



Making Culture Count:

How to Turn Company Culture
into a Strategic Advantage

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Ever since business analysts began digging

into the connection between strategic company culture and higher levels of profitability, productivity and growth, CEOs and HR professionals alike have vigorously pursued it. Companies launch employee engagement initiatives, craft generous benefits packages and hire new roles like Chief People Officer – a title that’s leaped into the C-Suite at organizations like Google, Salesforce, GE, Tesla and more – only to see no difference or to be unable to quantify any change.

Yes, every organization wants to tap into the benefits of a strong company culture. But few know how to do it. According to recent research from Gartner, only 31% of human resources leaders feel their companies have the organizational culture they need to support future business strategy. The problem – and what’s missing from most attempts to wrangle control of culture – is strategic alignment between company culture and business strategy.

“Company culture is a pivotal driver of success at every level of business, but in order to have maximum impact, it must be aligned to your strategic objectives.”

Sheridan Orr

VP OF MARKETING AT CULTUREIQ



“Company culture is a pivotal driver of success at every level of business,” says Sheridan Orr, VP of Marketing at CultureIQ. “But in order to have maximum impact, it must be aligned to your strategic objectives. You can have the most revolutionary strategy – like Uber’s disruptive business model – and the company can still falter because of culture. But a really sound company culture aligns people with business strategy and drives what a company is trying to achieve in the marketplace.”

How are organizations prioritizing and investing in company culture in 2019? And how can you better align your company culture initiatives to support your business strategy? In partnership with HR Dive, CultureIQ surveyed 219 HR professionals in the United States to understand the biggest challenges companies are facing around culture and how their established company culture relates to big-picture goals such as strategy, recruiting and growth. The following report looks at three critical themes that have emerged in how businesses of all sizes organize their culture departments;

perceive culture’s impact on important business decisions like recruiting, compensation, strategy and profitability; and, align culture with business strategy.

Survey Details

Published on **HR Dive** with **219 respondents**.



#1. Culture is everyone's responsibility

When asked, “Which department within your organization is tasked with building, monitoring and enhancing company culture?” respondents overwhelmingly indicated that the HR department (52.05%) and the executive team (28.31%) own culture. A minority of respondents indicated that an interdepartmental committee oversees culture initiatives (8.22%), while respondents who selected “Other” (5.94%) frequently indicated “everyone” or “no one” is responsible for culture within their organizations.

Should company culture fall to any one department or person? The answer is complex. While one person or department should spearhead company culture initiatives for accountability's sake, company culture itself must be everyone's responsibility. It can no more be influenced by C-Suite “fiat” as it can be driven entirely by grassroots employee efforts. To drive real business results, it must be

“Culture is not about free lunches, a beer fridge or dress down Fridays, it's about how your employees feel about coming into work and doing their job, and everyone within an organization contributes to that feeling,”

Dr. Karlyn Borysenko
CHIEF SCIENCE OFFICER AT RALLYBRIGHT,
AUTHOR OF ZEN YOUR WORK

aligned with your business goals, owned at a senior level and infused in everything your company does.

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work and doing their job, and everyone within an organization contributes to that feeling,” says Dr. Karlyn Borysenko, Chief Science Officer at [RallyBright](#) and author of *Zen Your Work*. “Is this a safe place? A comfortable place? Am I supported and valued? Everyone within your organization contributes to answering these questions, and no one person can affect dramatic change alone.

“In fact, even if a CEO or VP is looking to drive culture from the top down, she only has the power to accomplish so much,” continues Dr. Borysenko. “If a new leader comes in and wants to deliver a positive experience, but all of the employees are bitter and cynical, she won’t have any luck enacting culture change.”

Which department within your organization is tasked with building, monitoring, and enhancing company culture?



Strategic company culture step #1: Invite everyone within your company to weigh in on company culture plans.

