Culture: The Byproduct of Your Corporate Story and Strategy.

The secret to creating a culture that increases employee engagement and improves the customer experience.
“Executives overwhelmingly indicate that an effective corporate culture is essential for a company to thrive in the modern business world.”

— Professor Jillian Popadak,
The Fuqua School of Business
Duke University
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.

This paper explores why executives must redefine how they view and manage culture; the pivotal role a company’s story and strategy play in culture development; and how winning cultures are built.
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 paper, 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)

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 many things done 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.

We do believe, however, that executives value culture. We believe executives realize it impacts business performance and productivity. But, we also believe that executives need a deeper understanding of how winning cultures are built.
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— PwC Report
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.

Inconsistent words and actions are culture killers.

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.

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.

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 lunches and cool office spaces. It’s about clarity. Clarity in the company’s story — and in the company’s strategy.
Culture is the byproduct of your story and strategy in action.

Studies show that most companies separate culture initiatives from their business strategy and story. They separate it from the customer experience. The fact is, culture is the byproduct of your story and strategy in action. The words and actions of every employee embody your company’s story and strategy. So the real question is, what is the state of your go-to-market story and strategy? What message are you sending to your employees? What message are you sending to your customers? Executives must understand that words matter. More specifically, executives must acknowledge that the message behind the company’s story and strategy will play a significant role in the type of culture that takes root inside the business. Here are the questions every executive must ask and answer:

Do my employees understand the company’s story?
> Our company’s purpose?
> How we want to be positioned in the market?
> Who we are?
> What we do?
> The value we deliver?
> What makes us different in the market?

Do my employees understand the company’s strategy?
> Vision?
> Mission?
> Values?
> Customer needs and desires?
> Promise to customers?
> Pillars of our go-to-market strategy?

Executives who can answer these questions with a resounding “yes” will most likely have high-performing cultures. Executives who answer “no” or don’t really know the answers should take a hard look at the role their company’s story and strategy play in their business. Companies that produce winning cultures maintain complete alignment between their story and strategy. They also ensure that their entire employee population understands, internalizes and activates the company’s story and strategy in daily work activities.

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.

Your story frames the mindset and belief system in your culture.

When employees have a deep understanding of what your company stands for, what it does and how it creates value for customers, their purpose becomes clear. They feel more connected. They believe what they do matters. Clarity of purpose is a powerful motivator. And, it’s born from a clear, compelling and consistent corporate story that aligns with your go-to-market strategy.

Your strategy drives behaviors and actions in your culture.

When leaders and team members across the organization understand how the strategy connects with the story, congruent actions and decisions unfold. Your company’s vision, mission and values go beyond words on paper and take on a life of their own. Employees see how strategic decisions, investments and initiatives connect with the story. They understand how their marching orders align with the bigger picture. For this to happen, leaders must ensure the story and strategy are consistent and omnipresent.
Clarity and connectivity are the keys to a winning culture.

When your story and strategy are clearly defined and documented ... and fully immersed in your company's culture, magic happens. As the research from Duke University states, “An effective culture is like an invisible hand at work inside of each of the employees that helps to guide their decisions and judgments in a way that the overall corporation would desire it to be.”

Culture is formed when consistent words and actions, aligned with the corporate story and strategy, are constantly on display — when what is expected and what is acceptable become second nature to each employee. Everyone seems to operate from the same sheet of music. Which is why one executive who participated in Duke University’s research said, “Culture is your sheet music to success. It is no different than an orchestra. You can hire the best trumpet players, oboist, violinist, and unless they are all playing from the same sheet of music at the right tempo, you will fail. If you have the trumpets playing too loud, the song won’t sound right. It is that delicate balance of getting people on the same page.”

Well-appointed offices and break rooms will fade with time. An emotional and cognitive connection with your company’s purpose and promise will last forever.

The problem is most companies do a poor job of providing employees with the same sheet of music to play from. As a result, employees lack clarity — clarity around what the company stands for, how it differs from the competition, and what its greater purpose is. They also lack clarity around what the story is that the company wants to tell in the market, and the promise it is making to customers.

