

IT'S THE CULTURE, STUPID: How Getting the Culture Right Enables Transformation and Big Results

BY ADRIAN GOSTICK AND CHESTER ELTON

A few years ago we were asked to conduct a workshop at Crothall Healthcare. With 30,000 employees, it is one of the largest and fastest-growing companies you've probably never heard of.

The employees clean hospitals and transport patients. It's not exactly sexy stuff, but every five years Crothall doubles in size. At less than 20 years old, it has annual revenues in excess of a billion dollars.

THE CULTURE AT CROTHALL HEALTHCARE

We were halfway through our presentation to the senior leadership team, when the chief executive officer, Bobby Kutteh, made a mad dash for the door. CEOs are, after all, in demand, but less than 30 seconds elapsed before he returned, reached up to the stage, and handed us bottles of water. We've been doing this for a long time. Let us count for you the number of times this has happened...zero.

We appreciated the gesture and it made us think well of Kutteh. The action symbolized the kind of overall corporate culture that this CEO has created. This very successful hospital cleaning company is a humble, sincere, service-oriented environment—and that culture is reaping big returns.

IT'S CULTURE THAT ENABLES TRANSFORMATION, PLAIN AND SIMPLE

Kutteh has learned that if his culture works, then everything else works better.

The fact is, however, that there is still nowhere near enough emphasis on culture; and yet as counterintuitive as it may sound to some, the thing that can transform your company and help you achieve real results is rarely what you sell or how you package or promote it. You all look pretty similar to consumers. Unless you've just invented the iPod of your industry, it's likely

that your competitors offer, more or less, the same things you do at about the same prices. The secret of moving a business forward is in getting your working population to differentiate you.

Stephen Sadove, chairman and CEO of department store giant Saks Incorporated, said it's culture that drives "whatever you are trying to accomplish within a company—innovation, execution, whatever it's going to be. And that then drives results."

However, if you've worked in enough jobs, you'll know that cultures can vary dramatically. There are workplaces of outright dysfunction, of contention, of coasting, and even of backstabbing. We could go on, of course, describing the varieties. The distinguishing factor, however, in the most profitable, productive, enduring cultures, is that people lock into a vision with conviction. They maintain excitement not out of fear but out of belief.

And who has the biggest impact on a team or organizational culture? You—the manager.

Research by Towers Watson, which we include in our book *All In: How the Best Managers Create a Culture of Belief and Drive Big Results*, shows that the most profitable companies work from the inside. From its global database collected during 2009 and 2010, Towers Watson identified 25 companies with 303,000 employees that enjoyed high-performance business results—organizations that outperformed their competitors in financial measures by as much as two and three times.

The core finding was that in the highest-performing cultures leaders not only create high levels of *engagement*—manifested in strong employee attachment to the company and a willingness to give extra effort—but they also create environments that support productivity and performance, in which employees feel *enabled*. Moreover, finally, they help employees feel a greater sense of well-being and drive at work; in other words, people feel *energized*.

These characteristics—engaged, enabled, and energized—were found in every highly profitable culture studied. It's a unique combination that can boost any company, division, or small team to new heights.

HOW TO CREATE SUCH AN ENVIRONMENT

When we share that finding, there are a lot of nodding heads. Most managers understand the importance of such a positive culture. The problem is, few have any notion of how to create such an environment for their team—or even how to articulate what they want. As we asked managers about their specific team cultures, we were often told that they have a strong one, but that it's hard to define. However, if it's so hard to describe your culture, then you don't have a great one. Culture isn't invisible, indefinable. When you encounter a great culture, it

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smacks you in the face with its concreteness. We’ve all experienced this firsthand. There is a tangible feeling about spending time in an Apple Store where employees are trained to meet your needs, or phoning Zappos and sharing a laugh with an energized customer service agent, or having a cup of coffee at a really hip Starbucks. It is an atmosphere that engulfs you immediately and lingers with you after you leave.

It takes a concerted effort to transform a culture to achieve these kinds of results. The process requires you to take time away from your clients, from your deliverables. It forces you to become a coach and no longer a player. The results increase exponentially as you learn to harness the full power of all the people.

We found just such a success story in Fort Lauderdale, where Doria Camaraza is the senior vice president and general manager of the American Express World Service Center. This is a 3,000-person call center; the work is not easy. Customers who call are often upset. Perhaps they want to dispute charges or don’t qualify for a credit increase. Yet, despite the often-demanding atmosphere, Camaraza and her fellow senior managers have transformed the culture and found a way to get just about all of these people to believe in what they are trying to accomplish.

For example, around the United States, employee turnover in call centers averages about 50% annually. That means if you answer phones for a living, about half your co-workers will leave before another year passes. Not here. Turnover in Fort Lauderdale is in the single digits annually, which is less than one-fifth the national average.

But there’s more: productivity measures are tops in the call center industry.

Six years ago, when Camaraza took over, the call center was good. Today it’s great—helping American Express earn an unprecedented five consecutive years of J. D. Power & Associates awards for highest customer satisfaction among credit card companies.

Camaraza has come to understand that being a manager doesn’t mean knowing products and services, it means knowing your people. “I don’t have much business being in this role. I don’t have the right technical background,” she said. “The role, however, of a manager isn’t about being technically proficient; it’s about people.”

This American Express call center is a case study in transforming a culture, with managers who are benefiting from the 3 Es in action. They have achieved world-class levels of efficiency, profitability, and customer satisfaction because their employees are:

Engaged: Employees understand how their work benefits the larger organization and have a clear understanding of how they are responsible and accountable for real results. Moreover, they can see the value of their contributions to the company’s larger mission.

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Enabled: The company supports employees with the right tools and training, and leaders spend 75% of their time coaching and walking the floor to ensure that workers can navigate the demands of their jobs.

Energized: Leaders at this facility maintain feelings of well-being and high levels of energy through daily productivity contests, helping employees balance work and home life, and recognizing individual contributions in creative non-monetary ways.

Camaraza and her leadership team have faced difficulties—including the worst financial meltdown since the Great Depression—and yet they engender the highest levels of loyalty and commitment we have seen in a call center. These leaders demonstrate that transformation can and does occur when the right leaders make the culture work. *MW*

Adrian Gostick and Chester Elton are authors of the New York Times bestselling book All In: How the Best Managers Create a Culture of Belief and Drive Big Results. For more information, visit: TheCultureWorks.com

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