Making culture and engagement work for you
A conversation with Deloitte’s Alyson Daichendt

Deloitte Culture and Engagement Perspectives

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As one of the most talked about business topics of 2016, culture is on the radar of executives as they look to mobilize their organizations to take on today’s business challenges. The general consensus? Culture is important. An overwhelming 82 percent of respondents in Deloitte’s 2016 Human Capital Trends Report believe that culture is a potential competitive advantage. However, only 28 percent of respondents stated they know their culture, and only 19 percent believe they have the “right” culture.¹

In other words, for all the interest that culture is generating in the marketplace, there’s surprisingly little insight into why culture is important and what effective culture looks like.

Deloitte’s point of view is clear: when organizational culture is aligned with business strategy, the workforce will act and behave in ways that support the achievement of business goals. But how is this alignment set up?
We’ve brought in Alyson Daichendt, a managing director with Deloitte Consulting LLP and a thought leader in Deloitte’s Culture and Engagement practice, to help answer a few questions around how we understand culture today.

**Deloitte Consulting (DC): The link between culture and engagement is a hot topic in business today. How do you view the two?**

**Alyson Daichendt (AD):** Culture and engagement are definitely hot topics! Companies we work with have typically looked at the two topics as the same. Our clients are now becoming increasingly aware of the link between culture and engagement and the importance of cultivating both in order to achieve organizational success.

First, we must recognize that the employee-work contract has changed.

Employees are acting more like free agents, forcing leaders to think about and learn to build an organization that engages the workforce and brings work and life closer together. This shift has forced us to rethink engagement. We consider this shift a move from improving employee engagement to building an irresistible organization. Leaders, more than ever, need to learn how to build organizations that engage employees as sensitive, passionate, creative contributors.²

Through the great work of our colleague, Josh Bersin, and hundreds of conversations with top executives, we identified critical elements that make organizations “irresistible”: meaningful work, supportive management, positive work, growth opportunities, and trust in leadership. Through culture, these critical elements are held together and reinforced by actions, words, and behaviors.
We identified critical elements that make organizations “irresistible” from our point of view: meaningful work, supportive management, positive work, growth opportunities, and trust in leadership.

In other words, culture is about the organization: it is the way things work around here and it predicts organizational performance. Engagement is about the individual: it is the way people feel about how work gets done around here and it predicts individual performance. We believe that if we understand engagement and work to actively address engagement through the six lenses of an irresistible organization, then we are more likely to favorably impact the culture that organizations work so diligently to achieve.

**DC:** Effective organizations reinforce the culture they want to see. How can activities, such as performance management, add depth to an organization’s culture, and what are the resulting benefits?

**AD:** When people know what is expected of them, as communicated through simple and clear goals people understand, frequent performance check-ins, and regular coaching, employees are likely to benefit. Simply put, people who are on board with their role and their fit in the organization are better equipped to succeed. Our research indicates that people want and seek out purpose. When performance management systems reward the right behaviors, successful employees promote the organization’s culture.

At Deloitte, we find it critical to emphasize “value events” as a pathway to shape desired culture. When we talk about value events, we’re describing key practices that have the potential to drive a disproportionate amount of value for the company. Performance management, of course, is a value event. When it is aligned with the desired culture, it can drive lasting positive results across the organization. The performance management philosophy should encourage, reward, and reinforce the values, beliefs, and behaviors that are supportive of the desired culture.
We believe that when a company’s culture aligns with its strategy and values, it attracts people who fit there. This cultural buy-in can lead to high engagement.

DC: We’ve heard a lot of organizations shaping their cultures on very specific attributes they find valuable (e.g., a “learning culture” or a “culture of innovation”). What are your thoughts on these mono-focused cultures?

AD: When aligned to organizational strategy, culture can be a catalyst in driving organizational performance. Remember though, culture is never just one thing; it’s the sum of many moving parts—how things get done around here—and requires a multi-faceted approach. For example, when you take a shower, you don’t just turn the hot water lever on full blast; rather, it is a combination between hot and cold, to get the optimum output of water temperature.

The same is true for organizational culture. A culture with just one outcome, such as a more innovative workforce, may overlook other culture elements that are critical for organizational success, such as commitment and courage. There is a multitude of “levers and knobs,” if you will, that need to be adjusted and managed to drive behaviors toward the desired culture. So, if innovation is an attribute that an organization deems important, leaders should be actively encouraging behaviors that will drive that attribute in culture, but this is more than just focusing on innovation. Organizations need to align their processes around their desired culture, as well as role model and reinforce specific behaviors. In this case, actions like risk-taking, courage, and speed in decision making, would be important elements.

Culture changes slowly, and it can take years before the new behaviors become embedded in the organization. Organizations need to have a broad approach to analyzing, measuring and monitoring their culture, in an effort to shape and manage it effectively.

DC: Let’s shift gears and talk about talent. Some organizations are very well-known for their culture—but does a clear and visible culture actually attract top talent?

AD: Great question! This goes back to the fact that the employee-work contract has changed. As the workforce composition changes—boomers staying in the workforce longer and the rise of the millennials—and as the needs of the worker continue to change, organizations need to be laser focused on always listening to their workers and determine what is critically important to them. These shifting dynamics are resulting in an increase in employees’ bargaining power.

In addition, the job market is highly transparent with social media, and attracting top skilled workers has become very competitive. Companies need to create great places to work. Engagement programs that focus on listening and acting in an ongoing fashion will create the right buzz around a desired place for talent to work.

As I have shared, we think there are six simple ways to create an irresistible organization. If we understand what our workforce imputes here, we can favorably impact the view of our company culture. We believe that when a company’s culture aligns with its strategy and values, it attracts people who fit there. This cultural buy-in can lead to high engagement. So, I would say that when the culture appropriately aligns to the strategy and values of the organization, it will attract the right talent. And this can be a huge differentiator, because it can lead to a highly motivated and emotionally connected workforce.
DC: From your perspective, who in the organization is in charge of culture and engagement?

AD: We have been very forthcoming about this over the last several years especially as we survey, develop, and publish our Human Capital Trends reports. Culture is a business issue. It is driven by top leadership and is deeply embedded in the processes, reward systems, and behaviors of the entire organization. We believe that culture is not an opportunity that is owned by HR alone. Culture needs to be owned collaboratively across all business leaders in an organization where all leaders are accountable for shaping culture to drive strategy. Ultimately, behavior change starts at the top; leadership is the driving force behind setting and maintaining not only culture, but also engagement, through modeling behaviors and expectations for their workforce. With successful engagement, we believe we realize the culture we aspire to achieve with leadership teams being the guardians and stewards for the business.

Endnotes
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