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How to create and execute a company culture strategy

19 min read

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Companies are complex things. Discover how to make yours a great place to work. This article explains why workplace culture is important, why you need a company culture strategy and what one usually includes – and how to execute that strategy.

High-profile examples from Uber, Revolut and Amazon highlight the dangerous ramifications of toxic workplace cultures. Yet company culture is still something many entrepreneurs push to the bottom of their to-do list. This is mainly because some perceive it to be 'fluffy'. We know this isn't the case.

By and large, it seems SME leaders fall into one of two camps. They either see company culture as a key priority (72%) or as a 'nice to have' (60%), according to a study by **Breathe**. Whatever their position, however, poor company culture is costing the UK economy **£23.6 billion per year**. This is a staggering amount, and a statistic that business owners cannot ignore.

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What is company culture and why is it important?

Let's start by **defining** what company culture actually is. In May 2013, Michael Watkins of IMD Business School started a fascinating discussion on LinkedIn. He asked other members to define organisational culture and explain its importance. Their responses were many and varied. Here are three of the 300+ responses, some of which now appear across the Internet without appropriate context:

Robbie Katanga:

> *'Culture is how organisations 'do things'."*

Richard Perrin:

> *'Organisational culture is the sum of values and rituals which serve as 'glue' to integrate the members of the organisation."*

Abdi Osman Jama:

> *"An organization [is] a living culture... that can adapt to the reality as fast as possible."*

Watkins neatly condensed the different perspectives in an article on **Harvard Business Review**. He concluded that business leaders must take a holistic, nuanced view of company culture in order to improve it. But what does this really mean?

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> ABDI OSMAN JAMA
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Jonathan Richards, CEO at Breathe, suggests:

> *"It's not the values written on the walls, nor the office fruit bowls, bean bags or pool table. It's also not the leadership style alone. It is all of the above and more. It is how a company cultivates its growth by offering each and every employee a voice, while encouraging healthy day-to-day attitudes, behaviours and work ethics."*

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The benefits of strong company culture

"My normal approach to life is to say screw it, let's do it."

You may not agree with Branson's approach, but the quote acts as a siren call to those who share his perspective. Knowingly or otherwise, Branson has hit upon the magnetic importance of culture. As Harvard Business School professor Howard Stevenson said:

'Maintaining an effective culture is so important that it, in fact, trumps even strategy."

For large companies and **SMEs** alike, culture is important because it is the foundation of every organisation. Investing in workplace culture signals to people inside and outside the company that its employees are its greatest asset.

A happy workforce

A good company culture makes employees more optimistic about working and progressing within the company, more collaborative and more engaged in their work. As research from the University of Warwick found, happy workers are **12% more productive** than the average worker. That's not to be sniffed at.

Happy workers are productive workers.

Breathe's research found that SME decision makers believe a positive culture leads to tangible business benefits, such as:

- Improved performance and productivity (43%)
- Employees going the extra mile (44%)
- Improved morals and relationships (50%)

There are not only benefits for employees, however. Business's bottom lines also see benefits, with 35% of SME leaders believing good culture reduces employee turnover.

An attractive place to work

Strong company cultures attract the best people – the top **20%** of candidates, according to Gallup. A great culture will convert employees into **advocates for your brand**. These employees are more likely to recommend your company as a good place to work.

What's more, strong cultures attract talented people because they want to work in a nice environment. If your company values and objectives align with theirs and help them develop, they'll probably want to work for you.

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Company culture strategy: What is it and why you need one

So, your company has a culture that you can actively shape and enhance. Given the right planning, means and execution, you can improve both your employees' experience of working for you and the success of your company.

It can be tempting to start introducing changes immediately. But jumping in too soon, even with the best intentions, can be counterproductive and even alienate employees. It's important to have a strategy to ensure everyone understands where the company is

A company culture strategy is your plan of action, designed to achieve your **overall aim**: a strong, attractive organisational culture.

Jumping in and making changes too soon can be counterproductive.

A robust strategy will not only help you define your company's identity. It will ensure you deliver real change, embedding new business processes and shaping new behaviours to create a culture that engages and inspires employees.

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What does a company culture strategy usually include?

communicate these again and again through your actions and words, both spoken and written.