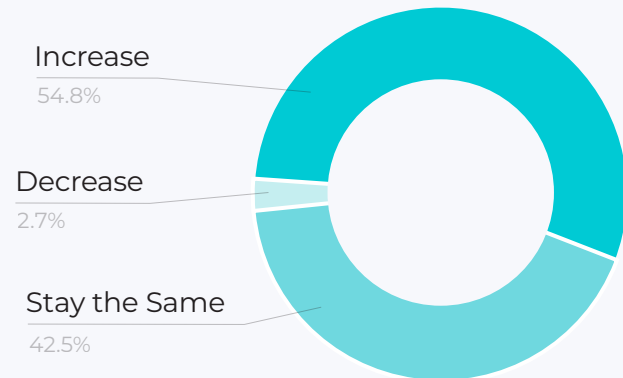
If you're tasked with spearheading company culture within your organization, your work doesn't end when you receive support from your leadership team – you need to extend an invitation to contribute to everyone company-wide. Use your internal communications system or Learning Management System (LMS) to publish your plans to as many team members as you can, making it clear how each department or role can participate or benefit from the initiative.

An exceptional example of a company inviting everyone to participate in its business-driven culture is the social media scheduling company, Buffer. Buffer takes its commitment to “default to transparency” very seriously and maintains an up-to-date, universally-accessible [transparency dashboard](#) featuring business statistics like salaries, equity, revenue and more. Whether you work within the organization or outside it, you have access to the same information as the leadership team.

Which of the following cultural initiatives did your company prioritize in 2018?



How do you see those priorities changing in 2019?



#2. Successful culture initiatives are employee-focused



Health & Wellness



Recognition



Teambuilding



Compensation

When asked which cultural initiatives their company prioritized last year, responses show a fairly even spread across all of the following four employee-focused investments:

- » Employee health and wellness (20.55%)
- » Employee recognition (Achievements, anniversaries, etc.) (20.55%)
- » Teambuilding (Parties, retreats, offsites, etc.) (20.09%)
- » Compensation (Benefits, pay, etc.) (16.89%)

These statistics reveal an ongoing trend in which employers compete to deliver the most holistic and differentiated employee experience – a goal that 80% of executives surveyed rate as very important or important in a recent

study from Deloitte, and an achievement McKinsey & Company identifies as an essential characteristic of companies that want to be competitive.

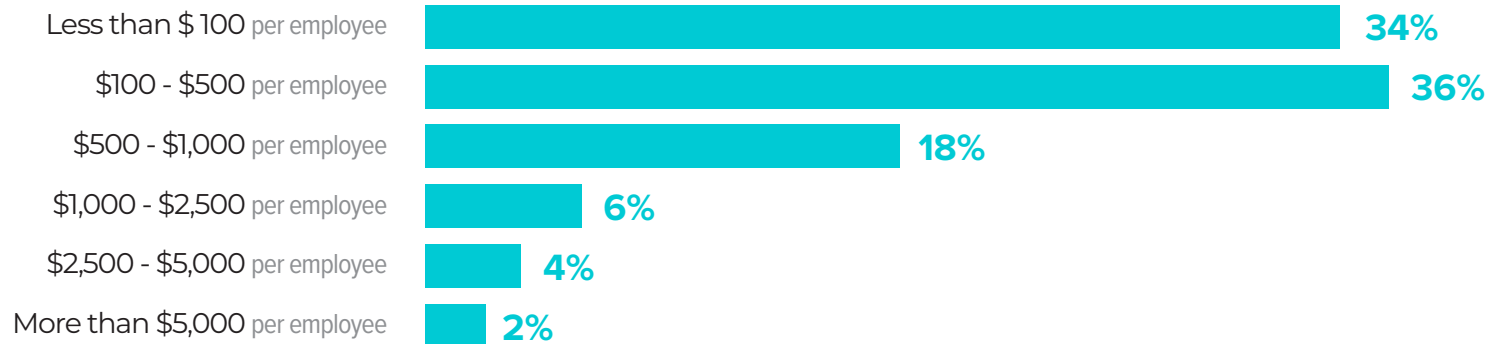
By all accounts, these investments are paying off – a strong majority of respondents plan to maintain (42%) or increase (55%) their investment in employee-oriented culture initiatives for the coming year. But if the benefits still seem too vague, take a moment to consider the consequences of not investing in initiatives that help further your strategy. While the employee experience is part of the equation, the focus of your cultural efforts should also be about helping your company execute on your strategy.