Without clarity around the company’s story and strategy, there is nothing for the employee to connect with. There is nothing shared from department to department, or division to division.
When your story and strategy are clearly defined and documented ... and fully immersed in your company’s culture, magic happens.
A holistic approach to infusing the story and strategy is required.

One executive interviewed by Duke University said it best: “A good leadership team and good CEO will put in the processes to make sure the message filters down to the very bottom of the organization unchanged.”

The key word here is unchanged. Leveraging your story and strategy to produce a differentiated culture requires consistent communication throughout the employee and customer experience. Words and actions must be consistent. For this to happen, executives must infuse the company’s story and strategy into the fabric of the company, which requires a holistic approach to delivering a clear, compelling and consistent message to all internal and external stakeholders. An executive interviewed by Duke University’s research team said, “If you ask 10 people at five different units questions about purpose, message, value . . . do they say and believe the same thing? Is there a strong sense of common beliefs? I think if people say yes, then culture would have an influence and that would be a good way to measure it, but if people said no, then culture is not a prominent or important part of the company.”

Developing a winning culture also requires unwavering commitment from the entire C-suite and leaders throughout the business. HR is involved, but so is every other functional leader across the organization. Ultimately, culture is the CEO’s responsibility. He or she owns the company’s story. He or she owns the strategy. He or she must lead the charge. When executives were asked by Duke’s researchers, “Who is responsible for shifting a firm’s corporate culture?,” 70 percent of respondents agreed with the statement, “Leadership needs to spend more time to develop the culture.”

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Needless to say, buy-in and understanding of the story and strategy must go beyond the boardroom. It has to be embraced and activated throughout the employee population. In fact, one executive in the Duke University study said, “The only way we are going to fix this is to get to the people in the field. They are the ones that are doing all of the work. We can sit up here all we want in corporate headquarters, but unless we can convince people in the field to get on board with what needs to happen, this ain’t gonna work.”

How does the CEO and executive team get leaders and team members on board? First, the CEO must commit to going through a disciplined process of crystallizing and documenting the strategy and the story with the executive team. Then the CEO and C-suite must commit to an end-to-end, integrated messaging infusion strategy. A formal initiative that ensures the story and strategy are clearly communicated and understood by all stakeholders. This means every functional leader is tasked with infusing the story and strategy across employee and customer touchpoints in their respective areas of the business.
The infusion process
The infusion process consists of sustained and integrated communication, education, training, coaching and mentoring programs. Ultimately, a consistent story and strategy must be infused into:

- Go-to-Market Planning & Strategic Initiatives
- External Messaging / Marketing / Branding
- Public Relations
- Investor Relations
- Leadership Communication & Actions
- Employee Recruiting and Onboarding Programs
- Internal Communications
- Employee Performance Reviews
- Compensation / Incentive Programs
- Internal Events, Awards and Recognition Programs

This list will vary based on your business. The key is to build an exhaustive list of the channels and touchpoints that play a pivotal role in your employee and customer experience. Then, it is critical that the CEO holds leaders across the enterprise accountable for implementing the infusion process within their respective area of the business. This is crucial. Internal and external messages must align. If they don’t, it will negatively impact adoption and the culture you are trying to build.

Culture really doesn’t eat strategy for breakfast.

Peter Drucker famously said, “Culture eats strategy for breakfast.” As we’ve shown, that’s not really true. Culture is intrinsically connected to your strategy. And story. It’s the very manifestation of the two.

So, if you are like 95 percent of executives who believe change is needed in your company’s culture, it’s time to address the root cause: lack of clarity and alignment in your story and your strategy. Then invest the time, resources and dollars it takes to infuse that story and strategy into the hearts and minds of every stakeholder inside and outside of your company. It will be worth it. Because remember, your corporate culture is the byproduct of your story and strategy — in action.

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James O’Gara
CEO AND FOUNDER

O’Gara has spent thousands of hours formulating winning go-to-market strategies and stories for dozens of Fortune 100 companies and hundreds of high-growth businesses. O’Gara's expertise in go-to-market strategy development, customer research, messaging and positioning, as well as customer-centric culture development, has earned him the respect of executives around the world. His ability to breakdown strategy, sales, marketing and positioning challenges in complex industries has been invaluable to CEOs and CMOs at a number of leading companies.