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THE CULTURE SOFTWARE

7 COMPANY CULTURE MYTHS

Debunking Common Culture Myths in order to Drive Better Performance

SUMMARY

What do you think of when you think of company culture? Is it the foosball tables and game rooms, bring-your-dog-to-work days, and catered lunches?

It's true – unique employee perks have become synonyms with company culture. But perks aside, it's the communication, transparency, and people-first focus that more often set the foundation for what your company culture looks like.

Culture is vital to a company's success because it sets the tone for its future performance. Employee morale, productivity, and the company profile get a lift. It also distinguishes you from your competitors.
In return, your culture attracts top talent, investors, and customers. And nearly everyone says it matters.

- 88% of employees believe a strong company culture is key to business success.
- 94% of executives say company culture is key to business success, yet only
- 32% say their company culture is aligned with their business strategies.

In other words, company culture is not well developed and often an afterthought at many organizations despite being viewed as essential to success. When you focus on company culture and align it with your business objectives, you'll attract top talent, retain and engage current employees, see productivity increase, and as a result, experience a surge in profitability.

As crucial as workplace culture is, it remains largely misunderstood. So we're tackling some of the most common company culture myths, and more importantly, how you can overcome them so you can focus on cultivating a unique and sustainable organizational culture that drives performance.

Intended Audience
This guide is intended to help HR professionals, founders, CEOs and other company leaders, as well as people leaders and those involved in culture committees. This guide identifies commonly held beliefs around company culture and the truth behind them.

Myth 1: Culture = perks, benefits, and values
Myth 2: No connection between culture & business objectives
Myth 3: Engagement surveys are the key
Myth 4: Culture cannot be measured
Myth 5: Culture cannot be changed
Myth 6: Companies fail because they can't maintain culture when they grow
Myth 7: Culture worsens in virtual & hybrid work environments

Culture is all about company values and employee perks.

Busting the Myth... Many people believe that culture is all about ping-pong tables, game rooms, catered lunches, happy hours, and open-door policies. On top of these perks, employees have amazing salaries and benefits. While a good paycheck and unique benefits and perks are substantial, they aren't synonymous with or make the culture.

Before identifying what makes culture, it's imperative to understand what culture is not. As Don Sull tells us in **When It Comes to Culture, Does Your Company Walk the Talk?**, it's not the values you post on your website or the laminated one-pager you give to employees. He goes on to explain that company practices often conflict with corporate values – with data demonstrating little to no correlation between official company values and actual culture as perceived and lived by employees.

Culture is how work gets done in the organization, who makes the decisions and why, how people are rewarded, and opportunities to grow through leadership and mentorship – all of the behaviors, expectations, values, and norms associated with working at your company.

Put more succinctly, culture is your company's **B-M-W**: the sustained patterns of (1) **B**ehaviors over time that are supported by the shared experiences, (2) the values or **M**otivators, and beliefs of the organization, and (3) the way work happens or **W**ork energizers of its people.

Together, culture is what transforms individual employees into a collective, cohesive whole. And all the perks, benefits, and fun stuff are just the cherries on top!

Reminder:

Culture is <u>not</u> HR, and it's not cool perks.

Some companies don't even have HR. An HR leader can help you think about the culture you desire, find ways to move the culture in the right direction, and monitor progress, but the culture of a company is set early and is set by leaders. Culture <u>IS NOT</u> foosball tables and free food. Culture <u>IS</u> how the company does its work, how it communicates, and how it supports and recognizes employees.

Key Action:

Whether your company is established or just starting out, don't neglect culture during planning processes.

Make it a key component of your business planning and reviews because it will influence the work. Set aside time to evaluate what you value when it comes to what success looks like for your team, your company's growth strategy or performance and identity, as well as relationship building, communication, and collaboration. Once you're able to do this, you're able to articulate your desired culture and set in place a strong foundation for how that culture develops.

Investing in culture can be difficult because the connection between culture KPIs and business objectives is unclear.

Busting the Myth... You can develop the most exceptional product in the world. But what's going to make it stand out and turn a profit are your people – they are your power source. Culture is a strategy- and performance-enabler, and if you don't align your culture with your business goals, how can you expect your people to help you achieve them?

