



## Culture vs. engagement

Avoiding the runaway strategy bus (or getting it under control before it crashes)

**Deloitte Culture and Engagement Perspectives**



# We're having a #TBT moment, thinking about the classic '90s movie *Speed*.

You remember it—there's a runaway bus that can't drop below 50 mph or it will explode AND the driver is critically injured—dun dun dun... Cue Keanu Reeves and Sandra Bullock jumping in and guiding the bus safely through traffic while diffusing the bomb and saving the day. What brought this to mind (other than a recent TV movie marathon on a rainy Sunday afternoon)? It's a situation we see play out repeatedly in the workplace.



Some leaders unintentionally set up their organizations like that bus by taking a passive approach to culture and engagement. Dramatic, we know, but stick with us for a minute. The organizations are cruising along on the path to executing their strategy, and things are going pretty well, so no one pays much attention to the driver or vehicle, helping them navigate their journey, until things start to veer off course. By then there are often timing constraints, transformations, leadership transitions, or other complicating factors that create additional tension and barriers to getting back on course. In one scenario, the organization is a little derailed on the journey to executing its strategy or it misses earnings for a quarter; in extreme cases, we may see the consequences play out on the front page and in the blogosphere, harming corporate and employer brands in the process.

But things don't have to get this far. With some thoughtful planning and management, leaders can effectively match the driver of strategy execution—culture—and the vehicle—employee engagement—to set themselves up for a strategy execution ride that's less *Speed* and more *Driving Miss Daisy*.

Many leaders know they need to do this—in fact nearly 9 out of 10 executives surveyed cited culture and engagement as important or very important in Deloitte's 2016 Human Capital Trends Report. Yet, only 12% of companies surveyed in 2016 believe they understand their culture,<sup>1</sup> while, in 2015, less than half (46%) reported that they are prepared to tackle the engagement challenge.<sup>2</sup> This means that there may be a veritable highway full of runaway buses, creating the potential opportunity to break away from the gridlock through a unique competitive advantage—your inimitable corporate culture, powered by an engaged workforce.

## Executives think culture and engagement are important, yet few are actively addressing it.

Nearly

**9 out of 10**

executives surveyed cited culture and engagement as important or very important.<sup>1</sup>



only

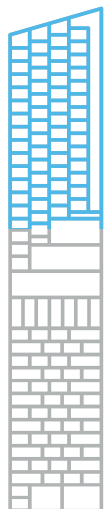
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than those who do not.<sup>3</sup>



Organizations that take a proactive approach to creating a culture defined by meaningful work and deep employee engagement can outperform their peers. Companies that proactively manage culture demonstrate revenue growth over a 10-year period that is, on average, 516% higher than those who do not.<sup>3</sup> However, companies should recognize that culture and engagement—while linked—are two different concepts.

Culture is a system of values, beliefs, and behaviors that shapes how actual work gets done—“the way things work around here.” In contrast, engagement is about employees’ level of commitment to the organization and their work—“how people feel about the way things work around here.” Both are critical to business performance, hiring, retention, and innovation. For example, organizations that actively manage their cultures typically have 30% higher levels of innovation and 40% higher levels of retention.<sup>4</sup> Additionally,

companies with highly engaged workforces outperform their peers by 147% in earnings per share and their employees are 87% less likely to leave.<sup>5</sup>

With stats like this, it’s clear to see why actively managing culture and engagement is critical to enabling your organization on the strategy execution highway. Easier said than done. Culture and engagement are living things that need to be reinforced and adjusted over time as strategy, circumstance, and people change. For culture, this requires adjusting the knobs and levers that drive actions and performance, actively managing behavioral and process changes that can have the most lasting impact on the bottom line, and pulling through the emotive engine and making those connections stick. For engagement, this means measuring and managing engagement at the line level, in an ongoing, always-listening process that enables organizations to actively hear and

## “Mission-driven” companies are poised for success.

They tend to have

**30%**

higher levels of innovation.<sup>4</sup>



And

**40%**

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Understanding the components of both culture and engagement and how they shape the path to reaching your strategy is critical.



respond to their employees in timely and focused ways. This might include not only using a comprehensive baseline survey, but also taking more frequent pulses—at least quarterly—to dig into the issues. While it's possible to address these internally, using homegrown solutions, it's important to bring in your own Keanu—in the form of data-driven insights—to develop an informed path forward.

At Deloitte, we leverage the power of our proprietary tools CulturePath™ and EngagePath™, Powered by the Simply Irresistible Organization to effectively measure and improve culture

and engagement. We find these analytics-driven tools with dynamic data visualizations to be particularly useful in helping to create common understanding across executive teams and business leaders around concepts that can feel nebulous.

Regardless of the tool your organization uses, understanding the components of both culture and engagement and how they shape the path to reaching your strategy is critical and must be actively managed, or leaders could risk putting themselves and their organizations in a *Speed* scenario.

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## Endnotes

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