

Nurturing Your Culture Goes to the Bottom Line

Written by Glenn Woppman, ASSET InterTech
November 2010



My guess is that many high-tech executives think the culture of their organization is important but they're not sure what, if anything, they can do about it. After all, when we were in school, things like organizational analysis, personnel development, and motivational theory were over in the psychology department, not in the engineering curriculum.

Consequently, we often think that corporate culture just happens. It is what it is, and we're stuck with it. That hasn't been our approach at ASSET.

Corporate culture is the set of overriding beliefs, attitudes, work ethic, and values that are shared by a majority of the people in an organization and which characterize the nature of the group. It is a potent factor in determining the success or failure of the company and something that starts at the top. Every leader must include it in his or her strategic planning process right alongside product roadmaps, timelines, management-by-objectives, and all those other documents that loom so large when you are planning for the future. In the high-tech industry, a company's culture can be a critical part of the organization's core competency since many companies don't compete as much on the basis of factories and capital investments as they do on brain power, innovation, creativity, and ideas.



Of course, the conventional thinking on corporate culture is correct in one sense. If you don't plan your culture, it will just happen, and then you will be stuck with it. But if you take a good hard look at yourself, the people in the organization, and where you want your company to be in three, five, or 10 years, you'll see that only by systematically planning your culture and constantly working at it will you achieve your goal.

You might say: Why bother? Well, one really good reason is profitability.

The studies that support the notion that corporate culture goes right to the bottom line are legion. An 11-year study by the Harvard Business School showed that the revenues generated by companies with a sound corporate culture outperformed their counterparts with a poor culture by more than 400%, and their net incomes grew by 756% over the 11 years of the study while the incomes of their counterparts only increased by 1%.

Another study by Stanford University compared a higher performing company with its closest competitor. In the better performing company, 75% of employees were more satisfied, took greater pride in where they worked, and were more loyal. There also was greater alignment between the better performing company's culture and what the company believed it needed to succeed in the marketplace both over the short term and in the future.

Culture and Product Success

Many leaders of tech companies attach a great deal of importance to the ecosystems in the marketplace that they've built around their products. Few would dispute that these ecosystems are integral to the success of electronic products.

The days of the monolithic, quasimonopolistic entities that could have their way with the marketplace are long gone. If we believe in the importance of building ecosystems around our products, then we ought to be just as concerned about what it takes to build a corporate culture.

For example, at ASSET we consider personal relationships—the way people interact with each other, the respect they show each other—as the bedrock of everything we do. It's no accident that over the years we've been able to identify and deliver value by establishing close and lasting relationships with a group of prestigious customers. We strive to develop relationships with users that are collaborative and mutually beneficial. Nurturing and maintaining this nontypical supplier/user relationship are at the center of our business ethos.

But what does this have to do with corporate culture and ecosystems? Everything, as it turns out.

How your company interacts with its customers starts with how your employees interact with each other. If the relationships on your staff are built on trust and integrity, chances are pretty good that the relationships you cultivate with your customers will be based on trust and integrity. We've been fortunate at ASSET that we've grown the company from a small, close-knit group of professionals, many of whom are still with the company. That means that we've been able to build a corporate culture characterized by teamwork, consensus building, listening, empowerment, and cooperation.

If developing this kind of a corporate culture is part of the organization's strategic objectives, then its leaders must take steps to achieve it. Here are some of our guiding principles:

Start by Trusting Your Employees

At all levels in your organization, the relationship between employees and their managers should be such that the employee is encouraged to be creative, to innovate, and to search for the unconventional, the not-so-obvious solution. When your employees realize they are trusted, they develop a sense of autonomy, which is a key motivator and often more potent than any monetary reward.

With a culture built on trust and a certain amount of autonomy, the employee will be empowered to take risks to achieve innovation. However, if the risk doesn't work out, the manager will support the employee's efforts and make the most of the failure as a learning opportunity.