When aligned with business strategy, organizational culture can drive results, without having to rely on command and control. There have been several studies – including **John Kotter's 11-year study** of performance- and non-performance enhancing cultures – that have indicated correlation between strong performance-based cultures and the following positive business results for organizations:

+685%
Revenue

+901%
Stock Price

+756%
Net Income

+282%
Job Growth

Companies focused on cultivating culture demonstrate:

4x
Higher Average Profits
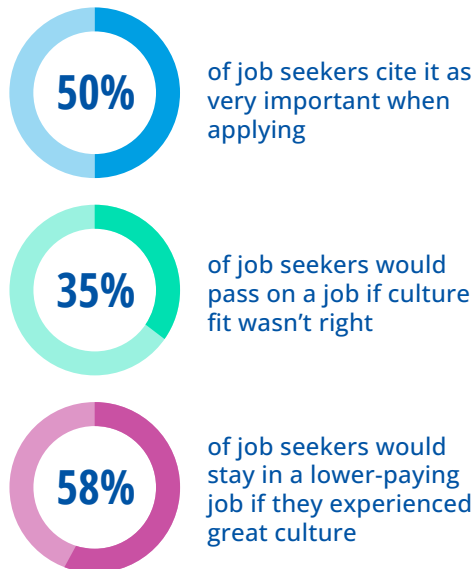
40%
Lower Turnover

25%
Increase in Industry-related Profitability

20%
Greater Ability to Outperform Competition

Further, studies have found that 40 percent of employees report that they benefit when their own goals are in step with their company's goals. Culture remains critical for attracting and retaining talent.

50% of job seekers cite it as very important when applying

35% of job seekers would pass on a job if culture fit wasn't right

58% of job seekers would stay in a lower-paying job if they experienced great culture

But when you're on a tight budget, it may not seem like investing in culture is worth it. However, there are affordable ways to improve your company's culture, such as developing and infusing **emotional intelligence** into workplace communication or providing your team with training opportunities.

Ultimately, culture is set first by its leaders, starting with the founders, CEO, or executive leadership. Alexander Nicolaus, Chief People Officer at Paysend and author of Startup Culture: Your Superpower for Sustainable Growth, recommends getting specific: "define your organization's why, who you are, and who you want to be. Your behavior sets an example for the rest of the team, and the rest of the team ends up modeling it, which then builds the culture."

Reminder:

Like Rome, culture isn't built in a day.

Whether a growing company is defining its culture or an established company is redefining its culture, the important thing to remember is that workplace culture consists of the values, people, and communication of a company. It forms a community that thrives on the participation of all parties. So the best way to influence culture is to make sure that those charged with building teams and those involved in the hiring process have a good, data-informed grasp of the culture and how it reflects the business strategy. This will allow hiring managers to evaluate for culture fit appropriately.

Key Action:

Businesses that are outperforming others know their humans are their greatest asset and so they make culture a priority.

For these companies, culture becomes their biggest differentiator. They've put human connection at the center of everything they do – starting with giving gratitude to their employees, recognizing their contributions, creating an open environment of healthy debate, communication, and transparency. What follows is performance.

MYTH 3

# Employee feedback is the key to solving your culture problems.
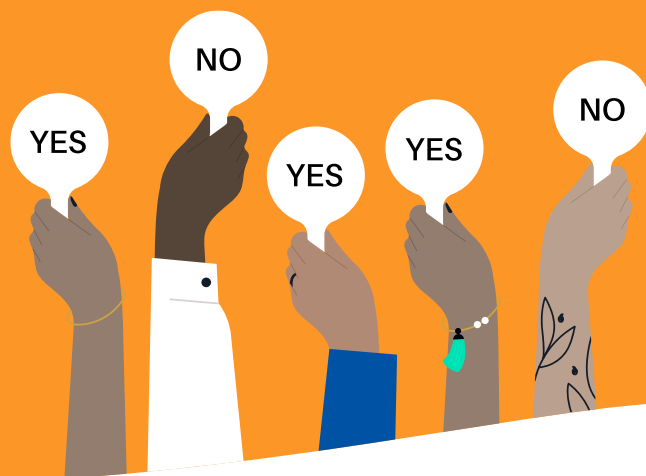
Busting the Myth... While employee feedback does provide some insight into the employee experience, and engagement surveys can tell you how satisfied an employee might be at that given moment, it's not a reliable measure of company culture.

