

# HOW TO BUILD A WINNING ORGANIZATIONAL CULTURE

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In my work with organizations of all sizes, types, and industries I have discovered 11 Best Practices across organizations to date. This article identifies these practices and describes each based on one or more actual client cases. These practices are consistent with the model and process for building and sustaining Winning Cultures that are also further discussed in the book I co-authored with Dr. Ken Blanchard entitled ***Managing By Values: Becoming A Fortunate 500 Organization*** and the services we continue to provide for organizations directly through certified external and internal consultants. This book has been printed in 23 different languages around the world and sold more than 250,000 copies to date as a best seller.

## **1<sup>st</sup> Practice: Identify and clearly define our vision, mission, and values**

In every organization to date, line employees have always identified a moral value (e.g., ethical, integrity, trust) as the single most important principle for the ongoing success of their business. Only at the owner, board, and top executive/senior management level have some organizations identified an economic value (e.g., profitability, financial strength, market leadership) as being more important. Employees view is that financial success cannot be sustained unless an organization is ethical! While both are essential for the success of business, history has shown the wisdom of line employees! A recognized, quality-award winning company had begun to have internal dissension. Its response was to adopt 8 business values. However, no more than 3 of these intended work principles could be identified by any of its senior managers. A similar pattern was found among employees. This points up two problems—1) what counts is the values required for business success (typically 3-5) and, 2) when management can identify their organization's values, then its employees did too—and when not, employees don't either.

Several companies have experienced unprecedented success since adopting and implementing this comprehensive values-based business development process. They include organizations that have tripled their earnings per share, another that quadrupled its volume of business and related profitability, continues to experience a higher level of equity in a five year period since adopting this approach than the entire 75 years in business before this, and an owner whose net worth went from negative to a multiple of 50 times in the positive range

## **2<sup>nd</sup> Practice: Identify the expectations required to achieve what we value**

When it was discovered that a values-based company with a #1 priority value of "integrity" had mistakenly overcharged a customer by over \$200,000 (which they would never have discovered), it immediately informed the customer of this mistake and that it was returning this overcharge to them right now. The customer was grateful, saying it reinforced why they have and will continue to be a loyal customer—because of this provider's unquestionable values-driven "integrity" that was unique in the financial industry which they served.

This construction industry organization's values were made a key part of its real agenda by incorporating it as a key component of its strategies, long-term and annual performance goals, and performance management process—selection, management, development, retention, and consequences management practices including rewards/compensation and recognition

***3<sup>rd</sup> Practice: Provide a clear road map as the guiding action plan***

The employees of this New York City operating company reported that the experience of 9/11 was both the 'darkest and finest hour' in its 75 year history. While providing 75% of the equipment used to restore power and help with the rescue and recovery effort, its employees voluntarily worked tirelessly around the clock and weekends to help put NYC back on its feet after this disaster. Its guiding values, including the #1 principle of being ETHICAL defined as "doing the right thing to build trust" provided the only direction that all employees needed to make the decisions required. Equipment, people and capital resources were deployed without purchase orders or guarantee of payment to "do the right thing" while some other providers were conditional contributors or even took advantage of the situation by price-gouging.

Upon arriving to conduct a values development session with the senior leadership of the mid-atlantic utilities company, the MBV consultant's inquiry indicated that the values they had proudly developed by themselves and personally etched in granite in the company's driveway entrance were developed WITHOUT asking the key question for the ongoing success of this business. As a result, a different set of values had to be developed by this team to ensure the success of this business—and, of course, the stone blasted and replaced!

***4<sup>th</sup> Practice: Provide clear, meaningful communications to employees***

In many organizations, on going informal communications and celebrations of values-based performance contributions as well as periodic events recognizing both individual and collective success have repeatedly resulted in positive impact on employee productivity and morale, including retention.

***5<sup>th</sup> Practice: It's OUR culture, not just management's!***

The charismatic owner & CEO "failed to walk his values talk" but managers and employees continued to stay the course as the true leaders of their organization's culture because of their commitment to its guiding values principles. As a result, this assured the alignment of the company's daily work practices with its key stakeholder groups despite their formal leader's limited inspiration in this respect.

