

Corporate culture

Driver for sustainable corporate success.

The success or failure of companies is often attributed to their products and services. However, if we take a closer look, the real reasons for success or failure are probably to be found in the corporate culture.

However, corporate culture is a tricky thing. Everyone knows and feels it, but everyone perceives it very differently. Depending on their position and role, as well as in the context of their personal values and expectations.

However, no other element of organizational theory has such a lasting impact on corporate success in the long term.

But how do you manage and develop an organizational element that is so central on the one hand, but hardly tangible resp. measurable on the other?

The answer to this question is linked to three specific challenges of corporate culture.

The challenges

1. complexity & dynamics

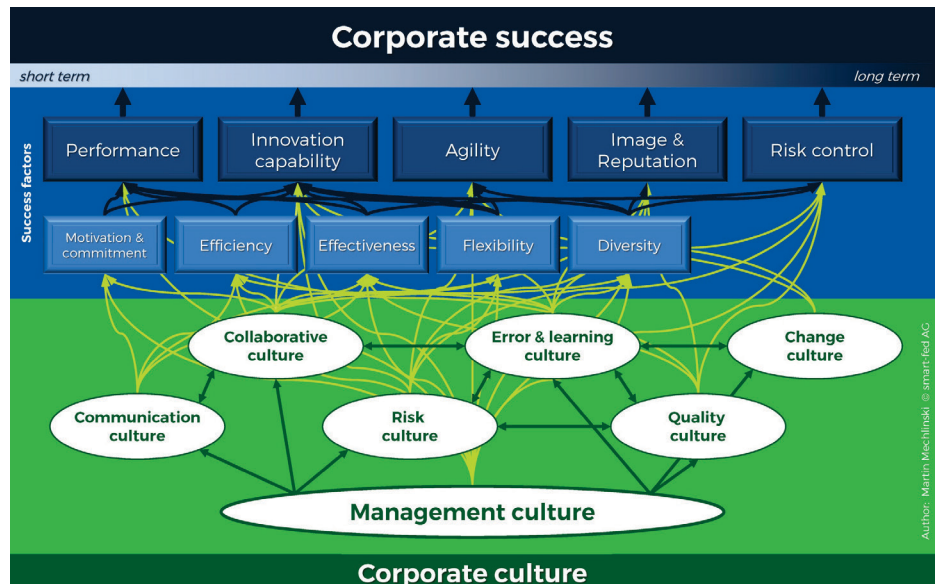
The corporate culture is made up of a large number of subcultures that merge into an overall culture due to their mutual influence and interconnectedness (see graphic).

It is a complex and dynamic combination of different cultural elements with different characteristics and intensity of effect on the central success factors of the company.

In addition, positive and negative developments cancel each other out or, if they have the same sign, build up. Negative developments in the management culture are particularly critical. As the main driver, it influences all other cultural elements and thus quickly triggers further developments.

2. hidden developments

In order to recognize developments and changes in individual cultural elements in a timely manner and to assess them correctly, sensitive instruments are needed.



This is because cultural changes start locally and initially develop insidiously and hidden in the organizational thicket.

Initial observations and indications therefore receive little attention and are readily swept under the rug. At some point, however, the developments build up and there is a major quake that makes it visible that something is no longer right in the organization.

3. macro & micro cultures

Corporate culture is often regarded as the macro culture of the overall organization. However, it would be a mistake to ignore the micro cultures in the micro-organizations (departments, teams, etc.).

There, too, it is important to have cultural developments on the radar at an early stage, which can have a lasting impact on the company's success at key points.

You can learn more about the subcultures as well as the success factors of the company on the following pages.

Making culture visible

A tool that is intended to make cultural

developments and changes in companies transparent must meet the following requirements:

- It must allow for a comprehensive and continuous scan across all elements of culture so as to have no blind spots, both thematically and temporally.
- It must accumulate observations over longer periods of time in order to make creeping and hidden developments visible.
- It must go into depth to track cultural changes in micro-organizations as well.

These three requirements form the core of SMART FED. An efficient and effective management tool for the comprehensive among other things, to identify cultural developments and changes in organizations in a comprehensive, timely and targeted manner.

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Strategic success factors of the company

▪ Performance

From a business perspective, it is primarily the company's productivity that counts here.

From the customer's point of view, it is the company's ability to deliver products resp. offer services quickly and reliably. This at competitive prices, performance characteristics and quality.

▪ Innovation capability

This aspect is particularly relevant for companies in an innovative market environment.

It includes the ability to regularly launch new products and services with innovative features on the market, to establish them successfully and thus to differentiate themselves from the competition.

Depending on the industry, patents are also of central importance in this context.

▪ Agility

Includes the ability to anticipate developments and changes in the market, politics and society, as well as technological innovations, resp. to recognize them at an early stage and to use them for new ideas and approaches to solutions.

This implicitly requires openness and courage on the part of the organization for new things and changes in general.

However, agility must not be limited to new products and services for customers. It is also reflected, for example, in the ability to recognize changing needs and expectations in the world of work and to respond to them promptly.

▪ Image & Reputation

Image is about the company's ability to position itself with clearly recognizable values in the minds of customers as well as other stakeholders.

In other words, what values characterize the products and services and what the company itself stands for.