Here's the problem: The data you get from a survey is often circumstantial, one-directional, and predicated on an individual's personal perceptions, feelings, or emotions. Feedback collection cuts out the full scope of interactions, the crucial back-and-forth that exists at all levels of an organization – only capturing a narrow vantage point and perspective.

What's more, you may not always receive honest feedback from your team. Would you be completely comfortable, even if anonymous, telling your superior what's wrong with their management style or the business?

If you want real feedback from your team, you first need to build trust with them. You then need to understand that employees' recommendations aren't personal. Instead, these are suggestions based on being in the thick of the business day in and day out that are worth exploring because they could improve an important facet of your business.
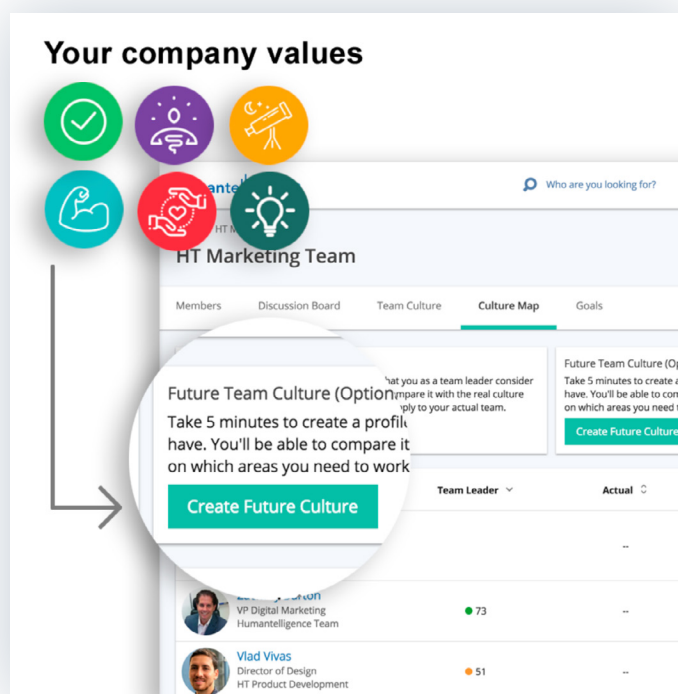
Use a centralized, data-centric approach to measuring culture in order to keep a pulse on what needs to change. With a psychometric-based platform for measuring and managing culture that goes well beyond the qualitative data of engagement surveys, you can identify current culture and compare against a target culture by highlighting adaptations to be made.

This doesn't mean engagement surveys aren't valuable. Rather, it's important to align them with your target or desired culture goals, and to continually pulse your employees on important topics and get instant and consistent feedback.

What's more, every leader and team member must work to create a feedback-friendly environment. To become more effective and fulfilled at work, people need a keen understanding of their impact on others and the extent to which they're achieving their goals in their working relationships. That's called feedback, and direct feedback is the most efficient way for them to gather this information and learn from it. Work to create a space for open, honest, and direct conversations so that you can create a feedback rich culture.

Engagement surveys aren't enough. A healthy workplace culture will be sculpted by the values, behaviors, and interactions between stakeholders, from senior leaders to the front-line and back again. You fix or improve culture by identifying, measuring, and addressing the gaps as well as fortifying the strengths – and the employee experience will follow.

Reminder:

Engagement surveys can't provide an accurate picture of your culture.

In theory, employee engagement surveys are designed to provide employees with the opportunity to tell their management team how they're feeling at work. Unfortunately, these exercises don't lead to an accurate picture of what's going on in the office.

Key Action:

Do keep a pulse on what matters to your team and continually find ways to reinforce positive culture championing behaviors.

Engagement surveys are often too little too late, too long in length, and don't lead to lasting change. However, keeping a pulse on and collecting ongoing feedback from teams is important. Your people are your power source. They power client adoption, expansion, and product innovation. So make sure to welcome their recommendations, and make sure you're the biggest culture champ of all! When you align the employee experience with the organization's performance strategy, you will drive performance and results.

You can't measure something like culture.

Busting the Myth... Traditionally, culture dynamics have been easy to sense – like a state of mind – but difficult to measure...that is, until now. While culture as an idea cannot be easily quantified, a positive company culture produces a set of behaviors that are, in fact, trackable. The outputs of a healthy and productive company can be quantified and measured in a comprehensive way.

