# CREATING A CULTURE THAT WORKS

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We believe that it's really important to come up with core values that you can commit to. And by commit, we mean that you're willing to hire and fire based on them."

- TONY HSIEH

It's no accident that companies with the highest-rated work cultures are also among the most successful companies. If you started out as a one-man or one-woman company, you might not have a well-defined culture. **However, as your company grows, your culture plays an increasingly important role in your future and success.** 

The earlier you decide on and establish a company culture, the better off you'll be. It's a mistake to wait.

#### What is company culture?

Think of it as the shared beliefs, standards, values, and procedures of a company and its employees. The culture is created via the company's goals, structure, customers, strategy, and communication.

To determine the basic culture of any company is quite simple with a few questions:

- Who gets promoted? Who gets fired? Who is stuck in their position for life?
- What types of behavior are rewarded and punished?
- What's really important to the company?
- Who fits in? Who doesn't fit in?
- How would you describe this company in a few words?

Take a look at a few companies you know well and ask yourself the above questions.

"Corporate culture is the only sustainable competitive advantage that is completely within the control of the entrepreneur. Develop a strong corporate culture first and foremost."

- DAVID CUMMINGS, CO-FOUNDER OF PARDOT

### The Benefits of Having a Winning Workplace Culture

What does a good culture mean for your company? This question is often asked by new entrepreneurs. But remember, entrepreneurs don't think like employees, or they'd still be one.

You might not need a culture. You might be content with a desk, computer, phone, and some peace and quiet. However, most of us aren't wired that way. We need a little more to be happy, inspired, and content.

#### The benefits of a strong and positive workplace culture are well-documented:

 Less stress. A positive environment that is both safe and supportive results in a less-stressed employee. When people enjoy their work environment, they are more eager to get to work and to be at work.

- 2. Less absenteeism. A pleasant and enjoyable workplace results in fewer people calling in sick. Sick employees are getting paid without providing any value on that day. How many times have you called in sick just because you didn't want to go to work? Sick days are expensive for a company, especially a smaller one.
- Greater productivity. Lower absenteeism and a happy and inspired workforce get more work done. It's as simple as that. The more productive your employees are, the fewer of them you need. Greater productivity leads to lower costs and greater profits.
- 4. **Employee satisfaction.** When employees like and respect their workplace culture, their overall satisfaction increases.

- 5. Creativity. It's hard to be creative in an unpleasant environment. Creativity is the key to the success of any business. Whether it's developing exciting and innovative products and services or finding new ways to decrease costs, creativity is vital.
- 6. **Better teamwork.** When everyone buys into the company culture, it's easier to work together. Teams can accomplish more than individual employees, so teamwork is essential to the long-term success of a company. Companies with inspiring workplace cultures have great teams and teamwork.
- Employee retention. Companies with highly rated cultures have significantly fewer employees jumping ship.
   Everyone that's had at least a couple of jobs knows the value of an enjoyable work experience.
- 8. **Better customer service.** An engaged employee provides better customer

service, particularly if the culture emphasizes the importance of customer relationships.

Your company requires a definitive corporate environment once it grows beyond a few employees. There are many benefits to finding an effective culture for your company. Failing to establish a culture means that you're neglecting the above items. Can your business thrive that way?

"IF YOU ARE LUCKY ENOUGH TO BE SOMEONE'S EMPLOYER, THEN YOU HAVE A MORAL OBLIGATION TO MAKE SURE PEOPLE DO LOOK FORWARD TO COMING TO WORK IN THE MORNING."

- John Mackey, CEO of Whole Foods Market

### A STARTING POINT FOR YOUR COMPANY CULTURE

A good place to begin is by considering the common features found in many successful cultures. While your company is unique, the most effective culture for your workplace will likely share many of the same characteristics. Consider how you would address each of these items in your own company culture.

## A successful company culture requires several things:

- Clear core values. One thing all successful workplace cultures share is a set of core values that are perfectly clear to all employees. What will your company values be? There are a variety of things a company can emphasize.
  - Innovation and creativity
  - Home/work balance

- Aggressiveness
- Results
- Casual or not?
- Teamwork
- 2. **Respect.** Respect is an important part of workplace culture. This means respect between peers and between the highest-level employees and the lowest. Employees that feel disrespected quickly become disgruntled. The quality and quantity of their work suffer.
- 3. Communication. Open communication within the company fosters greater success. Again, this means between peers and between the various levels of the organization.
  - Have regular communication across all levels. Company-wide meetings can be very effective if logistically possible.
- 4. **Inclusivity.** The significant separation between the upper-level employees

and the lower-level employees has often been a source of friction. Establish a corporate culture that includes all employees from the CEO to the person that empties the garbage cans.

