

# CULTURE IS THE KEY

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## WHAT'S NEEDED TO FORGE YOUR CULTURAL LINK TO SUSTAINABLE PERFORMANCE.

**M**ost businesses have left behind the entrepreneurial 1980s and bottom line focused 90s to find the only way left to add real value is with their human resources. Business gurus and CEOs now realise that the potential of organisations lies in the people, and that employees are the ones who are going to innovate, develop and deliver the sustainable value.

This means we need to have our 'people' culture right if we are going to succeed. But what is 'culture' and then what is 'people culture'? In the words of Lou Gerstner who 'saved' IBM in the 90s, "Culture isn't just a factor, it's everything." When you listen to Grahame Maher, CEO of Vodafone Australia, talk about turning around the Australian business he talks about values, culture... and people, people and people. When Vaughn Richter presents on the amazing growth of ING Direct in Australia he draws a direct link between culture and performance.

But cultures are different; we can all cite examples of successful organisations that have extremely different cultures. Consider the differences between Flight Centre and its incentive-based bottom up culture, 3M's culture of innovation and Lion Nathan's achievement-based culture. These three companies operate under very different cultures, yet all three are delivering sustainable performance.

### THE COMMON THREADS OF SUCCESS

Although organisations with vastly different cultures are extremely successful, there is agreement that some cultures are more effective than others. What's more, there are common threads in the cultures among those successful organisations when it comes to people.

There's a lot we can learn about ensuring our people culture is aligned for success in today's business environment.

### 1. LEADERSHIP AS A ROLE, NOT A FUNCTION.

Today's organisations have a high level of complexity and need to be responsive. The independent minds of Generation X are not prepared to unconditionally take direction. Flatter organisations force decision-making lower in our organisations. No matter how you look at it, leadership styles associated with hierarchical 'command and control' approaches must give way to leadership at all levels. Truly high-performing organisations are going to have to find ways to foster a culture that encourages leadership at all levels.

### 2. EMPLOYER OF CHOICE.

We are not talking about the vanilla or lip service approach to 'employer of choice' – that will not bring you the talent you require. Australia's best employers are branding not only to their customers, but to potential employees as well. Branding to attract top talent is becoming the only way to ensure you get your share of the talent pool. And finding talent is only going to become harder as our workforce ages, baby boomers retire and top talent becomes scarcer. This makes attraction more important than ever.

We must go deeper – real talent is not just considering the warm and fuzzy options of how they are treated and HR best practice. High performers need to feel comfortable that the business is well-managed, growing, using the right business model and has a cultural fit for them.

### 3. ENGAGING EMPLOYEES.

Attracting the most talented people is one thing, but engagement is quite another.

Despite our best efforts, research continues to show that employees operate at around 60 percent efficiency at best. Many of the programs being implemented are flawed because they don't address the real issues. Our pay packet only goes so far towards motivating us. More and more Australians are passing up promotions and making career changes that involve lower incomes to meet the quality of life they desire.

What are those issues that are going to get people moving?

Employees need to be challenged and appreciated. Engaging and motivating employees involves creating an open environment where employees are encouraged to participate and contribute. They need to feel their contributions make a difference. Look at what great things your employees are doing outside of work – managing football clubs, climbing mountains, running triathlons... does your workplace culture encourage employees to reach their personal best?

### 4. LEARNING ORGANISATIONS.

Change is a certainty in today's business environment, together with the ever-increasing speed at which we are feeling its demands. Tied to change, there are the demands of Generations X and Y to getting a return on investment for their contribution to the organisation (i.e. their time, intellectual property and personalities). Therefore to keep up with change and to retain top talent, smart organisations are becoming learning organisations.

It is important to keep employees up-to-date and ready to handle change, but it is also important for the organisation as a whole to be able to integrate the 'new' into their people, systems and processes. The

organisation needs to be as flexible as its employees with respect to embedding the learning. Does your culture encourage personal development?

### 5. LINE MANAGER COMMUNICATION.

Often, our managers are technically proficient, great problem solvers and focused on the bottom line. But they do not know how to communicate to employees. It is line managers who motivate employees, and yet often they don't know how. It's been shown that 'people join organisations and leave managers'. Too often, it's the manager's skill at communicating that explains why employees choose to stay or leave an organisation. An employee doesn't leave a great manager who challenges, develops and appreciates them. You can't afford to have managers who act as talent leaks within your organisation. Managers need to be equipped with the emotional intelligence to sit down and have those conversations.

Luckily, these skills can be learned, and organisations that invest in and support a culture that develops the right leadership skills are going to step ahead of the rest.

### IT ALL ADDS UP

The key issues here are all intertwined. Being an 'employer of choice' requires sound leadership and providing challenging work to attract employees. Just as engaging employees requires good line manager communication, it is equally important to create a learning organisation where employees are equipped to handle change and career development.

More systems, processes and procedures are not the answer. What is often missing to ensure the success of these programs is the fundamental culture for effectively leading and inspiring people. We need to develop an organisation with a real focus on people – a 'people' culture.

### COACHING CULTURE

Increasingly, Australian companies are embracing a coaching culture to address these gaps. Their leaders and managers leave behind 'command and control' styles in favour of a 'coach approach'. They may not call it that and may instead refer to developing a humanistic-encouraging culture or a culture that develops the potential of their people.

It doesn't matter what you call it – a coach approach provides the manager with real skills to effectively:

## TRULY HIGH-PERFORMING ORGANISATIONS ARE GOING TO HAVE TO FIND WAYS TO FOSTER A CULTURE THAT ENCOURAGES LEADERSHIP AT ALL LEVELS.



- develop and engage people
- communicate with employees
- foster an environment of continuous learning, and
- attract employees.

In this culture, managers apply a coaching process to equip employees with the tools, knowledge and opportunities to fully develop and be effective. To achieve this result, the manager focuses on the strengths of the individual to develop the unique potential of each employee.

Acquiring coaching skills is the first step, and this may be achieved through experience, self-teaching or leadership training programs. A skilled coaching manager will understand the context for coaching and know when it is the appropriate approach. The coach approach is only one tool in their toolbox.

The coaching manager listens and asks good questions. They don't jump right in with the solution. They explore and draw out possibilities from the employee.

Employees are supported in developing a way forward through exploring possibilities and removing barriers. All the time, the coaching manager works towards gaining a commitment from the employee to take action.

Of course, the coaching manager will provide feedback, share personal experiences and point out blind spots, but only to assist the employee in moving forward, not to satisfy their own ego.

Sound simple? In theory it is, but actually doing it takes practice!

### COMMITMENT IN THE LONG-TERM

Realising the need for a coaching culture is the first step; getting there takes time and

determination. Having successfully turned the company around in two and a half years, Vodaphone Australia still looks at it as a work in progress. The 'theory' of coaching in the workplace is easy. John Whitmore's GROW model for coaching is probably utilised in more than half the leadership programs run in Australian companies today.

However, it is not enough to effectively change behaviour and a culture based on the model alone. Successfully making leadership change requires more than a two-day training course. Managers need more. They need skills to support the model, lots of practice and a culture that supports them in adopting the new approach.

Like all change, this must start at the top, cascading through every level of the company. Furthermore, the organisation needs to measure its progress by measuring the culture and the leadership behaviours.

Companies such as Coles Myer and Queensland Rail are adopting this approach, combining leadership training and coaching supported by ongoing executive coaching to embed the learning and support the behavioural changes.

Making significant shifts in culture and leadership styles is a slow process and requires vision. Only a focus on long-term results will provide long-term sustainability. **NA**

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