Does Your Company Need a Culture Makeover?

Your company culture influences how customers, employees, applicants or future employees, suppliers, and the community view your business. It’s what defines your company and differentiates you from your competitors. Is your culture what you want it to be?

While a company’s culture can be hard to define, business leaders know that it’s a critical factor in determining how work gets done within a company and, ultimately, its success. However, in a survey by Bain & Company, only 25% of business leaders believe that the culture at their company effectively supports business performance. And most think there is a disconnect between their company’s culture and its goals.
Cultural disconnects with a company’s vision and mission are relatively common. In a Duke University study on corporate culture, 84% of business leaders said their company’s culture isn’t exactly where it should be.²

Aileen Wilkins, Chief People Officer for H&R Block, says, “In cultures that support thriving businesses, the talent is engaged. Employees focus on growth, minimize internal politics, and constructively support and challenge each other to do better.”³ Along those same lines, the Deloitte 2016 Global Human Capital Trends report states that 82% of business leaders believe that culture is a potential competitive advantage.⁴ How do you make it a competitive advantage at your company?

What’s your company’s culture?

A company’s culture is the system of values, behaviors, and beliefs that drive its performance. What are the distinctive characteristics that set your business apart from other companies? You could perform a company culture audit, but your own powers of observation can tell you a great deal. For example:

• How do your employees act when they’re on the job?

• What are the common behaviors — both good and bad — of your employees?

• What does having this job mean to your employees?

• Would your employees go elsewhere if they had the opportunity?

• Do your employees know about your company’s mission? If so, how do they react to it?

What about people outside your company? For example, what do potential hires think? How about your suppliers? Your customers? Your competition? How would people external to your company define your culture?

5 steps to a new and improved culture

STEP 1. Assess what’s needed.
What’s driving the primary issues you need to address? Brainstorming with leadership and key stakeholders reveals a lot. So does talking with employees. Involving all levels of the workforce from the beginning helps you in three key ways:
• You’ll uncover important truths faster.
• You’ll receive critical input from the individuals responsible for implementing any change.
• People are more likely to be more engaged in a culture change if they have a say in it.
STEP 2. **Foster acceptance.**
When you involve others within your company in the assessment step, you’re well on your way to overall acceptance. But the biggest challenge will be helping people understand why change is necessary. To get your workforce on board, you’ll need to help them see what it will cost the company not to take action, and the benefits that come from doing things differently.

Therefore, you’ll want to identify and work with employees who are influencers and those who already exhibit the behaviors you desire. This is an area where leaders in small- and medium-sized businesses often have an advantage. You have more opportunity to interact with your employees and bring the change message directly to them.

STEP 3. **Reallocate resources wisely.**
You’ll want to honor the strengths of your existing culture, but you’ll also need to make changes where it’s warranted. Prioritizing where to put your resources will be key. Is it in new technology? New communication channels? Training and development? A few critical shifts in behavior may be all that’s needed. Establish where you need to invest the most, and then determine where you’ll get the most bang for your buck.

---

**Learn from leaders in culture**

Companies with the strongest, most distinctive, and successful cultures are those that have incorporated it into everything they do. Think about what you’ve experienced from your interaction with these well-known companies and how their culture supports their business.

**Southwest Airlines®**
In an industry that’s known for poor customer service, Southwest’s culture is built around happy and helpful employees. Southwest leadership gives employees “permission” to go the extra mile to serve their customers. The result is an airline that’s famous for passenger satisfaction.

**Starbucks®**
This company expanded the market for coffee where one barely existed before. In addition to changing the way customers think about and even talk about coffee (“I’ll have a grande soy latte”), its culture of belonging, inclusion, and diversity permeates the customer experience.

**Facebook®**
The social media giant lives its brand of social connectivity through its workspace. Most work is performed in a sprawling 434,000-square-foot room where employees are encouraged to write on the walls. Everyone – CEO Mark Zuckerberg and COO Sheryl Sandberg included – works at tables in open spaces.
STEP 4. Keep it visible.
Changing culture takes time and reinforcement. And you’ll need to keep your message top of mind with your workforce. There are several ways to accomplish this:

• **Cascade from the top.** Executives and managers need to live and breathe the new culture. If your leadership isn’t buying in and engaging in the right behaviors, your attempts to foster a new culture aren’t likely to take root.

• **Advertise that something is different.** It can be as simple as posters in the break room, or as significant as creating a new space for brainstorming and team building. The key is to show that change is happening and how it’s relevant to your business goals.

Again, this is an area where small- and medium-sized businesses shine. Typically, leadership is already highly visible to the workforce and has a more personal connection with employees.

STEP 5. Continually reward good behaviors.
Change can be difficult and your employees will want to know what’s in it for them – whether it’s a better work environment, improved processes, more opportunities for growth, or monetary rewards. When milestones are reached or goals are achieved, recognize them. Rewards need to reinforce the behaviors you want to change and must be relevant to the culture you are fostering. For instance, if you’re striving for a more collaborative culture, a reward for good team performance might be a group outing.

A study of 95 car dealerships over a six-year period found that a positive culture that engages and motivates employees helps a company’s business results. But a company’s financial success isn’t enough to create a positive culture.\(^5\) Once you have more clarity about your culture, you’re in a better position to assess how it’s supporting your vision, mission, and business goals.

ADP® can help you shape your culture
You count on your leaders to build and maintain a high-performing culture within your company. ADP can help you refine business policies and implement strategies that will engage your employees and become the blueprint for your winning culture. And our leadership development resources will help you be sure your managers have the tools to propel your culture forward.

---

2 “Corporate Culture: Evidence from the Field” by Jillian Popadak, Campbell Harvey, John Graham (Duke University Fuqua School of Business) and Shiva Raghopal (Columbia Business School), presented at a conference co-sponsored by the Federal Reserve Bank of New York and the Journal of Accounting and Economics, November 12–13, 2015.
3 “Great Workplace Cultures Drive Great Results” by Aileen Wilkins, HR Magazine, Society of Human Resource Management, May 1, 2015.