

Demystifying Corporate Culture (Excerpt)

The following is an excerpt from the Herman Miller Research Summary:
Demystifying Corporate Culture (©2004).

“Culture—the Last Differentiator

In theory, strong corporate culture gives companies an edge in three major ways. First, it empowers people to think for themselves on behalf of the company, and it allows them to do it with confidence. No matter how many policies and procedure manuals human resource departments write, they cannot write rules for every situation nor will a manager always be around to tell an employee what to do. In those situations, the employee must rely on his own good judgment— judgment that is formed by his understanding of how things get done at his company. Because managers in companies that have strong cultures can rely on their employees to do the right thing on behalf of the company, they are free to focus on developing strategy and responding to change. And because they are focused on the external business environment, they are quick to spot a changing competitive situation and to respond. In that way, they “help maintain a fit between the culture and its context.”

Second, a strong corporate culture builds image. It’s the substance that reinforces and proves the first impression created by brand— what “they” (customers, employees, investors, the media) say an organization is, the face a company shows the world. An unhealthy company has two faces—one it puts on for show and its “real” face, which employees see. But a healthy company has just one. It may put on a little make-up for the world, but its values are consistent with its image. This is important not only for attracting new customers, but also for attracting new employees. A *Fortune* magazine survey revealed that CEOs believe corporate culture is “their most important mechanism for attracting, motivating, and retaining talented employees, a capability they consider the single best predictor of overall organizational excellence.” Jim Collins, author of *Good to Great: Why Some Companies Make the Leap...and Others Don't*, couldn't agree more. “Great vision without great people is irrelevant,” he says, and a strong corporate culture can help “get the right people on the bus.”

The *right* people at the *right* company making decisions independently so that managers can focus on strategy leads directly to the third edge: Corporate culture can lead to enhanced performance. When the team that had written *The 100 Best Companies to Work for in America* revisited those companies 10 years later, they found that they had consistently outperformed the rest in earnings per share. Furthermore, while author Robert Levering “found no examples of companies that started off as not being great places to work, became high performers and then became great places to work,” he did find companies that started off as being great places to work, were not performing well, and turned into high-performing companies that remained great places to work. “

For the complete text of this research summary, please CONTACT Thomas Interior Systems.