consulting and a veteran at helping companies manage change. "Find out why it is that individuals are leaving the organisation. Invariably it's to do with poor management."

### Testing conditions

Although we tend to judge culture by gut instinct, there are ways of measuring its success, just as there are tests to identify personality types, says Beverly Alimo-Metcalfe, founder of leadership development company Real World Group and Professor of leadership studies at University of Leeds.

Every person within a company has a position on the graph where the Y axis represents the extent your company engages or empowers staff and the X axis is the competencies and goals of the company. "When we have used this diagnostic and get people's perspective, you can see the people who appear in the right hand corner tend to be in management," she says.

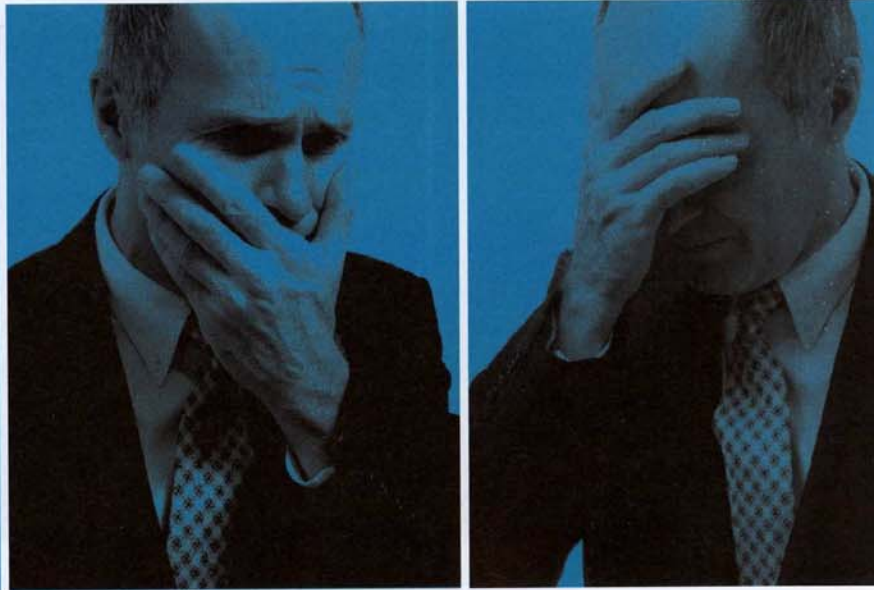
In other words, those in management tend to feel empowered and aligned to company goals. To be truly successful, everyone from the cleaner to the CEO needs to be aware of company goals and how their role contributes.

Sally Burnside, head of people and change at Atos Consulting, agrees that investigating whether everyone understands the mission of the company and department is a good place to start

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measuring your company culture. Then you can look at areas such as adaptability, involvement of employees and whether the company is individualistic or team focused. "A good indicator is to ask how many friends do you have at work. Companies are likely to be more successful if staff have at least one friend at work."

For some IT departments, where the emphasis is on reaching targets, thinking like this can feel alien. "The blind spot is the way they go about things. They concentrate on the 'what'," says Rob Bolton, associate partner in management at Atos Consulting.

While IT departments are comfortable benchmarking their technology, many are less sure how to benchmark the company culture and management style, even though it is the leadership and commitment of staff that can truly give a company a competitive edge over its rivals. "The first conversation I have with a CIO is about whether the culture is helping or hindering them – and if they are not sure then we have to find out," says David Jarrett, managing director of Bath Consultancy Group.

The way Bath does that is through getting people to tell stories, asking staff to give examples of a company hero and villain, or getting them to tell the story of their unofficial induction – were people welcoming, were they thrown in at the deep end when they joined? Telling stories allows people to offer non-critical opinions about the company.

Barclays Capital turned to Bath Consultancy to help change the culture in the IT department. When Paul Freeman joined Barclays Capital, the company was growing fast but its infrastructure was in need of investment. "I was hired to figure out how to position the infrastructure to create a sustainable business," remembers Freeman, the former head of global IT infrastructure for the company. This was going to create a lot of upheaval for the team, so keeping morale high would be key.

First off, Freeman wanted to understand the business and its attitude to infrastructure.

"I looked at everything from datacentre strategy, through to governance through to cultural change. IT had been under invested and it didn't have a seat at the top table. There was a fear culture and people were scared of making mistakes," he says.

## Creating a crisis

The department would manufacture a crisis that they could 'solve' just to get some kind of recognition for what they were doing. Even though the top team was sympathetic, he knew that the honeymoon period would be short-lived and that he would need to deliver. "You need to articulate the value proposition. I spent a long time trying to make the organisation see the commercial value of the infrastructure. The alternative is to outsource and I used that as a carrot and stick at the time."

Freeman recognised that having the right people and culture in place was vital to success.

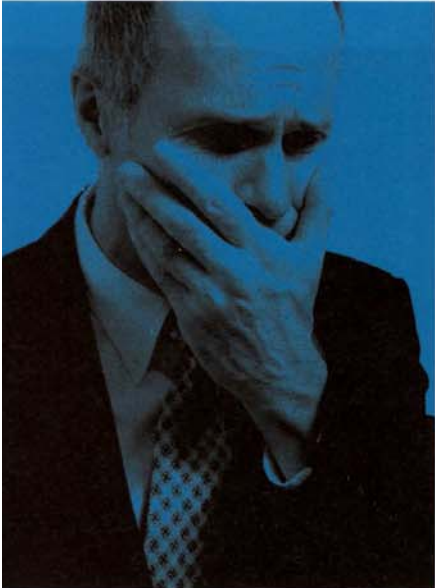
"Given this was investment banking, it really is only a financial construct – your intellectual property walks out at night. They have to feel they will get recognised and that the job is rewarding and can see there's a long-term plan," he says.