- 5. The culture matches the business and the employees. Different cultures are suitable for different industries.
  - Banking is a traditionally conservative business. It might be hard to make a culture of jeans and golf shirts work.
  - A tech company would struggle to find the right employees if its culture were overly conservative. Can you imagine everyone at a tech startup wearing a suit to work? Or a tech company that doesn't value creativity and innovation?
  - It's okay to be innovative and push the envelope. Just

remember that the culture has to support your business type, clients, and employees.

- 6. The culture needs to go from the top to the bottom. Everyone needs to be held to the same standards. In many companies, people look the other way when an executive fails to abide by the culture or rules of the company. This breeds dissent and anger.
- 7. **Employee recognition.** Positive work cultures give employees recognition for their accomplishments above and beyond the norm. This can take the form of monetary awards, additional days off, lunch with the CEO, or even just mention in an email or company newsletter.
  - Regardless of the size of your company, find a way to recognize an employee when they do something exceptional.

- Keep the employee's goals in mind. No employee has the dream of working in a cubicle for the rest of their lives. Your dream isn't their dream. It's important to find ways to help your employees progress forward in life.
  - Every manager should know his employees' goals, whether it's to learn a new software program, move into a sales job, or become an executive down the road.
  - Strong company cultures support employees in the pursuit of their goals.
- 9. Employee feedback. Ask for and use employee feedback. You can't be everywhere at once, and you don't know the absolute best way to perform every job in your company. Your employees know things, and it would be wise to extract this

information from them.

- Encourage your employees to provide regular feedback on all aspects of the company.
- 10. **Transparency.** This goes back to communication. Be as transparent as possible. The old mentality of, "You don't need to know anything beyond what you need to know to do your job" is dead. **Keep employees in the loop and be respectful.** They can handle the truth.
- 11. **Consistency.** Consistency means it applies to all employees at all times. If you're willing to throw out your values during a mini-crisis, you don't have a stable culture.
  - The culture needs to come before everything else, or everyone understands that it's all just smoke and mirrors.

Give these items some thought when crafting your own culture. Think about how you would implement each of these items in your company. **What do you think would work the best for you, your employees, and your customers?** Sketch something out on paper and think about it for a few days.

"Coming together is a beginning; keeping together is progress; working together is success."

- Henry Ford, Founder of Ford Motor Company

#### BUILDING A CULTURE

You've started the ball rolling and given it some thought. Now, let's take the next step and get more specific. **There are many things to consider when building the best culture for your business.** And a few of them you probably haven't considered.

## Questions to ask yourself to build the most successful workplace culture:

- What are my employees like? Think about your typical employee. Is it a 20-something liberal techie? Or is it an Ivy League MBA with a trust fund?
  - Certain cultures suit certain types of employees. Design a culture that supports the characteristics of your employees.
- 2. What are my customers and clients like? Who are your clients and customers? Doctors? Investment

bankers? Children? People, who just want their car washed?

- Do your customers and clients come to your workplace? What would you want them to see?
- An investment banker might not be impressed by the sight of everyone wearing shorts and playing frisbee on the front lawn on "Casual Friday".
- Consider the people and businesses you serve.
- 3. What are my values? What are your personal values? If you value family and balanced life, then a take-no-prisoners aggressive workplace environment will be at odds with your personal values.
- 4. What type of workplace culture would I enjoy? It's your company, and you're going to be there all day and many nights. What type of

#### environment would you find pleasant?

- You can't choose the culture of a company you work for, but you can choose the culture of your own company. Choose something that you will enjoy.
- 5. What type of workplace culture is needed for success? Of course, it's not just about making yourself happy. You want to be successful, too. The key is to find something that checks all the boxes.

Establish a culture that meets your values that you also enjoy. The culture must also have a high level of potential for success and address the needs of your employees and customers. This can be challenging, but life is all about compromises. Take your time and get it right. "You can build a much more wonderful company on love than you can on fear."