“Culture should be designed to help you meet your strategic objectives,” says David Shanklin, Managing Director of Client Delivery at CultureIQ. “That means if you believe your competitive advantage comes from being customer centric then your values, rewards and cultural initiatives should all reinforce how employees improve customer satisfaction.” With strategy at the core, your culture programs should be focused on keeping employees engaged. You’ll want to

make sure that you are investing in ways to keep the team aligned on the strategy, and that may mean investing in communication programs or off-sites to ensure everyone understands what the organization is trying to achieve and how they can contribute.

“If you don’t invest in your people, all of your bottom line results are going to suffer,” says Dr. Borysenko. “You’ll

About how much does your company invest in culture initiatives per year?



see lower levels of productivity, lower morale and lower engagement. People will take 10 times as many sick days, leading to higher healthcare costs. And in the long-run, your people will be much less likely to stick around, resulting in incredibly expensive turnover costs. It will cost you a lot more money to deal with these consequences than to invest a few thousand dollars per person in company culture initiatives.”

Strategic company culture step

#2: Prioritize employee-focused culture initiatives that will make a difference in your employees’ daily lives.

In a competitive, employee-driven market, compensation and benefits are just table stakes when it comes to attracting and retaining high-performing talent that can contribute to the company culture you want. Far from pursuing trendy benefits and cultural initiatives featured in the headlines, you need to

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focus on small tweaks and changes that impact your employees’ daily experiences on the job, like health and wellness, recognition and team-building.

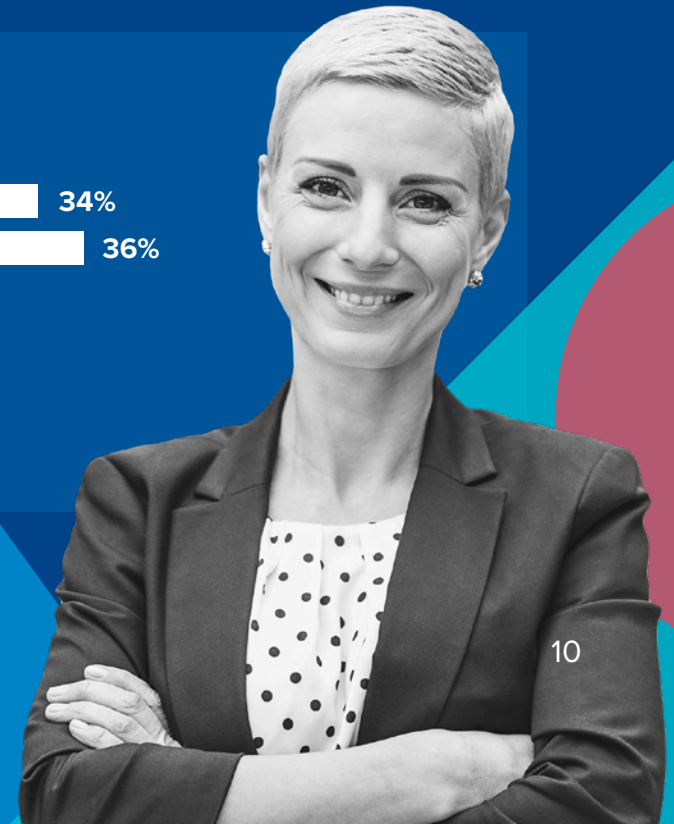
Companies get out of culture what they put into it.

When it comes to investing in company culture, the majority of companies surveyed spend \$100-500 per employee (36.07%) or less than \$100 (34.25%) per employee. However, there are two interesting patterns to note: First, every respondent who spends \$100 or less per employee is decreasing that investment. And second, every respondent spending more

