Company Culture Eats Strategy for Breakfast Every Day

GRIP REPORT by Elias Amash

Special Report:
Company Culture Eats Strategy for Breakfast Every Day

Elias Amash, President - GRIP

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a distinct corporate culture is important to business success.*

WHY IS IT SO IMPORTANT TO DEVELOP A COMPANY CULTURE?

What is company culture? There are various definitions of company culture, but simply put, a company culture is the personality of a company. It expresses your company's internal and external identity. It defines for onlookers, clients and employees HOW your company does business - how your employees interact with one another and how the team interacts with the outside world. It characterizes the way you do business. It's your identity and your image; in other words, how your people and customers perceive you. Company culture is the atmosphere in which your employees work and includes a variety of elements such as work environment, company mission, value, ethics, expectations, and goals.

Culture has always been important, but today it's more than just a catchword. Culture sets your company apart from the competition, attracts the right talent and brings in the right customers. According to the Pew Research Center, more than 30% of the current workforce is made up of Millennials. These persons born between 1981 and 1996 (ages 23 to 38 in 2019) want to work at companies that "fit" – companies that share their values, give purpose to their work, and that make them enthusiastic about coming to work every day. A company culture will tell them whether or not the company has that certain "fit."

WHEN DID THE CONCEPT OF CORPORATE CULTURE BEGIN?

The term Corporate Culture developed in the early 1980s and became widely known by the 1990s. Corporate Culture was used during those periods by managers, sociologists, and other scholars to describe the character of a company. This included general beliefs and behaviors, company-wide value systems, management strategies, employee communication, relations, work environment, and outlook. By 2015, Corporate Culture was influenced by national cultures and traditions, economic trends, international trade, company size, and products.

COMPANIES WITH GOOD COMPANY CULTURES

Some examples of companies with worthy and well-defined company cultures:
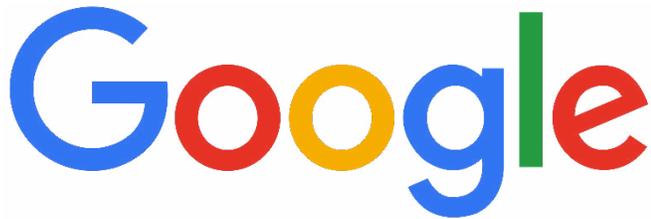
Google: Google is an example of an organization with a clear company culture. According to Google, the company still feels small and informal, even though it has grown exponentially. At lunchtime, for example, everyone eats in the office café, sitting wherever they want and engaging in fun and inspiring conversations on all sorts of topics. Every employee is encouraged to be a hands-on contributor to the company's success and they can ask questions or make suggestions to the CEO or any other top-level exec knowing that their suggestions will be taken seriously.

Zappos: Great benefits and a workplace that is fun and dedicated to making customers happy all fit in to the Zappos company culture -- when you get the company culture right, great customer service and a great brand will happen on its own. Their hiring process starts with a cultural fit interview, which carries half the weight of whether the candidate is hired. New employees are offered $2,000 to quit after the first week of training if they decide the job isn't for them.

Southwest Airlines: The airline industry is often mocked for grumpy employees and poor customer service, but Southwest Airlines' culture is just the opposite. Customers loyal to Southwest say the airline has happy and friendly employees who try hard to help. It's been in operation for 43 years. Despite that, the company has managed to communicate its goals and vision to employees in a way that makes them feel like they are a part of a unified team.

Twitter: Employees of Twitter rave about the company's culture. Rooftop meetings, friendly coworkers and a team-oriented environment in which each person is motivated by the company's goals have inspired that praise. Workers rave about being part of a company that is doing something that matters in the world, and there is a sense that no one leaves until the work is finished.

Chevron: While oil and gas companies are prime targets for a lot of negative PR and public anger, Chevron employees are positive toward the company's culture. Employees pointed out "the Chevron Way" as being one dedicated to safety, supporting employees and everyone looking out for each other.

WHAT ELEMENTS MAKE UP A COMPANY CULTURE?
A number of factors are part of a company culture:

Vision: A great culture starts with a vision or mission statement. These phrases guide a company's values and provide it with purpose. That purpose, in turn, affects every decision employees make.

Values: A company's values are the basis of its culture. While many companies find their values revolve around a few simple topics (employees, clients, professionalism, etc.), where and how these values originated is less important than their authentic nature.

Practices: Of course, values aren't important unless they are preserved in a company's practices. If an organization states that, "people are our greatest asset," it should also be ready to invest in people in obvious ways. How does the company treat its employees? What are those things that the company does to show its employees how important they really are?