By leveraging AI-powered Culture-as-a-Service (CaaS) solutions, you can unlock actionable insights around critical psychometric traits of team members and gain a total picture of one's behaviors, motivators & values, and work energizers. When you aggregate this kind of assessment data, you then can:

- Map current vs. target cultures for teams or the entire organization
- Pinpoint strengths and gaps to identify necessary shifts
- Hire and promote using data to identify fit and predictive success
- Enable better collaboration in order to drive performance
- Power teams to deliver results from wherever they work
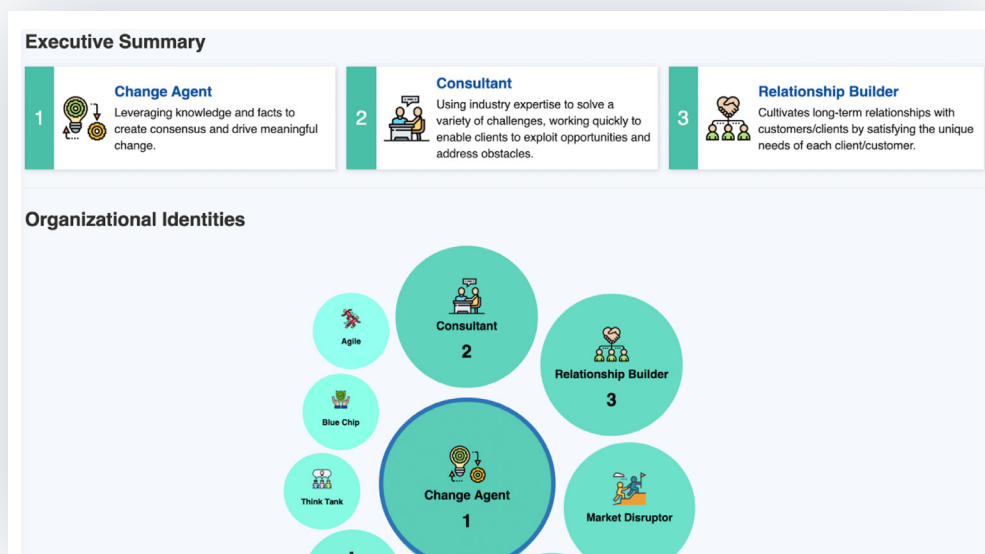
With CaaS software, it is possible to gain a total picture of your organization's identity – called Culture Scape – including an aggregate of behaviors, motivators, and work energizers so you can see potential blindspots and areas for improvement – a roadmap of where you want to go and who you want to be as an organization – based on your goals.

> *"While it's a huge but necessary effort to untangle a misaligned culture, technology can help you start to get a handle on it and give you a snapshot of your organization's culture – more important than ever as teams become permanently virtual or hybrid."*
>
> **– Juan Betancourt,**
> **Chief Executive Officer, Humantelligence**

You can compare under- and high-performing teams and then culture map core values to your team's measured motivators, behaviors and ideal work environments to gauge alignment and identify gaps – allowing you to build an action plan to achieve your desired culture.

One way to do that is through hiring. Once you form a **current vs target profile** of the team's culture, you can then hire in a way that allows you to achieve your target and the best balance of the behaviors, motivators, and work styles for the team in which the role resides – that's called managing culture by intention.

The profiles are based on a quick **12-minute psychometric assessment** that unlocks critical information about a person's behaviors, motivators and values, and work energizers. When you have this information for your team and ask potential new hires to take the assessment, you now have the capability to produce an ideal candidate profile, assess future success in the role based on benchmarks, look at similarities and complements between your candidates and the team, and identify the candidate who will make the most significant positive impact to your culture.

Reminder:

Despite some arguments, technology that measures culture can help make your company feel MORE human, in addition to helping you scale and drive performance.

Offering tools that enhance your team's overall performance not only boosts their morale and gives them better opportunities to contribute value to the organization, it benefits your business by boosting profitability and likelihood of accomplishing business goals.

Key Action:

Consider culture intelligence (Culture-as-a-Service) solutions to track and identify gaps.

