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# Is your company's culture cutting into revenues?

Commit to change from the top

Les Dakens and Judy Johnson, Financial Post  
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A culture that needs to change is often reflected in poor motivation, delays that become habit, and reporting that does not reflect reality. Strong leadership, focusing on a few critical things, can ...

Every company is committed to reducing costs and being more efficient. But sometimes an improvement opportunity is so basic or pervasive that it is overlooked. This was the case for a North American company that discovered \$15-million a year was disappearing.

The "hidden" cause was a "culture of acceptable delays." At every shift change, it took an average of 40 minutes for employees to settle in and normal production to resume. Both employees and management had grown careless about starting on time. Why? It was just the way they had grown accustomed to beginning their shifts. It was a problem of culture.

Some leaders regard "culture" as touchy-feely jargon and a leader's last priority. But our experience proves just the opposite. Leaders who deliberately create the culture they want for their organization also create superior business results.





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Culture is by definition, a pattern of behaviours that have been reinforced (or punished) over time. When leaders create the right culture, they not only get desired results but inspire and engage employees to go the extra mile. We have seen improvements between 30% and 300% in performance -- all because leaders created the right culture.

When leaders create an environment in which people "want to" perform at maximum levels, instead of feeling that they "have to," a culture of high performance evolves. Employees feel better about their company and their roles. Leaders develop better relationships with employees. And results improve.

This was the case for a global 1000 manufacturing company, where leaders set out to develop a culture in the plant that engaged employees in process improvement and focused everyone on results. By helping employees see how their day-to-day actions impacted business results, and engaging them in finding better, faster, more efficient ways to get results, the company delivered improvements in each of their top three business barometers over a six-year period:

Safety -- improved from an average of 3.5 recordables to 0.5

Income from Operations (IFO) -- 340% improvement

Employee engagement scores -- improved from an average 3.85 to 4.20

Similarly, a successful North American transportation giant that focused on improving culture witnessed company revenues increase by 25% over five years and their cost to generate each dollar of revenue drop by seven cents on the dollar.

The results are clear -- and so are the key factors that led both organizations to success. Here are 10 factors that helped these companies and many others achieve a higher level of performance:

- 1. Maintain clarity of vision.** A clear vision of where the company is headed -- and how each person contributes -- provides a path and exciting goal to rally around.
- 2. Commit to change from the top.** Without active sponsorship from the CEO and executive leadership team, cultural change dies quickly.
- 3. Use proven leadership methodology.** Use Applied Behavioural Science methodology to engage people in different behaviours. This assures leadership consistency and provides a foundation upon which to build change.
- 4. Create developmental opportunities.** During significant change, employees watch for signs that they are valued and reassurance that their role matters. Create developmental opportunities for key employees so you not only help them into new roles but show you value their efforts.
- 5. Maintain a results focus.** Changing behaviours for the sake of change is pointless and unsustainable. Stay focused on business results.
- 6. Communicate.** Poor communication makes an organization wither or even die. During change, communication is very critical. Communicate often, consistently, and repeat key messages.

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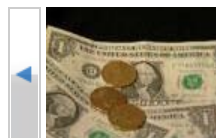
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7. **Customize.** Start with a common corporate program that maintains consistent practices across the organization, but plan customization for each business unit's specific needs.

8. **Information and accountability.** As the culture shifts, communicate both results and practices to leaders at all levels. Their decision-making roles will grow stronger, with new accountability.

9. **Stagger the rollout.** Give yourself flexibility -- develop support across the organization by beginning in a few critical locations and expanding from there.

10. **Align the organization both horizontally and vertically.** Drive vertical alignment through the regions, and developed horizontal alignment across multiple functions. This improves communications, work processes, and individual relationships.

So, is your company's culture draining profits away? A culture that needs to change is often reflected in poor motivation, delays that become habit, and reporting that does not reflect reality. Strong leadership, focusing on a few critical things, can inspire employees to be at their best every day, making the workplace more rewarding and productive.

#### Financial Post

-- Johnson and Dakens are coauthors of the book *SwitchPoints: Culture Change on the Fast Track to Business Success* (John Wiley & Sons, 2008). Excerpts from the book are used with permission. For more information see [www.switchpointsbook.com](http://www.switchpointsbook.com).

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