People: No company can build a reasonable culture without people who either share its core values or possess the willingness and ability to accept those values. That's why the greatest businesses in the world also have strict recruiting strategies. One study found applicants who were a cultural fit would accept a 7% lower salary, and companies hiring individuals that fit their cultural identity had 30% less turnover.

Narrative: All organizations have a unique history — a unique story. And the ability to discover that history and craft it into a narrative is one of the basic elements of culture creation.

Place: Place shapes culture. Open architecture, for example, creates an atmosphere where employees feel free to collaborate. Place — whether geography, architecture, or design — influences the behaviors of people in a workplace.
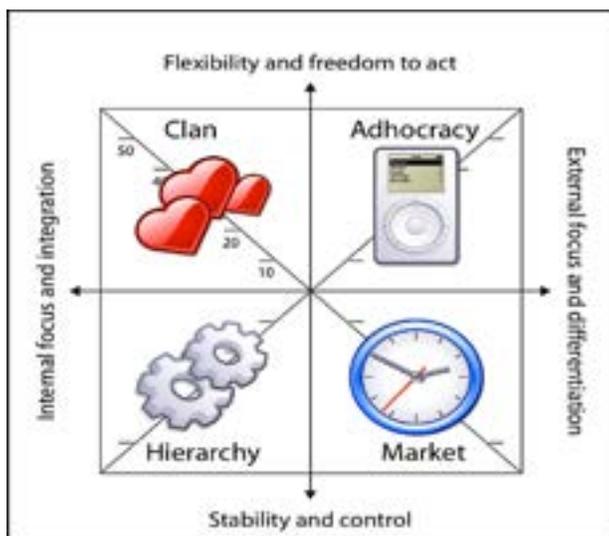
TYPES OF COMPANY CULTURES
Professors Kim Cameron and Robert Quinn, professors at the Ross School of Business at the University of Michigan, developed a tool that identifies four distinct types of company culture – referred to as the OCAI (Organizational Culture Assessment Instrument)

Clan Culture: This working environment is a friendly one. It's like a family where people have a lot in common. The execs are seen as mentors or even father or mother figures and the company is held together by loyalty and tradition. Teamwork and participation are promoted.

Leader Type: Mentor, team builder
Value Drivers: Commitment, communication
Strategy: Empowerment, team building, employee involvement

Adhocracy Culture:
This is a dynamic and creative work environment. Employees take risks. Leaders are seen as innovators and risk takers. Bonds are created by experiments and innovation. Long-term goal is to grow and create new resources. Company promotes individual initiative and freedom.

Leader Type: Entrepreneur, visionary
Value Drivers: Transformation, agility
Strategy: Surprise and delight, create new standards, find creative solutions

Market Culture:
Results-based company that emphasizes getting things done. People are competitive and focused on goals. Leaders are tough with high expectancies. Emphasis on winning keeps the business together. Reputation and success are the most important. Market penetration and stock measure the business success. Competition is the organizational style.
Leader type: hard driver, producer
Value Drivers: market share, profitability
Strategy: improving productivity, creating partnerships, involving customers and suppliers

Hierarchy Culture:
Structured work environment. Procedures decide what people do. Leaders are proud of proficiency. Keeping the business running smoothly is the most important thing. Formal rules and policies. Long-term goals are stability and results, with smooth execution of tasks. Low costs and predictability.
Leader type: Coordinator, organizer
Value Drivers: Efficiency, consistency, uniformity
Strategy: Error detection, process control, problem solving

Certain business analysts have classified other corporate culture types including:
Strong leadership
Customer service excellence (example: Amazon)
Sales (ex: Salesforce & Oracle)
Role playing
Innovation (ex: Tesla)
Empowerment (ex: Ben & Jerry's)
Power-driven
Task oriented
All Stars
Mission driven (ex: Genentech)

BUILDING CULTURE MEANS BUILDING SUCCESS
Still not convinced that you should put a bigger focus on culture? Here are some reasons why building culture is vital to the success of your company.

CORPORATE CULTURE

Customer connection:
The more your customers understand and identify with your brand, the more they'll want to buy from you. Your customers want to feel a connection with your brand, and it's your culture that will forge this bond. But keep in mind that customers will never love a company until the employees love it first. Your employees' enthusiasm will also be apparent to your customers and be an attractive selling point for them.

Productivity: Treat employees like they make a difference and they will. Employees who are more enthusiastic about the companies they work for tend to be more productive. That means more work and more business being done.