The head of this real estate company insisted that the draft of their company's values address a perceived significant problem by stating that employees "will not lie, steal, or cheat" even though advised by the MBV consultant to use a different approach based on clear, positive expectations such as "be honest, fair and responsible at all times." When employee focus groups reviewed this President's recommendations they were furious! Several vehemently reacted, saying "if that's what this person thinks of us, then I'm going to start looking for another job elsewhere." Fortunately, the President belatedly saw the light and adopted their wording recommendation as part of the damage control that could have been avoided.

**6<sup>th</sup> Practice: Keep on track by communicating ongoing positive impact**

The management employees of this internationally known aerospace organization had seen so many leadership adopted ‘fads’ (flavors of the year) be initiated only to lack the consistent follow-through execution for it to be successful that they took a ‘wait-and-see’ approach before committing personally to putting its newly adopted values into action. When company leadership did not provide the ongoing communications and demonstrated personal alignment efforts required, this initiative, too, failed like others before it previously had!

**7<sup>th</sup> Practice: If the leaders will model, the others will follow!**

When the leadership of this highly successful telecommunications organization viewed as being genuinely committed to its values was replaced by a new top leader who was not, the company’s financial performance significantly declined thereafter and higher performers resigned, stating that it was no longer the company they had been proud to work for.

When a number of genuinely values-committed owners/top executives of different organizations were faced with a severe economic downturn they told their employees that they personally would first absorb any significant financial losses so that employee jobs and the income their families were depending on could be saved. In return, employees responded by demonstrating renewed commitment, making their own sacrifices in the same spirit of teamwork, and company performance turned around sooner as well as more favorably than its competitors!

**8<sup>th</sup> Practice: Aligned performance requires learning new behaviors**

After implementing the broad range of alignment training, coaching, and facilitating to effectively build and sustain a winning values-based culture, these enlightened organizations have experienced several benefits. These include significant gains in employee performance, selection of more qualified and successful performing managers from within their ranks than externally compared to the past, easier attraction of desired employees based on the attractiveness of their values-based work environment, and much longer retention of successful performers—all contributing to ongoing business success.

**9<sup>th</sup> Practice: Strong cultures are built by recognition, reinforcement**

Employees in committed values-based companies have been provided the same all-win opportunities. Since everyone contributes to the success of both the company and other people within it, non-revenue producing support personnel at all levels have the same opportunity to qualify for meaningful recognition and rewards as others in management and sales/revenue-generating roles do. For example, in such companies such support personnel have been awarded all-expense ‘trip of a lifetime’ recognition programs (e.g, Hawaii, Europe) that they would not otherwise ever be likely to afford. And, they receive the same VIP treatment, inclusion, and recognition at the awards ceremonies and celebrations during that trip with their chosen guest.

***10<sup>th</sup> Practice: Take decisive, effective actions to eliminate the negative!***

One company with a formal set of business values has had a pattern of failing to use gap action plans to quickly, decisively resolve employee and managerial performance issues which significantly impaired the company's success level.

By contrast, in another values-focused company when managers and employees were provided feedback indicating their attitudes or actions were not in alignment with their organization's work values expectations, written gap action plans and follow-up management direction/support was provided to address these performance problems. In more than 80% of all situations, such efforts were successful and employee realignment with its values-focused performance expectations was achieved.

***11<sup>th</sup> Practice: There's only ONE Real Boss --Our Organization's Values!***

An executive at one of the largest financial institutions openly violated the established set of business values to serve his own self-interest and, in the process, caused the organization to lose high performers. To minimize further hemorrhaging the organization restructured his scope of responsibility, including reducing his number of direct reports to minimize further damage.

A highly financially successful top executive was confronted by the Chairman and external values consultant with his lack of commitment to personal alignment with this company's values of integrity and teamwork that was eroding workforce confidence in the company culture. Because of his unwillingness to modify his behavior he was swiftly removed from this position, restoring credibility in the eyes of its workforce of the company's values as the REAL BOSS for everyone!

***About the author:*** Dr. Michael O'Connor is an internationally recognized *THOUGHT LEADER* and regular contributor to TrainingIndustry.com's leadership community. He is co-author of several books, *Managing By Values*, *The Leader Within*, and *People Smart*. His work in the area of values is focused on The Center For Managing By Values' mission of 'significantly transforming the lives of individual's and organizations'.

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