

New Synergist Insights

Organizational Culture (part III)

June 2015

In last months *Insights* I discussed the ways you can make an assessment of your organization's culture. Since Organizational Culture is such a broad and important topic it was divided into three separate New Synergist Insights. This month's *Insights*, Organizational Culture (part III) focuses on performance.

Creating a performance enhancing culture does not happen automatically. This type of culture is a deliberately designed system of leadership and values, processes, incentives, and behaviors. Implementing a performance enhancing culture is not a short-term fix for poor performance and it can't be done without the total commitment of the organization's leadership team.

Much research has been done related to performance and performance enhancing cultures. In their book, *Corporate Culture & Performance*, James Heskett & John Kotter describe an eleven-year study of 12 companies. The results of this study (performance enhancing vs. non-performance enhancing) was startling; revenue growth, 682% vs. 166%, employment growth, 282% vs. 36%, stock price growth, 901% vs. 74%, and net income growth, >756% vs. 1%.

The components of a performance enhancing culture include:

1. **Leadership** - strong, committed leaders, who are committed to creating a environment of trust
2. **Trust** - an environment that identifies, confronts, and solves organizational problems
3. **Stakeholders** - balanced attention to customers, employees, owners, and the communities they are a part of
4. **Goal Alignment** - goals supported by individual and group performance measures
5. **Supportive Environment** - an environment that supports learning
6. **Change** - be receptive to change, supportive of creative risk, and open and honest communication

Performance management success is a journey, not a destination! Focusing only on the destination only (profits, revenue growth, market share, etc.) can lead to a myriad of problems. Misaligned goals, short-term focus, and stakeholders groups that feel ignored or mistreated are but a few of the maladies that can result from a culture that is not performance enhancing.

In the July issue of *New Synergist Insights* I will focus on some of the reasons organizational change programs don't produce positive results.

Questions?

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July New Synergist Insights:
Why Change Efforts Fail