A healthy culture addresses both performance and your employees' well-being. If employees feel that their physical and mental health are being overlooked, it will certainly have a harmful effect on your company.

Paul Barrett, editor of Bloomberg BusinessWeek writes: *"Employee well-being strategies have the potential to bring huge benefits to employees and employers alike but they need to be introduced in the right way for the right reasons, and at the right time. To be properly effective they need to be developed in a holistic way, consistent with a business culture that is conducive to their success. That means supportive management behaviors, flexible working options and an open culture that allows employees a voice and some say in shaping the working environment."*

James Heskitt, Professor of Business Logistics, Emeritus at the Harvard Business School states: *"Culture can account for 20-30% of the differential in corporate performance when compared with 'culturally unremarkable' competitors."*

According to research by Deloitte, 94% of executives and 88% of employees believe a distinct corporate culture is important to a business' success.

Engagement & Retention: Today, just 36.7% of employees are engaged at work, according to Gallup… meaning that they care about their job, their company and their company's success and want to keep working there. Employees who are not engaged do not do their best work and are at risk of leaving your company. With turnover costs estimated to range from tens of thousands to two times the candidate's annual salary, according to Josh Bersin of Deloitte, you can't afford to lose employees.

Hiring an employee is an investment, and you want to make sure you invest in the right people. By making sure each individual you hire fits well with the company culture, you make it more likely they will stay with your company long term and contribute more to your success.

Studies have shown huge increases in turnover for companies with poor or nonexistent culture. And, if you don't have a strong or appealing company culture, you're going to lose the recruiting war.

Innovation: It shouldn't come as a surprise that companies with healthy and well-realized cultures tend to innovate better and more often than companies that do not. ***"Corporate culture is … the most important factor driving innovation,"*** states Rajesh Chandy, professor of marketing at the University of Minnesota's Carlson School of Management and a charter member of the U.S. Department of Commerce's Advisory Committee on Measuring Innovation in the 21st Century Economy. In a new study, Chandy and co-authors Gerard Tellis of the University of Southern California, and Jaideep Prabhu of Cambridge University, show that among traditional drivers of innovation (for example government policy, labor, culture at the country level), the strongest driver of radical innovation is corporate culture.

Employees as advocates: Company culture can transform your employees into advocates or critics. Today, with so many employees using social media to vent their admiration for or their disgust with their employers, it is important to keep them on your side as advocates. A great job is more than a paycheck and benefits for most employees. They want to feel like what they do matters, and when they do, they become the most vocal advocates for the company where they work. How can you turn your employees into advocates? One of the best ways is to celebrate your workers. Give credit to their individual and team successes and make them aware that you actually know about their accomplishments. No employee wants to do a great job for the company and then discover no one knows or cares.

In addition to those benefits described above, professors at the University of Iowa (in an in-depth study about the relationships between workplace and worker), revealed that there are a number of other key advantages to having a good cultural fit between employee and employer. These included:

Satisfaction: The study showed that satisfaction is one of the most immediate benefits of an employee who fits well culturally at a company. If an employee finds the fit to be satisfactory, they are going to be happier working in that environment.

Reduced Stress: If there is a bad cultural fit at work, employees are stressed. This affects a number of areas in the employee's life – from work performance to socializing with other employees. A good cultural fit means the employee will be less stressed at work and therefore less likely to perform poorly or leave the job altogether.

Culture Trumps Strategy
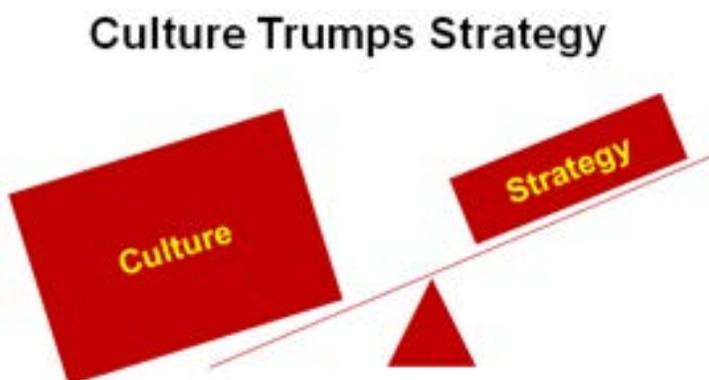
Does culture trump strategy? Instinctively this makes sense. Culture lasts. Culture is everywhere. Employees don't need online training to understand it. It's who we are. It's what we stand for. It's why people like their work.

