

# Company Culture

## ***Introduction***

*Company Culture* is defined as the unique personality that characterizes both the employees and the business practices of an organization. Each company has its own distinct culture, which determines what types of employee behaviors are acceptable and unacceptable. A company's culture controls how employees behave, dress, problem solve, work in a team, innovate, set new directions, instill quality in their work, and demonstrate productivity. A well established culture determines how safe it is to raise concerns, bring up new ideas, and make mistakes in a company. For example, if a company's culture is very structured and closed, an employee may not feel comfortable bringing up new ideas to improve the design of a product. On the other hand, if a company's culture is very flexible and open, an employee may feel it is his or her job to be creative and innovative when solving a customer service issue.

The culture of a company affects every function of the business. Such areas include equipment, processes, software, authority structures, reporting procedures, control mechanisms, communication, and relationships. In this context, a company's culture is the foundation its success. In this day and age, it can either make or break a company.

Have you ever wondered what truly makes a company like Apple or Google so successful? Most of business successes can be attributed to thriving company cultures. Below are the top eight guiding principles that will help foster a winning culture for both a company and its employees.

### ***1. Communicate Company Vision and Business Mission***

One of the most crucial factors for building an unbeatable culture is to ensure that the company's vision and mission are clearly defined and communicated. It is essential that the dream of the company be externally focused, exhibiting a sense of community and goodwill that transcends its financial interests. Everyone, including customers, suppliers, wholesalers, retailers, and employees, should be able to visibly identify the company's overall vision and business mission. Most often, a company will publicly publish a clear and concise mission statement on their official website.

Starbucks is a perfect example of a company with a well-defined and communicated mission statement. Known to many as the coffeehouse giant of the century, Starbucks defines its vision as the ability to bring the Italian coffeehouse experience to the average person. Starbucks makes its mission statement available for all to read on its webpage—they seek “to inspire and nurture the human spirit – one person, one cup, and one neighborhood at a time.”

## **2. Clearly State Principles, Priorities, and Values**

Establishing clear principles, priorities, and values sets the tone for the culture of the company. Connecting frequently with team members, customers, and suppliers helps to reinforce what the company stands for. Most importantly, the company must act and behave in a way that is congruent with its principles—it must see itself as a role model for other organizations to emulate.

Cabela’s, a national sporting goods retailer, remains true to its founding principles to preserve America’s sporting heritage. The company’s commitment to getting families outdoors is reflected by their generous philanthropic endeavors and outdoor sporting event sponsorships. Cabela’s is known for their catchy employee slogan, “were you born to work here?” Cabela’s promotes an environment where employees are an intricate component to the company’s success. Their actions remain consistent with their love for the outdoors, laying a solid foundation for their company’s future.

## **3. Properly Structure the Company**

Structure the company to be the most responsive and productive for the specific work it is expected to accomplish. Design departments in a way that is conducive to the flow of work and eliminate unnecessary roles that could possibly hinder a competitive advantage. Traditional departments, such as marketing, sales, and operations, can lead to systemic bottlenecks, producing average results instead of industry-leading outcomes. Define career paths for employees to unleash innovation and creativity, improving overall company efficiency and productivity.

To become more agile and responsive, Nestle has adopted a flat and adaptable organizational structure. The new structure, referred to as “Nestle on the Move,” has instilled a sense of flexibility, allowing Nestle to respond quickly to changing market conditions. Employees at Nestle now feel empowered to make tactical decisions directly

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affecting the performance of the company. Fewer layers of management have minimized the response time for making decisions and responding to customer demands. With the flexible structure and adaptive company culture, Nestle has been able to expand its market share globally and reduce the time-to-market for newly developed products, including Nestle bottled water, Dreyer's ice cream, and Toll House baking products.

#### **4. Hire the Right People**

Identifying where help is needed and hiring the right people to fill in those gaps is crucial to building a positive company culture. People often assume that this means hiring the perfect employee in terms of their talents and abilities. However, it is just as important, if not more important to hire a person with the right attitude, outlook, and flexibility to fit in with the desired culture. From the other end of the spectrum, if an existing employee is just not getting the job done, then these hiring mistakes should be handled as quickly as possible.

