

Does Corporate Culture Really Impact the Bottom Line?

Every organization has its own unique culture. Just like cultures across the globe, your Corporate Culture is what defines your company. It is what binds men and women together because of their “commonality of purpose” rather than where they are from or what their ancestry is like.

At LEADon, Inc., we believe Corporate Culture can be characterized by three major components:

Values
Beliefs
Behavior Patterns

Let’s look at these three key aspects of your company’s culture more carefully. If someone were to walk into your organization and interview every member of your Corporate Family™ (from C-level executives to entry-level employees), would there be a common set of principles, goals, and standards that they would all say they agree upon? If so, then you have a solid set of Values that all of you support – and this is the very foundation of your company’s culture.

And what about Beliefs? Are there certain statements or virtues that your employees accept as true? For example, Sears stated for years that it brought “quality at a good price” – and their employees not only believed that message, but they also sold this concept along with Sears’ products to consumers across the globe.

How would a client perceive your Corporate Culture based on your employees’ Behavior Patterns? These visible actions reveal what your organization is really all about. They not only include the day-to-day routines of your Corporate Family™ members, but they also involve the ways they communicate and relate to others.

If you’re thinking, “The Corporate Culture at my organization is great! We have all of these three components in place” – well, take a minute to review a survey done by Harris Interactive and FranklinCovey * of **23,000 U.S. residents employed full time within key industries:**

1. Only 37% of those employees said they had a clear understanding of what their organization was trying to achieve and why.

2. **Only 20%** said they had a clear line of sight between their tasks and their teams' and organization's goals.

3. **Only half** were satisfied with the work they had accomplished at the end of the week.

4. **Only 15%** felt they worked in a high trust environment.

5. **Only 10%** felt that their organization held people accountable for their results.

6. **Only 20%** fully trusted the organization they worked for.

**Covey, Stephen R. 2007. Work-Life Balance: A Different Cut. FranklinCovey Co.*

If you're surprised by the findings of this reputable study, you're not alone. Many leaders we work with are initially shocked to discover that their company's culture isn't quite as great as they "felt" it was. Yet once they understood that Corporate Culture must be clearly defined and carefully cultivated over time, they made the first critical step toward improving the productivity and profitability of their organizations!

If a football team had the same results as the Harris Interactive & FranklinCovey poll, it would look something like this:

1. Only 4 of the 11 players on the field would know which end zone was theirs.

2. Only 2 of the 11 would even care!

3. Only 2 of the 11 would know what position they play and know exactly what they are supposed to do.

4. All but 2 players would, in some way, be competing against their own team members rather than the opponent.

How Can I Prove that Corporate Culture Really Will Impact the Bottom Line?

This is literally where the rubber must meet the road – especially in today's marketplace. If your organization has similar statistical results to those in this study, you may sense that improving Corporate Culture will impact your bottom line results – but can you prove it? The answer is a most definite yes! And there's plenty of data to back this up.

In Kotter and Heskett's landmark study, *Corporate Culture and Performance*, **207 large U.S. companies in 22 different industries were studied over an eleven-year period. The results? Companies that managed their cultures well saw revenue increases of 682% versus 166% for the companies that did not manage their cultures well.** In addition, stock price increases of 901% versus 74% were noted as well as net income increases of 756% versus 1%, respectively.

Denison's research of 34 large American firms – one of the most frequently cited studies of culture and performance – found that **companies with a participative culture reaped an ROI that averaged nearly twice as high as those in firms with less efficient cultures.** This study revealed that the cultural and behavioral aspects of organizations are intricately linked to both short-term and long-term survival. And **a University of Michigan study of over 300 organizations provided empirical evidence of the relationship between a strong corporate culture and the bottom line.**

What Can I Do to Improve My Company's Corporate Culture?

There are two basic truths that LEADon shares with leaders who want to improve their company's Corporate Culture:

Truth #1: Companies that do not sow the seeds of strong Corporate Culture fail to maximize their full potential.

Truth #2: Intentionally developing your organization's Corporate Culture will generate positive, measurable results.

As a leader, it's your responsibility to create an environment that allows your Corporate Family™ members to work at their optimum level of potential. This environment must start with you. You can begin by clearly defining the Values, Beliefs, and Behavior Patterns that should be representative of your company. These three key aspects of culture then must be cascaded throughout your entire organization. As your colleagues and subordinates begin to embrace these components of your Corporate Culture, not only will you experience an improved commonality of purpose – but you will also see increased productivity and profitability as part of your bottom line results.

“The Magic”

Six months before we met him, Bob Jenkins* had contacted a firm across town to provide graphic arts services for his retail company. Bob was immediately impressed by the friendliness of the receptionist. After speaking to the president, Sydney Linstrom, Bob realized his dilemma about finding the right graphic arts specialist was finally resolved.

Bob shared with us that he stopped by Designer Graphics the following week to take a look at some materials they were working on, and again he was amazed by the professional environment, the friendly staff, and the Corporate Culture in general. The company's core values were clearly posted in the lobby, and many of the staff members wore T-shirts that sported Designer Graphics' slogan. Since part of the reason he had hired LEADon was to work with his colleagues and subordinates who tended to sport negative attitudes most days, Bob truly admired what was happening at this small firm across town from his own large, yet struggling organization.

When Bob finally asked Sydney how she'd been lucky enough to get such a great staff, she quickly replied, "Oh, luck had nothing to do with it. We've worked hard as a team to create an environment that everyone feels good about working in. I've made the culture a priority, especially trying to ensure that our newer employees get lots of attention from senior members on our staff so that our values and beliefs get passed on to them sooner rather than later. Oh, by the way, we're also seeing the results of these efforts on our P&L statement. Last month alone we did 125% better than the same time last year!"

Perhaps the biggest compliment to Designer Graphics' Corporate Culture was revealed to us later when Bob said he actually wished he could spend more time there than in his current organization! Making clients feel like that can't help but improve profitability!

**The names have been changed for confidentiality.*

Steve Wilke, Ph.D.



Dr. Wilke and his team at LEADon have dedicated themselves to equipping executives as well as Corporate Family™ members and leaders of all types in order to improve their performance through internal and intentional leadership. In particular, Dr. Wilke assists companies that want to enhance their corporate culture and equip employees with the Corporate Family™ leadership skills necessary for success in today's global economy.

The author of several books, Dr. Wilke also serves as a media consultant on Mental Health and Leadership issues. He resides with his family in Southern California.

Jared Wilke, Psy.D.



Jared Wilke, Psy.D, is a clinical psychologist who has worked in multiple roles with the LEADon Team over many years including the Director of Social Media, facilitated research and development of our products and now adds the role of consultant as a Principal of LEADon Inc. He continues to hone his expertise in the disciplines of psychology and leadership with his work coaching and mentoring executives and leaders, developing high performing teams and corporate families. Equipping others to realize and reach for their potential and to exceed expectations are among his primary objectives. In addition, his publications and professional presentations include his work with the Corporate Family™ Model of Leadership Development. Dr. Wilke has a private practice in Southern California where he assists families, couples, and individuals.

Founded in 1998, LEADon is a highly respected organization focusing on improving executive, team, and corporate performance through internal and intentional leadership.

The LEADon team includes professionals with expertise in Individual, Organizational, and Systems Psychology, Psychological and Organizational Assessment, Educational Leadership, Business and Management, Law Enforcement, and Non-Profit Organizations.

LEADon, Inc.
P.O. Box 503377
San Diego, CA 92150
Phone: 858.592.0700
info@LEADon.biz
www.LEADon.biz