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## Building a High-Performance Culture

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Build a corporate culture that correlates to the level of performance you want your company to achieve.

Being a great manager is about more than earning a profit. It's about empowerment, about forging a strong culture, and all those other buzzwords. We're all willing to agree to this--hypothetically. But when the chips are down, we start to see conflicts between those ideas and our drive to improve the bottom line. We feel compelled to make a choice between doing the "right thing" and profit, and we inevitably pick profit. We dispense with the perks and free lunches, and start to browbeat employees into greater productivity. We respond to external threats by locking down and cutting back.

However, research has shown that those "extras" that we dispense with so quickly, albeit regretfully, are the very things that will lead directly to the specific results we need. Research has shown that organizational culture directly impacts the bottom line.

This all sounds very warm and fuzzy, I know, but this is not a subtle correlation--it's a strong, undeniable one. It is real and it's nothing new. Good research shows that financially stronger companies--defined as those with an ROI of 30 percent or higher--are also strong in key, measurable aspects of corporate culture. On the other hand, financially weaker companies--those with an ROI of 9 percent or lower--score low on those same measurements of culture.

Let's take a look at how leaders can build the kind of culture that correlates to the performance they want.

According to the Denison model--a model of corporate culture that addresses these issues--there are four interwoven corporate culture traits:

- Mission, which defines the long-term direction and purpose of the organization

- Involvement, which measures the company's ability to drive commitment and to develop ownership with employees
- Consistency, which defines the values, agreement and coordination that hold the company together
- Adaptability, which measures the company's ability to read and scan the business environment and to respond to change

Companies that are strong in Adaptability and Involvement have an edge in innovation and creativity, while companies excelling in Mission and Consistency have a high measure of stability, return on investment and return on sales. Companies measuring high in all components have a dramatic financial advantage over organizations that are weak in these areas. Companies at the bottom perform just as you'd expect: They're sluggish, wasteful and out of touch with their customers.

How does this look in practice?

A telecommunications company looks at its organizational culture in an effort to align it with its business strategy. It competed head to head with larger companies, so it chose the strategy of being first to the market with innovative products and services. The chief executive knew he could not personally cause the needed innovation, but he could help create a culture and lead his managers in a way that would foster innovation--a culture that encouraged the traits of Adaptability and Involvement. After a while, the company began to surprise the competition by bringing to market a string of innovative products and services. It captured market share and grew sales and, because it was first to market with innovations, it was able to command a higher price for its products and services.

In another situation, a successful manufacturing business and its CEO were well known for creativity and innovation, but it wasn't achieving the financial results it wanted. Through an evaluation of its culture, the company found that employees didn't have a consistent sense of the mission of the organization. Many of the engineers were acting as autonomous engineers in accepting projects whose completion would give them great personal and professional satisfaction, but little revenue for the company. After the company took steps to strengthen the employees' understanding of Mission and Consistency, engineers began turning away some business opportunities as being off-purpose. As a result, costs declined and the company reported a better return on assets than it had achieved before.

What's your situation? Is your company growing or established? Does it compete on price or on innovation? Is your industry mature and stable, or new and evolving? With those questions in mind, answer this: What are the components of culture that you need to encourage in your organization to build a performance culture and how will you do it?

Once you have these answers, really commit to their implementation. Any change that isn't permanent and pervasive won't do it. It's got to be real. It's got to become part of the air your employees breathe. Once they've accepted the change as a part of their daily lives, and they're confident that it will continue, then you'll start to see the improvements in performance--however you define it.

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