Reputation requires the ability to maintain the desired image and the general reputation of the company in the long term and not to jeopardize it through the misconduct of individuals or the neglect of values and rules.

▪ Risk control

This is about the general ability to recognize entrepreneurial risks in all dimensions, to assess them correctly and, where necessary, to minimize them sustainably by taking appropriate measures to the extent necessary and acceptable.

Ultimately, the focus is primarily on financial and reputational risks.

The following success factors are rather subordinate, as they only indirectly influence the company's success via the key success factors described above.

▪ Motivation & commitment

Is the ability of management to keep the motivation and commitment of employees to the company at a high level. They have a significant influence on the performance and innovation capability of any organization.

This ability is influenced to a considerable extent by the corporate culture and in particular by the element of leadership culture.

▪ Efficiency

On the one hand, this includes the ability to efficiently design and continuously optimize processes, instruments and structures of the organization. The decisive factors here today are automation and digitization.

On the other hand, it is also about the ability to recognize and avoid mistakes, idle time and redundant activities.

▪ Effectiveness

The focus here is on the ability to achieve desired goals, whatever they may be, as well as possible (⇒ "Effect").

This requires the ability to set clear and consistent goals, to pursue them consistently and to do the "right things" to achieve them.

Less is more and common goals are always better than individual and competing goals.

▪ Flexibility

Is a kind of precursor and prerequisite for agility. However, this is not about anticipation, but about the general ability to react quickly to changing or new needs and conditions.

The greatest obstacles in this context are rigid processes and rules, pronounced power cultures resp. structures and hierarchies, and strategies and goals that are too narrowly defined.

▪ Diversity

Awareness of this success factor has only grown in recent years.

However, it is about more than hiring and integrating employees with different demographic characteristics such as gender, age or origin.

It is the ability to make targeted and active use of their diversity of experience, knowledge, values, opinions, ideas and perspectives for the development of new products and services as well as for organizational development in order to maintain the company's competitiveness for the future.

The corporate culture

The macro culture of a company is essentially shaped by the values resp. attitudes as well as behaviors and actions of the people who lead or determine it. Starting with the company management and extending to the board of directors/supervisory board and, last but not least, the investors.

Although the micro cultures within departments and teams are also shaped by the macro culture, the greater influence usually lies with the managers and employees on site themselves.

▪ Management culture

By far the most important cultural element of corporate culture. It directly influences all other cultural elements as well as practically all success factors.

If substantial undesirable developments take place here, this will always affect the company's success in the medium to long term, right up to the extreme case, i.e. the demise of the company.

Examples of values and behaviors that significantly shape the management culture of a company:

- Openness to new things
- Acceptance of other opinions
- Congruence in speech and action
- Trust in employees
- Appreciation
- Reliability
- Clarity
- Respect
- Fairness
- Tolerance
- Empathy
- Integrity
- Acceptance of responsibility

▪ Communication culture

Is certainly also part of the management culture. Independently of this, however, it is also shaped by the micro cultures in the departments and teams themselves.

In essence, it is about how information is communicated within the organization. In other words, how systematically, promptly, regularly and comprehensively are information, knowledge and experience passed on resp. exchanged.

From a cultural perspective, values such as openness, transparency and honesty shape the communication culture and the way in which people communicate with each other in an appreciative resp. respectful manner.

▪ Collaborative culture

Here, too, there is a large overlap with the communication culture described above and the influence of the management culture.

In addition, there are values such as willingness to help and mutual support, joint planning, coordination and goals, and the way in which challenges, problems and conflicts are resolved.

The collaboration culture has an influence on almost all success factors of the company that should not be underestimated.

▪ Risk culture

This is a cultural element that costs many companies a lot of money every year.

Far too often, risks are taken resp. people look the other way when short-term profits are waiting or the reduction of a risk initially only costs money. For example, in relation to quality assurance, IT security, occupational safety, health protection or environmental protection.

Ultimately, it is a question of the time horizon with which potential dangers and, of course, also opportunities are evaluated.

This shows the time perspective from which the company is managed and the importance attached to securing the long-term success of the company.

▪ Error & learning culture

A culture with a particularly high influence on the efficiency, effectiveness and innovative ability of the company.

If zero error tolerance dominates here, not fewer errors are made, but time and effort are put primarily into covering up errors. This does not mean that the individual does not learn anything, but not the organization.

A positive error culture does not punish errors in any form, but uses them for organizational learning.

In addition, a positive error culture is a basic prerequisite for daring to try something new. After all, innovation and change always carry the risk of failure.

▪ Quality culture

The quality culture is determined by the fundamental quality values that the company defines for its products resp. services and with which it wants to convince its customers. Even here, there is often a shortcoming.

The quality culture is ultimately reflected in how consistently and stringently these quality values are implemented and lived by the organization in everyday life. For example, in the context of setting targets, compromising on quality requirements and problems, or in continuous quality improvement.

In the long term, the quality culture particularly influences the image and reputation of the company.

▪ Change culture

The willingness to change is and remains the key cultural element for long-term corporate success. Standing still and sticking to the tried and tested is never an option. No matter how successful you have been in the past.

Real change always starts with the management, which must have the courage to try out new approaches. Be it in products and services, in new technologies, in organizational leadership (e.g. agile methods) or in the working environment (e.g. working from home).