Culture will trump strategy every time. The best strategic idea means nothing in isolation. If the strategy conflicts with how a group of people believe, behave or make decisions, it will fail. On the other hand, a culturally strong team can turn a mediocre strategy into a winner.

Ken Wilcox, Chairman of the Silicon Valley Bank gave a compelling talk on the topic and stated:

"I believe that the most important things that a company can focus on are its strategy and its culture. I also think that if you had to pick between the two, that culture trumps strategy every time. I think that because if you have a great culture, your people will develop a strategy that will win. But if you don't have a good culture, even a winning strategy will not be useful."

HOW TO BUILD A WINNING COMPANY CULTURE
To build a successful company culture, answer three core questions:
1. Why does our company do what it does – ask yourself, "Why do we exist"?
2. What do we believe - what are our values?
3. Where do we want to go with the company - what is our vision for the future?

And don't forget these important concepts:

Emphasize employee wellness. Employees need to feel their best – physically, mentally and emotionally – in order to contribute to a positive culture. Leaders should make sure that employees have the resources, tools and healthcare opportunities they need to live their healthiest life – inside and outside of the office.

Provide meaning. Meaning and purpose are more important in the workplace now than ever. A majority of employees crave meaning and purpose in their work. Give employees specific examples of how their roles positively impact the company and its clients. If your employees do something that is positive, reward them!

Create goals. No organization can have corporate culture without clear goals in place. Employers should gather with their employees to create goals and objectives that everyone can work toward. Creating a company goal brings employees together and gives everyone something specific to work toward – other than a paycheck. Letting employees help to create and develop these goals will encourage them to accomplish the goals in ever more fantastic ways.

Encourage positivity. In order to build a positive culture, employers need to start by encouraging positivity in the workplace. Show your employees your gratitude for what they do, smile often and remain optimistic during difficult situations. Employees are much more likely to participate in positive behavior when they see their employers doing the same.

Encourage social connections. Workplace relationships are essential to a positive company culture. When employees barely know their colleagues and rarely interact, there's no possible way for a strong culture to grow. Encourage teamwork and collaboration. Provide incentives for your employees to communicate with one another.

Listen. Being a good listener is one of the easiest ways employers can start to build a positive culture. According to research, 86% of employees at companies with strong cultures feel their senior leadership listens to them, whereas companies without a strong culture find their leadership rarely listens. In fact, 70% of employees at those companies state that the execs and managers spend most of their time criticizing, not listening and encouraging. Listen to employees, and make sure they feel their voices are heard and valuable.

When you put a focus on culture, you'll have guiding beliefs and standards. People will know you for this. Employees will live by it. It'll help get you through difficult times. You'll base hiring and firing decisions on the principles. It'll help get all employees working on the same company mission. Don't forget, culture is the glue that keeps the company together. Company culture is one of the most important differentiators a company can invest in to grow long term enterprise value.

GRAND RAPIDS INNOVATIVE PRODUCTS

About the Author: Elias Amash, President of GRIP, is an industry veteran with more than 20 years of experience in global sourcing, manufacturing, distribution, retail merchandising, fulfillment, marketing, technology, and operations. He is a trusted partner to hundreds of retailers and has "leveled up" the industry with GRIP's undying commitment to offering only the highest levels of service to its customers. Amash has recently published his third business book, **The Future of Retail** which is available on Amazon. He is also the author of Importing from China: The Good, The Bad, and The Ugly, and 101 Bright Ideas: Winning Tactics to Increase Retail Sales. Be sure to preorder his next business book: Retail Survival: Who Lives, Who Dies and Why. (See below)

About GRIP (Grand Rapids Innovative Products)

GRIP was incorporated by Charles Amash in 1980 and has grown into one of the nation's top suppliers of innovative products to the retail industry. Located just south of Grand Rapids, Michigan, GRIP features a 200,000 sq. ft state of the art warehouse facility including a 2,000 sq. ft product showroom. GRIP carries a product line of over 1,000 specialty hand tools, automotive, cargo control, Goodyear Air hose, LED lighting, Magnetics, outdoors, household items, and general merchandise. GRIP has a proven track record of excellence in supplying retail clients with innovative products, timely fulfillment, and world-class customer support. At GRIP, everything is about earning your business...one customer at a time. It's about building relationships and fostering business partnerships that will last long into the future. Our goal is to have Customers for Life. The future at GRIP is exciting and we're hoping that you can be a part of it as one of our many Customers for Life. Learn more at **www.whygrip.com**.