Known for its rigorous hiring practices, Southwest Airlines has carefully constructed its culture and reputation from the inside out, with the central focus of the company directed at its lower-level staff. Southwest Airlines fosters a customer-responsive culture by hiring employees with a “servant’s heart,” limiting employee rules and procedures, and providing employee empowerment in day-to-day decisions. The heart of the company’s culture is built on promoting happy employees who will spread their cheer to its customers.

#### **5. Be Innovative**

Sponsoring innovation and creativity in all aspects of a business provides a solid foundation for companies to achieve competitive advantages and long-term sustainability. A company’s approach to innovation must stem from a sincere desire to improve and grow, and not from a position of desperation. Innovation must be woven into all facets of the business, including business model structures, customer service practices, product improvements, and defined procedures. An adaptive, open culture is necessary for innovation to be supported in all areas of an organization.

With annual profits nearing 1 billion dollars, Crocs is an example of a company that has successfully integrated innovation into every aspect of its business model and culture. Every step of Crocs value chain is uniquely designed to improve the speed and

efficiency in which products are manufactured, shipped, and distributed to its retailers. Innovation efforts result in a robust and seamlessly integrated value chain including flexible manufacturing, decentralized warehousing distributors, and on-demand retailers. The foundation for Crocs' success stems from a company culture that promotes adaptive responses and pioneering innovation.

## **6. Set High Standards**

Setting high standards signifies the company's commitment to excellence to both employees and customers. Employees who are faced with the challenge of achieving high standards will often surpass expectations. Customers will recognize and appreciate the company's culture of excellence, resulting in higher sales and revenues. High standards should never be discarded—instead they should be embraced and even flaunted for everyone else to see.

Lamborghini's culture fosters excellence, settling for nothing less than the best. From the company's state of the art production facilities to its unprecedented customer service practices, Lamborghini is uncompromising in its high standards for sports car enthusiasts. The company culture creates a work environment where every detail matters and excellence is expected.

## **7. Think like a Winner**

Everyone wants to be part of a winning team, so the key is to foster a culture where people think and act like winners. From the company's sales team to customer service representatives, all employees must demonstrate their enthusiasm and aspiration to be the best they can be. Customers want to buy from a winner, so ensure that employees never second-guess the company's product or intentions. They should be encouraged and incentivized to always uphold the company's reputation and product values.

Nike is known to many for its "inspiration to win" attitude for athletes. This winning attitude is not only promoted to outside consumers but also to employees within the company. Nike's culture fosters a sense of "being a winner" in every aspect of their business. Consumers recognize the company's enthusiasm which has helped to launch Nike into the top ranks of the sports apparel industry.

## **8. Recognize and Celebrate**

To promote a healthy and positive culture, companies should publicly recognize individuals and teams for their positive contributions to the organization. In addition, customers should be recognized for their support and loyalty over the years. Holding a companywide event one or two times a year to celebrate business success can instill a culture full of excitement and praise.

Brown & Brown Insurance Company is a great example of an organization that uses recognition and celebratory events to maintain a culture of high performers. Once a year, a companywide event at a glamorous resort recognizes top performers for their contribution. Brown & Brown Insurance Company mixes both business and pleasure throughout the event by holding planning and strategy meetings during the day with karaoke and costume parties at night. This unique blend of recognition and celebration instills a hard-working, yet fun company culture.

### **Summary**

- Each company has its own distinct culture, which determines what employee behaviors are acceptable and unacceptable.
- A company's culture determines the company's real bottom line.
- There are eight guiding principles for building a positive company culture: 1. clearly communicating an externally focused vision and business mission for the company; 2. clearly stating principles, priorities, and values; 3. properly structuring the company; 4. hiring the right people; 5. focusing on innovation; 6. setting high standards; 7. thinking like a winner; and 8. recognizing and celebrating success.
- Engaging customers, employees, and suppliers by establishing clear principles, priorities, and values sets the tone for the culture of the company.
- Supporting innovation efforts throughout the organization creates a flexible, open culture.
- A culture of excellence requires the company to set high standards that challenge employees.
- Thinking like a winner fosters a culture with a winning attitude.

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