- KIP TINDELL, CEO OF THE CONTAINER STORE A corporate culture isn't completely static, especially at the beginning. **There will be opportunities to strengthen and evolve your culture.** One way of doing this is through feedback. While you can, and should, encourage random feedback, having an established process can be even more effective.

## Questions to ask employees to strengthen your workplace culture:

- What improvements or changes would you like to see in the culture? Every employee has at least an idea or two about how things could be made even better. Many ideas won't be feasible, but you're sure to get a couple of good suggestions.
- 2. What is your biggest gripe or pet peeve about the current culture? If you're hearing the same couple of complaints from multiple employees, you have a great opportunity to make

everyone happy with a few alterations.

- Fixing something that annoys everyone is more powerful than adding something that everyone likes.
- 3. What do I need to do to be a better leader or CEO? You'll have to dig to get honest answers, as many employees are reluctant to criticize their boss. But, this is some of the best information you'll receive. It's not easy to see our own shortcomings.
  - The use of anonymous suggestions might be beneficial. You could require all employees to submit a form each month with replies to all of these questions.
- 4. What have you been doing to grow yourself as an employee? What have you learned on your own? Encourage employees to strengthen their talents and develop new ones. This does great

things for the culture of your company. By asking the question, you create action in your employees.

5. What is the one thing you would change about our product or service? Your employees are bound to have some good ideas on how to improve your products and services. Many heads are better than one.

Get some form of feedback from your employees each month regarding your products, services, culture, and management. Don't just ask for this, require it.

It not only gives you a ton of valuable information, but your interest in these things also sets the tone for your workplace culture.

You're simultaneously showing that you value communication and regular improvement. The employees also know that you value their opinions and feedback. "There's no magic formula for great company culture. The key is just to treat your staff how you would like to be treated."

- Richard Branson, Founder, Virgin Group

### Common Types of Workplace Cultures

There are many types of workplace cultures. Understanding the various basic types can provide a good insight into which type of culture might best work for your company. As you read through this list, ask yourself, "Would this work for my company?" Remember that you're free to develop your own unique culture.

### Consider these types of workplace cultures:

- 1. **Outcome-oriented.** Results are what matter and results are rewarded. This type of culture is often found in sales-driven companies.
- 2. **Innovative.** Creativity and new ideas are the order of the day. It's about figuring out what the marketplace needs and being the first to deliver it.

- 3. **Lottery.** The people near the top have it made. The hours are decent, and the pay is exceptional. Everyone below this level is overworked and underpaid. This is common in investment banking and consulting firms.
  - The carrot of that great job makes this scheme work.
     Everyone is willing to drive themselves incredibly hard to attain one of those rare, coveted positions.
- 4. **Casual.** Wear what you want within reason. The hours are flexible, so work when you choose, as long as you do your job.
- 5. **People-oriented.** This culture puts the value of the employee above all else. These companies are often willing to sacrifice profits to pay their employees above the normal rate.
  - The company policies focus on fairness, and the work

environment tends to be casual regarding hours and family obligations.

- These companies have better retention than others.
- 6. **Aggressive**. Aggressive cultures are focused on outperforming competitors. This type of culture can also be quite competitive and aggressive among employees, too. The battle cry is, "We will destroy our competitors one way or the other."
- 7. **Stable.** This type of culture is common in many large, well-established companies. There are rules, so follow them. It's a very hierarchical structure and very bureaucratic.
  - Decisions are made centrally.
    So, the headquarters in Milwaukee is making the big decisions for the office in Miami.

8. **Detail-oriented.** Often found in the hospitality industry, these companies emphasize the little things. It's all about the details each and every day.

This is just a sampling of some of the types of cultures you can choose for your company. Which one do you think would be a good starting point? Perhaps you want to use elements of different cultures for your company.

"I used to believe that culture was 'soft,' and had little bearing on our bottom line. What I believe today is that our culture has everything to do with our bottom line, now and into the future."

- VERN DOSCH, AUTHOR, WIRED DIFFERENTLY

### CONCLUSION

Defining and creating a workplace culture that works for your business is one of the more challenging tasks for a business owner. You can't make everyone happy, as you well know.

However, creating an effective culture for your business is one of the best ways to raise the odds of your company succeeding in the future.



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