Recognising that if people feel like second-class citizens, they will act like that, Freeman made every effort to change attitudes. "I had to change the mix of the department. There were far too many people who were victims or enjoyed being victims," says Freeman. "You need some quick wins to motivate your people, so you need a plan with defined deliverables every 30 days. Once the plan was in motion, my job was to communicate and ensure the right feedback loops were in place."

Freeman believes that creating a sense of fun and community – "a business within a business" – is important. "We tried to make sure we got the team together and have regular competitions – anything that made it feel like their own company."

Freeman knew what he wanted to achieve with the department and the goals of the company. Without that clarity of vision, it would be pointless to try and change the culture, for culture is not something you can look at in isolation. It is not an end in itself but bound tightly to company strategy and leadership. "If the world changes, you need to change your strategy. If we change that, then culture is about how we organise that change; and leadership about how we focus on the strategy," says Hawkins.

If your strategy is to be more customer-focused or innovative, unless the company culture and leadership change to meet those



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objectives, the strategy will not work. From an IT perspective that means setting matching IT and business goals, but as Donetti points out: “Too many CIOs spend their lives firefighting, dealing with application support and the day-to-day issues.”

### The right relationships

Another common misconception is to think of culture as something that is purely internal to your company. Hawkins points out that culture is about the relationships between stakeholders, which includes customers and suppliers. So if the internal culture is rotten, then the way they deal with customers will reflect that.

Similarly, he believes that culture is not to do with people but the relationships between people. He draws a parallel with cells in the human body. Within seven to nine years, every cell in our body will have changed, so technically we are an entirely different person. What makes us who we are is the habitual pathways we have of connecting and relating. “I’ve seen people change but the culture goes marching on,” he says.

Money spent training staff about what to say to customers will be wasted if there is not a true culture of providing customer service. “There’s not much point teaching people to be customer-focused if their managers aren’t people-focused,” says Hawkins. “If your strategy demands you’re more customer-focused, think about how to do this culturally.”

Cultural changes need to come from the top and department heads need to realise the effect their personal style has on the company. But Hawkins warns against relying solely on a top down approach to creating culture. “Lots of organisations say they can’t change until the top does – but be careful, people at the top got to be successful by playing yesterday’s game, so how can you expect them to be effective in pushing change?”

While sponsorship must come from the top, everyone has the potential to be tomorrow’s leaders. “Leadership is all about accepting anyone who walks through your door has the potential to do their best or not,” says Alimo-Metcalfe.

Having the right temperament, attitude and leadership potential is something that online betting company Betfair takes very seriously. Betfair is a young company that is growing fast. There is a strong company culture that embraces change and

encourages people to get involved. “When a company is growing as quickly as ours you get tensions but as long as the culture is basically right, then you’re okay,” says Betfair’s CTO Rorie Devine.

Key to maintaining and growing that culture is to hire the right people. “You have to put the effort into recruitment and not compromise. To join Betfair, you might have 10 interviews because we want to make sure we get the right people. If you’ve got the right person in a role, then everything else will fall into place,” he says. When Devine joined, he says: “My first impression was the energy. That’s the number one thing I picked out. If you work in a business where there’s a lot of energetic, really enthusiastic people, then you can do anything.”

### Involved employees

The company is a meritocracy and people are encouraged and rewarded for their involvement. Devine sends out a monthly email to the whole team and singles out at least one person who has performed well for recognition.

He makes sure that IT staff sit with business people, so that they can share expertise, ideas and ensure that the IT department truly feels part of the business.

This is an excellent way of improving morale, believes Donetti. “I think people need to have the ability to say what they feel in an organisation. IT staff can spend a day or two a month finding out what their peers in the departments are doing,” he says.

Bolton at Atos agrees that improving links and communication like this are excellent ways of boosting morale without having to set out some grand cultural mandate. Another quick and easy change that can be done right away, without outside help or planning is fixing the layout of the department.

“One company had notices that were 10 years old on the walls,” says Bolton. Hardly surprising then that people were feeling rather demotivated. Having a workplace that is open and transparent with staff who show each other respect are all elements that create a productive company culture, says Alimo-Metcalfe.

“One of the most important things is the quality of the communication and that people are encouraged to give their views and opinions,” she says. Work should be enjoyable and supportive, though Bolton is worried about going as far as to call it fun. →



## Analysing your corporate culture

**Artefacts** – Take a look at your logo, brand images, strapline, formal mission statements and values. How does this work in action at events such as company conferences and AGMs. How are visitors received and are company buildings attractive and welcoming?

**Behaviour** – How do people dress, greet, deal with each other? How do they behave with customers and suppliers? What is the interaction between different business functions and different levels of workers in the same department? What are the unwritten rules that govern your company? What do people have to do to become “one of us”?

**Mindsets** – Think about the kind of phrases, metaphors or adjectives used by companies to describe themselves or their customers.

For example, do IT people see their role to keep systems running or to shorten response times for business users? Think about how the company or department copes with challenges and employees view themselves and their work.

**Emotional ground** – How do people deal with others and what are the dominant emotions expressed at internal meetings? Do people either express, overtly or unconsciously, feelings of anger, hatred, grief, excitement or appreciation? Do the IT people see themselves as second-class citizens and is this reflected in the words they use?

**Motivational roots** – What is it that makes people join the company and work beyond the call of duty? What do they want to do in the future?

Source: Bath Consultancy Group

“If you look at the psychology of great places to work, they are not fun, but there is a sense of well-being at work and that people are doing meaningful work that stretches them a bit,” he says.

The danger of compulsory fun is that not everyone has the same idea of a good time.

Changing culture is not something that can be tackled once and then forgotten about. Every person who walks through the

door will affect the culture and every change in business strategy will require shifts in culture to succeed. ●

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