Culture-as-a-Service solutions help you as a leader identify culture and address issues in real-time, while uncovering blindspots on the team. They also provide your team with the communication insights needed to collaborate more meaningfully with one another. CaaS solutions can infuse emotional intelligence data into the communication tools you already use to make understanding and working with one another easier and more effective.

MYTH 5

Once your culture is established, it's usually too hard – if not impossible – to change or transform it.

Change

Busting the Myth... Culture is not organic. Organizational culture takes root through the values, associated behaviors, and interactions between individuals within an organization. If the core values and principles by which an organization's team members should operate are not predefined, measured, and managed, leaders and team members will behave in ways they subjectively believe to be right.

These personal beliefs are usually the product of learned behaviors and experiences that may be misaligned or inconsistent with driving a sustainable and results-oriented culture that is right for your business.

> "Culture does not change because we desire to change it. Culture changes when the organization is transformed; the culture reflects the realities of people working together every day."
>
> – Frances Hesselbein, Former CEO of Girl Scouts USA

Let's frame this as the difference between managed vs. organic culture. A managed culture ensures that the right values and associated behaviors manifest throughout an organization, and that the right leadership practices and organizational activities are in place to reinforce these values through practical actions and decision-making tactics.

A managed culture means that senior leaders of an organization make a deliberate and purposeful effort to define the values and behaviors that drive the organization's mission and vision, and how it serves internal and external stakeholders in order to achieve defined business outcomes.

Reminder:

When you have the right data points, changing and transforming culture is possible.

Culture often perplexes business leaders because much of it is anchored in unspoken behaviors, mindsets, and social patterns. Many leaders either let it go unmanaged or relegate it to HR, where it becomes a secondary concern for the business. This is a mistake because with the right data when properly managed, culture can help leaders achieve change and build organizations that will thrive in even the most trying times.

Key Action:

Rely on psychometrics to give you the best insight into your organization's behaviors, motivators & values, and work energizers.

Consider leveraging psychometric assessments to give you a fuller picture of your current employees' behaviors, motivators, and ideal work energizers. When aggregated, you can gain a total picture of your organization's identity. Armed with this data, you'll know current strengths, weaknesses, and blindspots to determine necessary shifts – and be able to help people leaders power effective teaming and optimize collaboration.

Startups and small companies fail because they cannot maintain their culture as they grow.
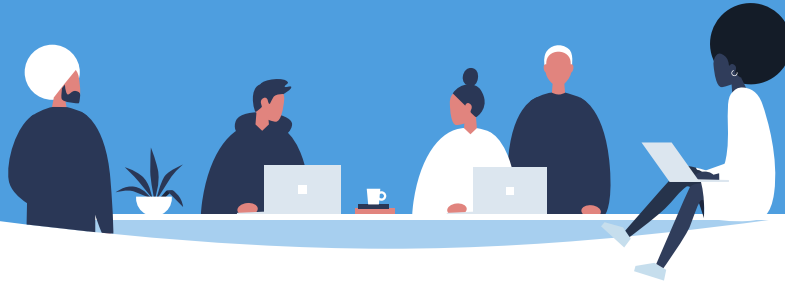
Busting the Myth... In fact, many startups and small companies fail because they DON'T change their culture. As your company grows and changes, as new faces join, and as roles and teams shift focus, so too will your culture – and the ones that succeed are the ones that recognize and manage this to their advantage – proactively adapting culture in a way that supports and also powers that growth – particularly by recruiting and replacing for culture fit.

In a managed culture, you're able to make more informed personnel decisions. There might be times you need to decrease the size of your team if you want your business to scale. Take the example of Grasshopper, a virtual phone system founded by David Hauser and Siamak Taghaddos, which was successfully acquired by Citrix.

"At one point, we had 65 employees and a huge payroll," said co-founder Siamak Taghaddos. "It was hurting our ability to grow our business and focus on marketing. We learned it was easy to go from $5 million in revenue to $10 million, but hard to go from $50 million to $100 million."

By standardizing its culture and streamlining its hiring processes, which was built around a set of values and team building, the company reduced costs and became more efficient. "We could see who on our team wasn't radically passionate, and who wasn't necessarily entrepreneurial," said Taghaddos. "It helped us in doing employee reviews and shaped our hiring."

