







An effective culture can account for up to **50%** of the differential in performance between organisations in the same sector.

*\*James Heskett, Harvard Business School Professor: Culture Cycle: How to Shape the Unseen Force that Transforms Performance, 2011.*

Research consistently demonstrates that culture drives business value. Organisations with engaged and committed employees have higher levels of customer loyalty, revenues, profitability and employee retention. Just as culture is a powerful competitive differentiator, it can also destroy value if it is not aligned with strategy and adapted to changes in the business environment. As business leaders, are you making the right moves to pull ahead of your peers?

Eighty-three percent of South African business leaders indicated Employee Experience as important or very important, yet fifty-nine percent rate themselves as not ready for this trend according to the Deloitte 2017 Human Capital Trends Report for South Africa. Culture and engagement are vital elements to employee experience and leading organisations are focusing

on improving the full experience given employee expectations for a productive, engaging and enjoyable work experience. Last year's Deloitte 2016 Human Capital Trends Report also highlighted culture as an imperative with ninety percent of South African business leaders rating culture as important or very important.

Yet only thirty-one percent of South African respondents identified culture as a competitive advantage compared to eighty-two percent of respondents globally. This suggests that, while global business leaders are recognising culture as a precision tool to shape culture, for many South African organisations, the management of culture may be more of a 'feel-good' initiative rather than a precision tool to shape action and results.

Culture is the implicit behaviour that takes place when nobody is looking, and defines how an organisation actually works in practice, no matter what an organisational chart, business strategy, or corporate mission statement may say. In other words, an organisation's culture drives all forms of optional and discretionary behaviour. Do employees spend more time with clients? On quality? On safety? On compliance? On cost-cutting? Or perhaps on improving their own careers? When "bad" things happen (i.e. misalignment, fraud, unethical

behaviour, etc.), there is usually an underlying cultural problem. Each of these micro decisions that employees make during the day are driven by the implicit messages conveyed by leaders, the organisation policies, processes and structures as well as the explicit "acculturation" that takes place through induction, performance management, reward and other people practices. Culture is a business issue, not an HR issue.

**The CEO and executive team must clearly understand their organisation's cultural values, determine what is needed to drive the business strategy, and take responsibility for shaping them.**

**Our experience shows three key stages in creating and reinforcing the culture that you want.**

1. Adopt a laser sharp focus on defining the culture that you need to support your strategy
2. Shape through leaders actions, decisions and organisations symbols
3. Reinforce through people practices and business and operational processes

## 1. Adopt a laser sharp focus on defining what you want in your culture to achieve your strategy

Changing your culture needs to start with defining those cultural attributes that will drive your business strategy. Deloitte's global culture model highlights eight dimensions that provide a framework to guide distinct choices and decisions regarding priority behaviours to achieve your strategy.

An organisation undertaking growth through innovation will likely need a laser sharp focus on building a culture of Change

and Innovation, External Orientation and the Courage to take the plunge in uncharted growth territories. Also, we have seen organisations placing a distinct emphasis on Collaboration as they seek to achieve synergies across their value chain and build the "networks of teams" that maximise smooth hand-offs between parts of the value chain. Just like strategy, defining your desired culture involves choices and trade-offs.



## 2. Then drive, with relentless focus, actions that shape employee behaviour in line with this

Our experience indicates that a portfolio approach optimises culture change through a focus on five levers depicted below.



### Culture is shaped by leaders' actions and decisions and by symbols manifested

Driving culture through organisation levers without sufficient attention on the leader role can result in culture change efforts that are seen as programmatic and mechanistic. Leaders need to role model and "name and frame" the culture they wish to see. If Governance and Risk avoidance are key tenets of a drive to embrace the spirit and not just the letter of regulatory change, what does it say when the Chief Risk Officer lends her access card to her employee? Beyond leadership behaviours and actions, levers that often are led or endorsed by leaders include significant symbols and rituals in the organisation. For example

within Deloitte, the ritual of giving a compass when joining the leadership team symbolises the strategic and moral direction that leaders are expected to set.

Creating a visual formula that codifies the behaviours that the organisation seeks in pursuit of success is also a powerful cultural symbol. Using the Blueprints Method™, employees can define the behaviour important to success and then co-create visual icons that act as powerful visual "call-outs". These icons are then projected in a formula that provides ongoing opportunities to communicate, recognise, and celebrate key behaviours. Significantly, the organisational behaviour shifts reflected in blueprint scores achieved, correlate positively with business profitability.

