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## Redefining Culture in the C-Suite.



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Culture used to be a soft concept. It used to be something the executive team would only pay attention to when the business environment grew toxic. In today's world, this is changing — and in a big way. Forward-thinking executives now view culture as the surest way to establish a competitive advantage because of its direct impact on the customer experience. And, as a result, they also realize the role culture plays in the financial performance of the business.

Of course, not all executives get it. Many still see culture as an HR issue. They still separate it from the company's overall go-to-market strategy and story, and view it as something that is built in isolation. Executives with this point of view rarely develop a culture that positively impacts employee engagement, the customer experience or business results.

### **Defining Culture — and Why It Matters.**

Ask any number of business executives to define culture and you will get a wide-range of definitions. Ask them what the company's culture consists of and you will also get a laundry list of answers. For the purpose of this post, we will define culture in the following way: "An organization's culture consists of the values, beliefs, attitudes, and behaviors that employees share and use on a daily basis in their work. Culture is how employees describe where they work, understand the business and see themselves as part of the organization. Culture is important because it drives decisions, actions, and ultimately the overall performance of the organization." (Source: DecisionWise)

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## **Culture is not a thing, but rather the outcome of a few things done very well.**

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Let's break this definition down into three simple statements:

- > Culture is about shared values, beliefs, attitudes and behaviors.
- > Culture is about how employees describe their company and their role in the organization.
- > Culture is about driving decisions and actions that positively impact business performance.

Keep these statements in mind as you read. It will become clear why culture is not a thing, but rather the outcome of a few things done very well.

### **Is Culture Really a C-Suite Priority?**

Now that we have a definition of what culture is and what it consists of, we must ask the question: Is it really a priority for executives? Based on research, one would conclude that the answer is absolutely yes. However, when you look at the percentage of companies that actually leverage culture as a competitive advantage in the customer experience, you would probably say no. Let's dig a little deeper into the facts. According to PwC's report, "Culture's Role in Enabling Organizational Change," 84 percent of executives agree that their culture is critical to business success and 60 percent agree that culture is more important than strategy or operating model. These numbers are staggering. Even more so when you continue reading and find that 95 percent of executives say change is needed in their culture and 51 percent believe their culture is in need of a major overhaul. To quickly summarize: culture is critical, yet it is in need of "change" or a "major overhaul."

The PwC report goes on to say that almost 50 percent of respondents do not feel that culture is an important part of the leadership team's agenda. These statistics might lead you to believe that when it comes to culture, executives give it a lot of lip service, while frequently talking out of both sides of their mouth.

With that said, I do believe that executives value culture. I believe executives realize that it directly impacts business performance and productivity. But, I also believe that executives need a deeper understanding of how to build winning cultures that positively impact the customer experience.

### **Bridging the Gap Between Desire and Reality.**

PwC is not the only company to discover a significant discrepancy between the executive team's desire to leverage culture as a differentiator and their ability to actually make it happen. Duke's Fuqua School of Business surveyed more than 1,400 North American CEOs and CFOs and discovered the following:

- > More than 90 percent said that culture was important at their firms.
- > 92 percent said they believed improving their firm's corporate culture would improve the value of the company.
- > More than 50 percent said corporate culture influences productivity, creativity, profitability, and firm value and growth rates.

However, the research also shows that an executive team's desire to create a winning culture does not always translate into reality. Duke University found that only 15 percent of executives said their firm's corporate culture was where it needed to be.

Why is that? Maybe it's because they view culture as a separate thing or a net-new initiative. Which means that maybe they need to look at culture differently. Culture is not something that can be manufactured apart from the company's story and strategy. Instead, they need to come to the realization that a company's culture is in fact, the manifestation of the story and strategy behind the business.

**Your story** clearly defines the company's purpose, positioning, value proposition and promise to customers.

**Your strategy** clearly defines vision, mission, values and the associated actions, investments and initiatives required to make that story a reality.

The challenge is most companies do not have a fully aligned story and strategy. Their words and actions are out of sync. This is evidenced when the company says one thing in external messaging and another through internal

communications. Or, when the executive team rolls out strategic initiatives that are in conflict with the company's vision or mission, or leaders make decisions that do not align with the company's core values. Inconsistent words and actions are culture killers. No wonder 50 percent of executives surveyed by Duke's school of business said consistency and predictability of employees' actions was a key factor in building and maintaining an effective culture.

### **Clarity in Story and Strategy Creates a Winning Culture.**

To truly develop a culture that creates value, lasting business results and a differentiated customer experience, executives need to rethink how culture is formed. It's not about Ping-Pong tables, free lunch and cool office spaces (don't get me wrong, those are great perks). It's about clarity. Clarity in your company's story and strategy.

In the weeks ahead, I will share more details on this topic and why culture is very much the byproduct of your story and strategy in action.

#### **More Information:**

For more valuable information on customer experience, culture and other C-level topics visit [www.itsonmessage.com/resource](http://www.itsonmessage.com/resource).