

How to Fix Company Culture

By [Ted Benson](#), Managing Partner at [Corralling Chaos, LLC](#)
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Does the stock market soar during periods of great chaos and uncertainty?

Of course not. Modern markets perform best when business conditions are consistent, and uncertainty is low.

However, when it comes to creating a high-performance company culture, most firms invest only minimally in corporate ethos beyond the meaningless platitudes seen on posters.

Now imagine the biotech and pharmaceutical industries without the FDA. Without such regulatory oversight, would the cost of R&D be lower and the pace much faster? Probably.

But would medicines be safe and effective? Would doctors prescribe medicines that might harm their patients? Would patients be confident in the claims made by the seller? Would all of this uncertainty be good for anyone?

Of course not.

Then how can some business leaders think they can be indifferent about company culture, and still have a high-performing team?

Business cultures can certainly start without much attention or care: find technically qualified people, tell them what needs to be done, give them the materials, and let `em rip.

For a small group, over a short period of time, that strategy can work. But what do you get when the group gets bigger with time? Is an “organic culture” the result? Or do you invite chaos: inconsistency, conflicts, and challenges recruiting and retaining people?

As the saying goes, “failing to plan is planning to fail.”



Here’s a real-world case:

In a 25-person high-tech biopharmaceutical workgroup, 48% voluntarily departed the company over a 3-month span. The departures happened slowly, so group managers didn’t see the issue until problems were obvious:

- multiple work stoppages and rush orders
- dozens of missed project deadlines
- irate customers
- staff replacement costs of over \$150,000.

An investigation found that increasing business growth had created workload levels which could no longer be met by doing things “the old way.” Specific problems included:

- overcrowding, resulting in no space to work
- equipment shortages
- inefficient consumable stocking
- no procedures to handle the challenges

The above example makes it clear that without planning and effort, a company can quickly develop:

- misalignment of behaviors with culture and goals
- culture and values that have different meaning to different employees
- confusion and consistently missed milestones
- no intangible values to attract and retain people
- loss of technical expertise, process knowledge, and personal connections
- increased costs for recruiting, on-boarding and training.

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Instead of “organic” approaches, an intentional and deliberate approach is needed. Company leaders must:

- define a set of values
- clarify the desired behaviors
- model these values and behaviors to provide direction and inspire people.



Companies that invest in culture by design are deeply attractive to potential employees, making recruitment easier. Such cultures are also powerful at keeping good people on board, who will typically seek to grow and develop their potential within the company rather than through external opportunities. That retention in turn allows for less frequent recruiting, which further lowers costs. This creates an efficient, productive team – rather than onboarding and training a constant stream of new employees, with significant organizational and monetary costs.

Multiple studies have shown that good corporate cultures can help people be creative problem-solvers, be 10-30% more productive than others, and that companies with happy employees outperform their competitors by 20%.

For example, in a study of nearly 200 teams over 2 years, Google showed that the most-successful teams were those whose members felt psychologically safe.

At Taco Bell, restaurants with the highest retention rates have profits 55% higher than low-retention Taco Bell restaurants.

The bottom line?

If business leaders want to have a sustainable business model that grows, they need to plan and tend to their cultures deliberately and actively. Such organizations will help people realize their human potential and build real business value.

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