Deloitte Consulting's own Africa Formula for Success reflected here was developed with employees and features prominently in our offices. Complacency is a bottom line behaviour that we want to avoid and is represented as a 'boiling frog' to reinforce the powerful message to remain alert always and prepare to adapt to changing circumstances.



### 3. Culture is reinforced by people practices and business and operational processes

Overly focusing on leadership behaviour and symbols as the silver bullets jeopardises sustained and critical mass behaviour change due to lack of 'hardwiring' into organisation practices and processes. To drive the culture the organisation seeks, concrete shifts to people practices, business and organisation processes and infrastructure are required.

#### People practices:

How does an organisation realign people processes such as performance management or learning, to inculcate the desired behaviours? Every part of the employees' experience (from candidates looking for a job; new hires going through onboarding; employees' experience with leaders and colleagues on a daily basis; development experiences, performance check-ins, reviews, and exit surveys) need to be tapped for opportunities to drive the culture you want.

Within Deloitte Human Capital, we have built an explicit acculturation into our recruitment process where candidates ask questions about and experience the culture as a component of the process. This allows them to "self-select" based on their fit to the culture. Similarly the focus of our refreshed performance management process with its emphasis on regular check-ins, a future development focus and strengths based deployment speaks volumes about the culture we are striving to build.

Similarly, the way communication happens sends strong signals regarding your culture. We have assisted organisations in developing digital people

engagement platforms to enable two way communications, input and recognition. Use cases include transmitting strategy information, safety alerts, conducting pulse surveys, incident reporting and sending recognition vouchers. Such practices collapse hierarchy and accelerate agility and collaboration.

#### Business and operational processes:

What shifts in core business processes and organisation will drive the desired behaviours? In a drive to enhance customer centricity, a logistics organisation zoomed-in on a business segment that was under-represented in terms of market share and conducted a "voice of the customer" analysis. The results revealed that there were real customer concerns around product damage taking place at the point of loading cargo. The organisation took decisive, targeted action to educate, upskill and set behavioural expectations with the Cargo Hands to change the way cargo is loaded to improve business and customer results.

Successful organisations have learnt that it is often possible and desirable to integrate multiple processes (both people and operational) in driving a core behaviour. For example, in the pursuit of a culture of "intentional collaboration" and innovation, a manufacturing organisation deploys Development Labs where high potential individuals are brought together in cross functional and geographic teams to identify business innovation opportunities, while developing business acumen, interpersonal and personal capabilities in a learning journey. Collaborative ideas feed into their Innovation imperative through the pragmatic integration of these people development and business development processes.

#### Business infrastructure:

How can the environment, work space and infrastructure be modified to support the culture?

The environment of an organisation speaks volumes about its culture. How many of you have formed an opinion about an organisation and what it stands for simply by the "look and feel" of the reception area and the service experienced at reception. Many organisations have used office relocations to amplify collaboration as a core aspect of their culture through collaborative technologies and work spaces.

#### Focus for results

Culture can and should be a precision tool for the execution of strategy. To achieve this requires focus on critical, yet pragmatic success factors:

- Be intentional about those critical culture dimensions and behaviours that will drive your strategy and future organisation model
- Focus leaders on role modelling desired behaviours, day in and day out
- Involve employees in the journey through active engagement and dialogue
- Codify and explicitly "call out" desired behaviours in people practices throughout the employee life cycle
- Introduce deliberate shifts in business and operational processes and infrastructure that "hardwire" behaviours and culture



# Contact



**Gill Hofmeyr**

**Email:** ghofmeyr@deloitte.co.za

**Tel:** +27 11 806 5457

**Mobile:** +27 82 374 9968



**Davendran Muthu**

**Email:** dmuthu@deloitte.co.za

**Tel:** +27 11 209 6304

**Mobile:** +27 82 850 3745



**Belinda Booyens**

**Email:** bbooyens@deloitte.co.za

**Tel:** +27 11 304 5750

**Mobile:** +27 72 3228605



**Liam Carter**

**Email:** liacarter@deloitte.co.za

**Tel:** +27 11 304 5089

**Mobile:** +27 71 671 0329





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