There are various approaches you could take to help you do this. You could hire an external consultant or agency, consult with employees, work with senior management or combine any of these processes. Here are some of the main elements to consider in your company culture strategy.

Identity: What does your company stand for?

A great organisational culture begins with a clear company identity. What makes your company different? Clarify the mission of your company and create a set of values that most employees agree with.

Recruiting: Who, how and why do you hire?

You obviously want to hire people who fit your culture. To achieve this, there are various questions to bear in mind, such as:

- Who do you currently employ and who do you want to attract?
- How do you describe the company to candidates?
- How wide a pool are you recruiting from?
- Do you promote roles internally?
- How often do you use a recruitment agency?
- Do you offer perks and benefits to attract certain candidates?
- Are values and attitudes more important than skills or qualifications?

Employee wellbeing: A worthwhile investment?

Programmes to boost employee wellbeing at work are increasingly common. They are also effective. Research from Workforce and VirginPulse found that **42%** of organisations offer wellbeing programmes because a healthy workforce drives employee engagement.

Employees shared the positive views of employers. **90%** of employees believed their wellbeing programmes improved work culture. Wellbeing programmes can certainly form an important part of a company culture strategy.

Wellbeing programmes can form an important part of company culture.

Working arrangements: How strict are they?

Some industries can offer flexible working arrangements more easily than others. How flexible are your company's working patterns? Can you offer flexitime, or allow staff to work from home? It may well pay off, if so: Udemy found that **52%** of employees say they're more productive when working remotely.

Learning and development: How much do you invest?

It goes without saying that you'll want to provide opportunities for employees to learn and progress within your company. But you can go about this in many different ways.

Do you provide employees with career objectives or training plans? Are there positions they can progress into? Do you provide training days? Do you subscribe to an e-learning platform? Can employees take unpaid leave for a university course? Will you sponsor an employee's MBA?

Reward and recognition: What's your reaction to success?

reward loyal service? Do you have company events, such as awards ceremonies?

Internal communications: How does it work?

There are many elements to how people communicate within a company. How do you communicate your mission, values, goals, successes and other company news, for example? Do you use regular surveys, such as pulse surveys, or the employee Net Promoter Score to gain employee feedback?
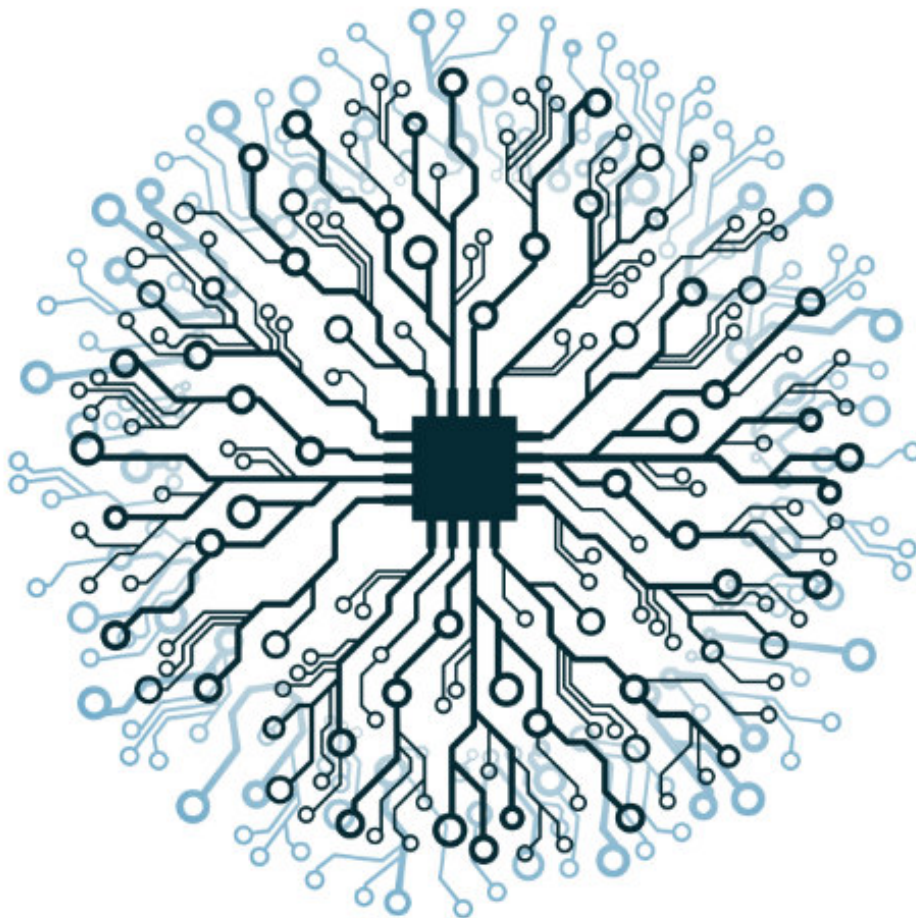
How does your company communicate?