Culture fit means being open to hiring people unlike you or any others in your organization. Each individual you add or remove will play a part in your culture's evolution. Hire individuals who share or have demonstrated the values you have identified as paramount, believe in your vision, and are excited about the work your team is doing. Avoid recruiting cookie-cutter replicas of your current employees and rather hire for culture adds and gap fillers – those candidates who will enhance your culture, as well as bring unique and valuable experiences and a diversity of thought to the team – essential when scaling a business.

Aside from adding or removing personnel, there are some quick tips to employ when looking to change your culture as you grow.

START:
- Valuing behaviors, motivators, and competencies
- Praising innovative thinking and initiative
- Encouraging people to speak up and provide feedback
- Building traditions with your team
- Using Culture-as-a-Service software to actively manage culture

STOP:
- Valuing titles and position
- Over-praising rules & punishing for broken rules
- Allowing information to flow via channels of gossip
- Creating silos of work and US vs. THEM situations
- Relying on engagement surveys to identify & measure culture

CHANGE:
- Communication to a clearer, accountable, and more honest version of its former self. Allow people to ask for the "why" behind decisions, and be patient and open in explaining that. Double down on communication – just when you think you've communicated enough, do more!
- Any practices that are perceived as unfair. It might mean redesigning how you do things – but remember bullet one...explaining the "why" can be game changing.

Reminder:

One of the most important things you can do for culture is to act.

You've determined and articulated what you value, created a solid foundation by aligning your culture to your business strategy, worked hard to build that culture from the ground up, continuing to evolve it and course correct as needed, and have even welcomed technology into the mix. Your culture still remains a living entity. It will evolve as time passes and will shift as you remove or add new team members. Anticipate that culture is something that must be diligently monitored and fostered in order to be sustained or changed, and technology is the most effective way to do that.

Key Action:

Monitor & evaluate culture often in order to make the kind of culture changes that support growth.

Startups and small companies are liable to change quickly as business takes off, so regularly consider aspects of your culture like communication style and organizational structure – and don't be afraid to make purposeful adjustments when needed. For example, flatter hierarchies are customary at startups, but you may need to infuse more structure into your teams in order to maintain a cohesive culture and scale processes as you grow. The most important part is to clearly explain the 'why' behind changes to your team. Continue to communicate, engage, and actively evaluate.

It's hard to set, maintain or improve culture in virtual and hybrid work settings.

Busting the Myth... On the contrary! Just because teams are not fully onsite doesn't mean culture is lost or you can't improve it. In fact, as companies shift into long-term virtual and hybrid working arrangements, this is an opportunity to reset culture in a way that can empower your teams from wherever they work.

In a live Humantelligence **webinar** poll of 200+ HR professionals, more than 80 percent indicated that the future of their workforce would be hybrid. It's clear that whether planning projects, collaborating on tasks, or conducting other types of meetings, leaders will need to operate differently, especially in a hybrid work environment when on any given day, some employees will be present in the office while others work from home offices.

Here are just a few strategies to build, maintain or improve culture for remote and hybrid teams. For more on how to implement these strategies, download the eBook: **5 Strategies to Reset Culture for Hybrid & Remote Workforces.**
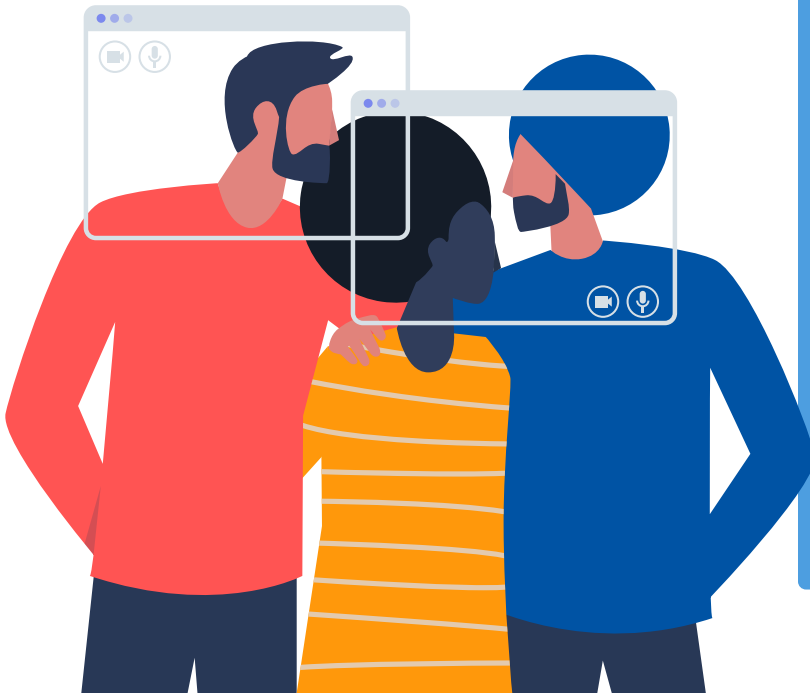
Strategy 1: **EQUALIZE TO ENGAGE IN MEETINGS**