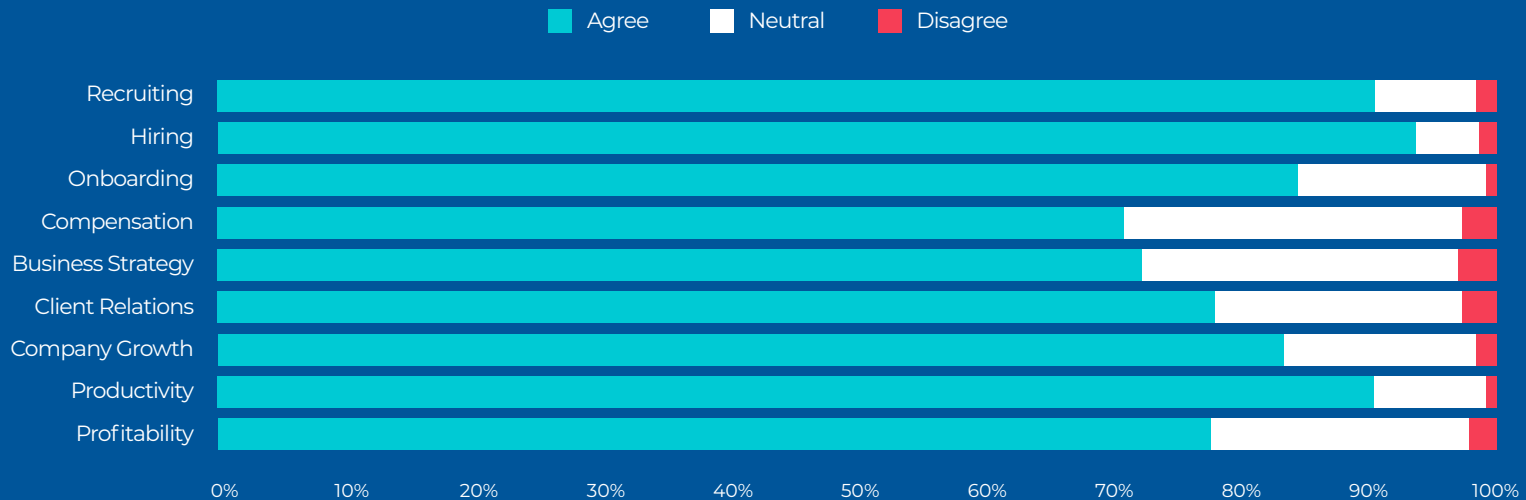
than \$100 per employee (65.75%) – including those that spend more than \$5,000 per year per employee (3.65%) – plans to keep or increase that investment.

“It’s no surprise that companies investing \$5,000 or more per employee per year are seeing the value in that investment

About how much does your company invest in culture initiatives per year?



Do you agree/disagree that company culture has a strong impact on the following decisions?



and keeping or increasing it," says Orr. "When it comes to company culture, you only get out as much as you put in. So if you don't invest enough to give your initiative a chance to work, it won't be able to make an impact. And the investments are indeed working: 97% of companies surveyed plan to maintain or increase their company culture investment in the coming year." In some cases, it can be appropriate to start small with your

company culture initiatives, such as when you're making a values shift from privacy to transparency, and you don't want to change too much too quickly. But more often than not, companies that invest little in company culture get little out of it, and companies that invest a lot get a lot out of it. Kick off your company culture initiative with a true trial to get the most accurate view of how company culture will impact your company.

Please rate the following cultural challenges from the least challenge to the biggest challenge.

CHALLENGE	RANKED AS BIGGEST CHALLENGE
Getting accurate employee feedback	17%
Aligning cultural values with company strategy	17%
Recruiting competitive candidates	21%
Retaining competitive candidates	25%
Bringing existing employees into alignment with company values	18%
Predicting and adapting to cultural change	12%
Other	35%

#3. HR must have a seat at the leadership table to bring more focus to the long-term impact of culture decisions

According to our survey results, HR professionals overwhelmingly agree that company culture has a strong impact on the following business decisions.

However, the HR professionals surveyed are not equally focused on how their work impacts these business functions. When asked to rank their top challenges, respondents prioritized some challenges over others, overwhelmingly ranking more straightforward HR-focused tasks over more complex strategy-focused ones. For example, respondents indicated that they focus most of their efforts on retaining competitive candidates (25.23%), followed closely by recruiting competitive candidates (21.20%) and aligning existing employees with company values (18.26%). The challenges least likely to be identified as the most significant include predicting and adapting