Small gestures and little symbols from leaders can send big messages to employees, so it's worth considering who says what. Are you best placed to deliver certain messages, or would it be more appropriate they come from someone else?

New ideas: Welcomed or buried?

feedback and willing to make changes? Do you actively seek new ideas and practices from outside the company? Take Garry Ridge, CEO at **WD-40**, who often asks his employees:

'When's the last time you did something for the first time?"

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How to execute your company culture strategy

Executing any strategy is harder than creating it. The same goes for your culture strategy, which you'll probably want to put into action right away. However, unless you have solid data proving otherwise, don't try to force radical cultural change in one go. It could end badly.

Here are some tips on how to execute your company culture strategy and examples of how other companies implemented theirs.

- Give your employees ample notice before making any changes
- Ensure you have buy-in from employees: value their input and act on feedback
- Execute in stages and measure results
- Focus on changing or encouraging only one or two behaviours at a time
- Choose authentic, informal leaders to help you communicate and make changes
- Align your hiring strategy with your business
- Be transparent, and practise what you preach. Are you holding yourself to the same standards or expectations as your employees?

Moneypenny provides telephone answering, live chat and customer contact solutions. To ensure customer service is core to the company, its founders follow a simple, consultative strategy – 'happy staff, happy clients'. This is best evidenced by the manner in which Moneypenny built its new headquarters.

Moneypenny HQ: Designed for staff, by staff.

Moneypenny wanted staff to love the new office. It used focus groups to gather ideas and base each element of the office on employee feedback. The office now includes a sun terrace, village pub and a restaurant offering free breakfast and fruit. Staff turnover is less than 5% and, remarkably, the entire development cost the same price as a standard 'box' office.

2. Breathe: Give employees autonomy

Jonathan Richards had extensive experience working with HR software and founded **Breathe** to meet the specific needs that small businesses face. But it wasn't as simple as it seemed:

> *"The honest truth is that when you start a business, no one gives you a hand book. Much like being a parent, you're learning fast and totally overwhelmed by the size of the task ahead."*

Richards has a number of tips to bear in mind when attempting to build a company culture from scratch:

- Mistakes are inevitable: learn from them
- Boost productivity levels by giving employees autonomy and purpose
- Don't confuse culture with things, such as bean bags and ping-pong tables

3. Automattic: Align your talent strategy with your business

Matt Mullenweg, founder and CEO of Automattic, had a very specific idea of what type of company culture he wanted to create. He wanted to give people autonomy over their work. He also recognised that there are factors outside of work that affect our professional engagement and performance.

Matt Mullenweg
Why working from home is good for business

To give people maximum autonomy, he decided to establish a 'distributed' workforce from the very beginning. In fact, he didn't even meet most of WordPress's first 20 recruits in person. This hiring strategy allowed him to access talent from all over the world.

Mullenweg choses to do a number of things to maintain a strong sense of community among employees. He uses the word 'distributed' to describe them, rather than 'remote', to treat everyone equally. The company also documents everything, so that everyone can keep track, wherever they are. And, once a year, the entire company convenes for a week to help employees connect.

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A strategy for your company

It can be difficult to establish a culture that makes people happy and motivates them to produce their best work. This is because company cultures are complex and businesses work in many different ways.

Creating a company culture strategy will help you understand what sort of organisational culture is right for you and your employees – and how you can build it.

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Nomination Form: SME Culture Leaders 2019

Full Name*

| Type your name here |

Email*

| Type your email address here |

Which company are you nominating?*

| Type the name of your company here |

What industry/sector is this company in?*

| ▼ |

How many people work there?