

How to Create a Corporate Culture that Works

**Successful leaders will set a clear direction
and communicate extensively**

By Charlie Lang, Executive Coach, Trainer and Founder of Progress-U Limited



A number of management books published in the late '70s and early 1980s were largely responsible for creating an awareness of corporate culture. Perhaps the most popular of them was *Corporate Cultures: The Rites and Rituals of Corporate Life* by T.E. Deal and A.A. Kennedy, published in 1982. The authors defined corporate culture as "the way we do things around here ... a system of informal rules that spells out how people are to behave most of the time". This is a simple yet direct explanation of what has perhaps become an overused term.

Nowadays, it is fair to ask if the idea of corporate culture is still relevant and whether it is desirable for a company to have one with which employees and clients can identify. We can also ask to what extent the leaders of an organisation influence corporate culture by their own behaviour.

One corporation I came across had a technocratic culture which was highly influenced by the president, who had also founded the company many years before. They claimed "being technical" as one of their core values was something easily observed among most of the executives and employees. People without a strong technical background didn't fit in and were only tolerated if it was clear to everyone that their role did not require a specific knowledge of technology. This culture worked well for a time in the 1980s when the company's customers were equally driven by technology. However, in the '90s, clients moved away from expecting technically perfect solutions and focused more on economically viable compromises. The prevailing culture then became a handicap for the company and almost led to financial ruin because they continued to promote only the best technical solutions while customers increasingly turned to adequate lower-cost solutions offered by the competition.

This example illustrates that a strong corporate culture in itself does not necessarily lead to success. In fact, it can be an asset or a liability. It all depends on whether the culture supports the company's overall direction and is well aligned with the needs of customers.

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Defining characteristics

There are two major factors in creating a successful corporate culture: good leadership; and formal systems, policies and regulations. The first step towards putting these firmly in place is to set a clear direction. This is defined by the vision, mission statement, strategy and values selected for the organisation. It is up to the leaders to develop a direction that embraces the interests of all stakeholders, but especially those of employees and customers.

If employees are to understand and accept this direction, senior management must state it clearly and frequently. Only when staff know their goals and the expected methods of achieving them will they feel fully engaged and perform to the best of their collective ability. Also, as revealed by research conducted by Hewitt Associates into best employer practices, success depends more on leaders being able to "walk their talk" than on the actual details of the direction they have defined.

A winning corporate culture should also establish policies (on corporate governance, ethics, grooming standards, etc.), regulations about things such as rewards, recruitment and training, and systems which regulate processes like internal feedback and performance management. All of these should support the direction and form the second pillar of the organisation's culture.

It is easy to see how "the way we do things around here" is affected to a great extent by internal policies, regulations and systems. However, while formalising these helps to create the desired culture, actual working practices that support or run counter to the company's goals may have a more significant effect. All organisations have informal or unwritten rules and the way these work is often what defines the culture. It is by having an insight into what really happens at that level that leaders can start to build a successful culture.

Ritual behaviour

When the need arises to strengthen certain practices or modes of behaviour, one way is to establish rituals which show employees what is expected. For example, if your company wants to improve innovative thinking, you can introduce "playtime" once a fortnight. For a couple of hours, employees can stop their regular work and discuss in groups, or study individually, how their department or the company at large could do things better.

Employees are always alert to signals from their managers and expect to see consistent and exemplary standards of behaviour. Therefore, unless all managers live up to the company's desired standards and values, the corporate culture will be weakened. New subcultures may then emerge and the intended group culture will be gradually undermined.

In the modern context, a strong corporate culture is desirable if it supports a clear direction which is based on the needs of all stakeholders. Whatever the direction, it will be greatly influenced by the communication and behaviour of the organisation's leaders. If, they can develop, implement and embody effective systems, policies and regulations, they will be well on the way to forming a successful corporate culture. In return they can expect to see higher levels of employee engagement which will make it easier to retain top talent and lead to improved business results.

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End of 2004, he started authoring the book "The Groupness Factor" (see <http://www.progressu.com.hk/Groupness-book.htm>) which got published in August 2005. Charlie's articles got printed in publications like Human Resources, FZ Magazine, Banking Today, SCMP, Effective Executive and CareerTimes.