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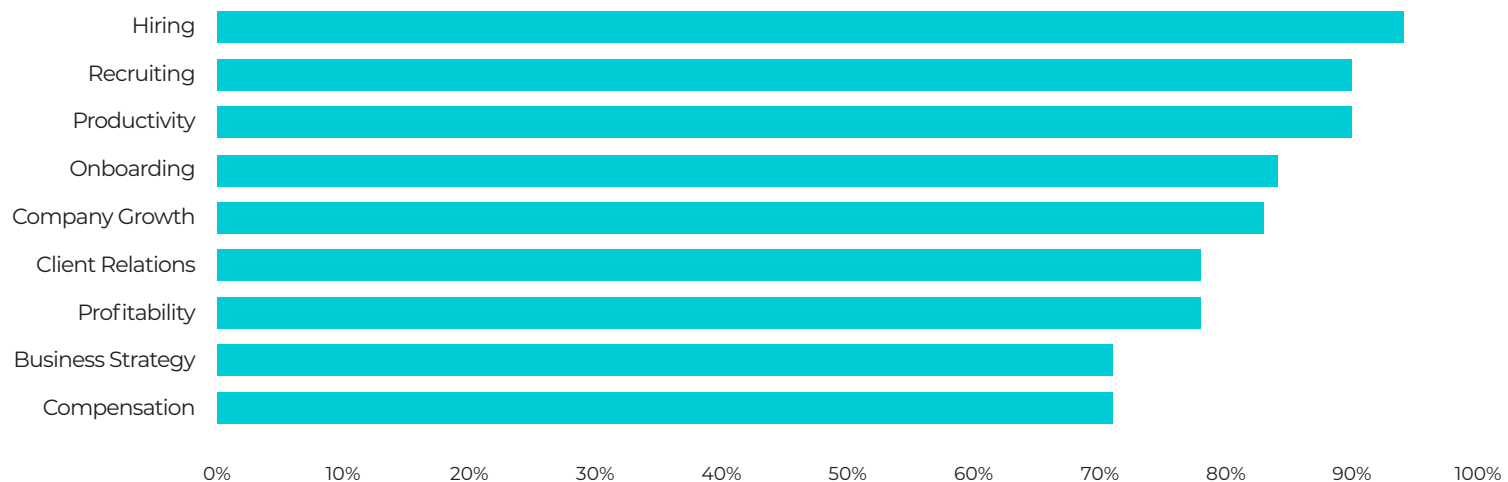
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to cultural change (11.87%), aligning cultural values with company strategy (16.89%) and getting accurate employee feedback (17.35%).

“There’s nothing fundamentally wrong with focusing on ‘easier’ priorities, necessary tasks that you can check off your list after a hard day’s work,” says Dr. Borysenko. “But HR professionals that want to be more strategic about company performance need to be more disciplined about their values and make sure their actions towards employees align with those values.

“One example that comes to mind is the time the incredibly successful online shoe retailer Zappos jumped on the holocracy trend – a flat management structure with no managers. At first, the idea sounded new and shiny, but when they got down to it, the flat structure didn’t actually provide their employees with the support they needed to do their jobs. Their turnover rate jumped to 30%. Culture

Which of the following have a strong impact on business decisions?



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Strategic company culture step

#3: Show the C-Suite that HR is a core piece of the company's overall business strategy by bringing more focus to the impact of long-term company culture initiatives.

While it's natural to focus on challenges most directly associated with the HR function like retention, recruiting and performance, innovative HR professionals get their daily work done with an eye on the bigger picture, taking into account how culture and employee engagement influence

bigger-picture functions like client relations, company growth and profitability. Start considering HR functions in the context of the business's overall strategy and scrutinize the far-reaching implications of HR decisions to make that connection clear to the leadership team.

Strategic alignment lays the groundwork **for productivity, profitability & growth.**

operations like hiring and recruiting to company-wide priorities like productivity, profitability and growth. If you aren't doing everything you can to maximize your investment in company culture and its strategic alignment with your business values, you will not be able to predict and respond to complex industry changes as an integrated organizational unit. Use the actionable insights in this report to uncover what you can do as an HR leader to encourage alignment between company culture and business strategy so that your company can achieve its potential and realize the full benefits to your business, leaders and employees.





CultureIQ is the leading global culture management company and helps organizations drive competitive advantage by aligning culture with strategic business objectives. Powered by industry-leading strategists, flexible technology, and a validated research framework, CultureIQ makes what's good for people good for business.

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