Moreover, the risk-taker has to be assured that successes will be rightfully recognized. So, forgive the setbacks, and trust that the successes will come. This may be a tough pill to swallow for many managers who have climbed the ladder in hierarchical, top-down command and control organizations where orders are issued from on high and it's the organization's job to execute.

Engage Your Organization With Empowerment

Your best employees will be those who want to master what they do. Mastery leads to self-fulfillment, and that's something money can't buy. Providing a sounding board and lending an attentive ear engage your employees and shift their commitment to the organization into a higher gear. Top-down decision making stifles. It keeps people in their places when they ought to be stretching themselves and mastering what they do. The really great ideas usually are developed from the collective thoughts, inputs, and perspectives of a diverse team.

Natural Selection Rules

If you've planned your corporate culture, you know the kind of person who will further it. You've identified the right sorts of personalities that will work best in your culture. It's not that you don't want anyone to rock the boat, but consensus building is a give-and-take process. Bringing in people who won't make the effort to fit in is not doing them or your company any favors.

Of course, there always is a limit to consensus building. It must be balanced and bounded by decision making. It is critical for executives to monitor the consensus-building process and step in to make a decision when the time is right.

Expect Good Things and You'll Get Them

We all respond to expectations, our own and other's. And it's not too hard to figure out what others expect of you. If the environment is rigid and based on keeping people in their proper places, they will rein in their efforts accordingly. Expecting the positive will move the company forward. Restraining initiative to avoid risk will minimize progress.

At ASSET, we've seen that the creative innovators who make technical companies go are purpose-driven individuals. They expect a lot of themselves. Don't disappoint them by expecting anything less than their best.

Fitting In or Standing Out?

Building a corporate culture is one thing; maintaining and sustaining it are quite another. That task never ends. At ASSET, we ask everyone how they feel about the company. And we act on what we learn. The result is a group of engaged and committed employees.

We've taken a close look at our culture and purposefully decided where we were going to fit in with the industry norm and where we wanted to stand out. We've prioritized things like employee ownership of the company, the competitive benefits we offer, and the recognition programs we have for high achievers.

Many high-tech companies are well known for their cultures. In many cases, the culture and the company are indistinguishable. But I would argue that most if not all successful companies have succeeded because of their corporate cultures.

Starbucks, the quintessential consumer/retail company, is a case in point. I recently saw an interview with Howard Schultz, Starbucks's CFO and chairman. In this video, he discussed conscious capitalism and the culture that the management team created at Starbucks. He stated that management made a purposeful decision to create a mentality that everyone in the company would share in its success.

At one point, this meant diluting shareholder value somewhat by maintaining comprehensive employee healthcare benefits. This came at the height of the global recession and at a time when institutional investors were clamoring for cost reductions. Starbucks held its ground because its leaders knew that if they stayed true to their corporate culture, it would sustain the company through the tough times.

Externalizing Culture

Fortunately, as you build your corporate culture, you'll reach a point where it becomes self-perpetuating and regenerative. It takes on a life of its own because your company and its culture become inextricably intertwined.

Like a vine, corporate cultures that are empowering, collaborative, trustworthy, and respectful sprout many tendrils in all directions. An internal culture of this sort inevitably becomes externalized in the relationships formed with customers, technology partners, suppliers, user/teachers, stakeholders, and others. Reaching out and engaging these constituencies become second nature to your employees because they do it every day with each other.

We've come full circle. You've got your product roadmaps in place, and it's time to build an ecosystem around your technology to ensure its success in the marketplace and your company's profitability. This is a strategic imperative. If you've placed strategic importance on your corporate culture, those ecosystems will soon become a reality.

About the Author

Glenn Woppman, president and CEO, has led ASSET InterTech since it became a company independent of Texas Instruments in 1995. He received an M.B.A. from Southern Methodist University and a B.S.I.E. from the University of South Florida. ASSET InterTech, 2201 N. Central Expressway, Suite 105, Richardson, TX 75080, 888-694-6250, ai-info@asset-intertech.com