

Organizational Culture as a Competitive Weapon

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If we view the marketplace as a battlefield where organizations fight for customers, then an organization's culture can be its most important weapon. This is because a healthy culture is synonymous with efficiency and effectiveness. It is also because in the hyper-connected world we inhabit, any culture that tolerates shoddy service or an inferior product is bound to be exposed for what it is by the broadcasts (tweets and postings) of its detractors.

More frequently than not, an organization's culture develops and evolves without much attention. It just happens. This is despite the fact that intentional and healthy cultures, ones that are developed purposefully, are more efficient, resilient and, ultimately, profitable. In other words, intentional cultures are more effective competitive weapons.

Being intentional can be a challenge, particularly for a growing company. The demands of customers, employees, and vendors can undermine or sidestep "the best laid schemes." As Les McKeown describes it in his book *Predictable Success*, to be successful all organizations must find their way through the inevitable "whitewater period" of growth (where demands stress people and process alike).

Fortunately, there are organizations that have studied growing companies with the goal of sorting through what does and does not work. This takes much of the guesswork out of what the best practices are for achieving optimal growth. It also streamlines the effort needed to formulate and maintain the schemes that must withstand the pressure of customers' and others' demands.

Gazelles International is one organization that has spent a great deal of time studying and working with growth companies. The thought leader at Gazelles is Verne Harnish. Much of Mr. Harnish's wisdom can be found in his book, *Mastering the Rockefeller Habits: What You Must Do to Increase the Value of Your Growing Firm*.

Mr. Harnish and his team have continued to collect the best business practices of small and medium-sized businesses. They have continually updated what it means to "Master the Rockefeller Habits." Their latest thinking about how to grow a company—while instilling a purposeful, healthy and effective culture—is to master the Four Decisions™. These are the four basic concepts all businesses must master: Strategy, People, Execution and Cash.

In other words, successful, growing companies deliberately attend to their strategy (where they are going and why they want to go there), their people and how they execute (the right people doing the right things) and their cash supply. Attention to these four

decisions goes a long way toward establishing, improving the health of (and, to be provocative, weaponizing) an organization's culture.

Attending to an organization's *strategy* is really about making a number of decisions that address: the core values at work in the organization, what the purpose of the organization is, who the customer is for the organization's products or services, what the organization's brand promises are...all of these within the context of the organization's "Big Hairy Audacious Goal" (BHAG)—the North of its compass.

Decisions about strategy are always made, either covertly or overtly. In successful and healthy growth companies, these strategic decisions are deliberate, purposeful and communicated throughout the organization to help align people. As one CEO is fond of repeating, communicating strategy puts "the wood behind the arrow."

Selecting and developing the right *people* is a favorite and often-visited topic of ours. Done well, the outcome is a functional team of people who are each an excellent fit for the role they are in—roles that serve the organization's strategy for growth. Key points to address when determining fit are: how the individual's values match the organization's values, what is expected of the person, and how performance is measured. Other key points are how frequently performance reviews take place and how to develop or redeploy individuals whose performance does not regularly meet or exceed expectations.

When it comes to the *execution* decision, the question that a successful organization tries to answer is: how do we hold people accountable? According to Mr. Harnish, successful organizations master three disciplines to drive execution and ultimately, efficiency and effectiveness. The first discipline is identifying and communicating priorities. Less is more here, with sharp focus on three to five priorities being far superior to scattered focus on many. The second is developing metrics for assessing progress and providing clarity about the future. The third is establishing a rhythm for getting feedback about progress and noting challenges—a rhythm achieved through regular meetings. These disciplines serve to help hold people accountable for their activities, address challenges as they emerge, and establish a culture that PERFORMS.

Last but not least, the *cash* decision can often mean the difference between thriving and struggling during periods of growth. In a striking metaphor, cash is the oxygen for a growing business. We all know what happens when the oxygen supply is low or cut off.

The decision about cash has two sides: how to collect it and how to spend it. The Gazelles utilize the Cash Conversion Cycle as a tool for improving a company's cash position. By analyzing where any one of the common cycles (the Sales Cycle, the Make/Buy Cycle, the Fulfillment Cycle or the Collections Cycle) for turning activity into cash can be shortened or re-engineered, opportunities to "find" cash literally turn up.

In a different analysis, spending is seen in the context of the additional sales required to justify an expense or outlay of cash. This analysis correctly demonstrates that any dollar spent may require four to five dollars of additional revenue before it is “earned.”

We believe that as companies become purposeful in creating a culture that gives them a competitive weapon, they will see greater success in the marketplace—a marketplace that is, potentially, now worldwide.