Example: Conduct more inclusive virtual meetings

Result: Better inclusivity and team cohesion

Strategy 2: **SHIFT COMMUNICATION EXPECTATIONS**

Example: Support asynchronous communication across and within teams

Result: More time for deep work vs. shallow work

Strategy 3: **CONNECT MEANINGFULLY RATHER THAN TRANSACT**

Example: Implement 1:1's, shout-out channels, milestone celebrations

Result: Ability to connect with colleagues on a deeper level = increased trust

Strategy 4: **FORMALLY RECOGNIZE EMPLOYEE CONTRIBUTIONS**

Example: Implement a formal employee recognition program

Result: Driving excellence and reinforcing the kind of behaviors that are rewarded

Strategy 5: **INVEST IN CULTURE-AS-A-SERVICE TECHNOLOGY**

Example: Leverage technology to infuse psychometrics & emotional intelligence into processes

Result: Culture-add hires, optimized collaboration, engaged teams

CONCLUSION

As your company changes, roles shift and you adjust to post-pandemic working arrangements, remember so too will your culture. Use this myth-busting guide as a reminder to regularly assess culture and consider the adjustments you can make in communication, structure, recognition, and technology in order to sustain and engage your remote and hybrid workforce so that your teams can perform to their highest potential.

If you're wondering if your culture needs a lift, consider these five questions:

1. Are you fighting to find or losing out on good talent?
You might need to streamline your hiring process, collect vital information, move candidates through the process efficiently, and make objective, unbiased decisions based on skills, behaviors, motivators, work energizers, and overall culture fit.

2. Are you trying to change your culture as you grow?
Leaders can execute some very tangible things to develop or course-correct a mis-aligned culture. The most important thing is to make sure that during business reviews, culture is aligned to your company's strategy – a simple but often neglected step. This can be key as you go through growth spurts and need to determine if new hires are a culture fit, either amplifying aspects that made the organization successful or filling critical gaps. You cannot keep hiring for your current state but rather must hire for your future state, which means you must be very clear and specific on your desired culture, vision, values, and goals.

3. Are you struggling to assess internal mobility opportunities for employees and/or experiencing high turnover rates?
By investing in a robust talent and culture intelligence platform, you can track multiple facets of the employee lifecycle, lay the groundwork for potential changes that will help drive growth, innovation, and team engagement, and finally be able to do the kind of analysis that examines the cultural health of your organization.

4. Are your employees craving more meaningful collaboration and engagement but spend more time on shallow work?
It might be time to invest in an emotional intelligence-based collaboration tool – one of the most important weapons in the culture-scaling toolkit. To engage employees, it's imperative to infuse emotional intelligence into day-to-day communication, especially if you're working to foster a culture of better understanding, inclusion, and collaboration.

5. Are you shifting into permanently remote or hybrid workforce models?
For the future of virtual work, you'll need to power effective teaming to drive engagement and performance from wherever your team members work. You'll need to identify current strengths, weaknesses, and blindspots to determine necessary shifts, while giving your team the tools and resources that enable more effective collaboration.

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THE CULTURE SOFTWARE

IF YOU'RE READY TO BUST THROUGH YOUR CULTURE BARRIERS, WE CAN HELP.

Humantelligence is the leading cloud-based platform for the accurate measurement of culture at every level of an organization, from individuals and teams to overall corporate culture. HT has the quickest, most comprehensive self-assessment that measures behaviors, motivators, and work energizers so that leaders have the culture and talent intelligence needed to measure, manage, and hire for fit, optimize collaboration while reducing turnover, and build engaged high-performing teams across the organization. For a consultation, contact us at www.humantelligence.com.