**Organizational Culture**

**A Fundamental Business Strategy**

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Talent management, recruitment and retention are among top priorities of architecture, engineering, and construction (A/E/C) and owner organizations today and progressive entities are spending considerable amounts of money in addressing these challenges. While there are diverse initiatives that can support these issues, a fundamental strategy that is often overlooked is - *instilling a positive organizational culture.*

Organizations that respect the significance of a strong culture invest heavily in their people and in creating an environment where employees feel counted and appreciated. They realize first-hand the far-reaching benefits of doing so such as enhanced engagement, increased productivity and better financial performance.

Regardless of how large or small your organization is, developing and maintaining a respected culture is essential to long-term success. After all, your culture determines how well you engage and retain key employees, and your ability to attract more professionals like them.

**The perception of culture and its real impact**

As executive search consultants, we understand the immense impact that culture has upon talent management, recruitment and retention. We also know that, while forward-thinking organizations give it proper attention, others do not and for different reasons. As Tom Dunn, Search Consultant with Helbling & Associates, explains, "Many organizations understand the importance of culture but they do not necessarily view it as a recruitment, retention or business strategy. They do not say ‘we need to improve our culture so that we can achieve these goals’ because they cannot comprehend how to apply culture to something more concrete.”

Tim Tokarczyk, Leadership Consultant with FMI Corporation, agrees with Dunn’s perspective saying, “There is a lot of variance when it comes to understanding culture and how a well-regarded culture can help in achieving business objectives. Many leaders know about the potential impact of culture but they do not know how to go about addressing their issues. And, understandably, in this economic climate, there are some who are actively thinking about their culture while others are simply focusing on day-to-day operations.”

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**Benefits of a Positive Culture**

- Higher performance
- Higher productivity
- Better talent retention
- Greater facilitation of change initiatives

*American Management Association*

As a search consultant for more than thirty years, Tom Helbling, President of Helbling & Associates, says, “In general, a company’s culture affects every aspect of its organization. I realize that there are other more pressing issues to address on a daily basis but culture is always important.” Regarding recruitment and retention, he says, “I’ve seen the effects of strong and poor cultures. I’ve worked with organizations that have great cultures where people are highly engaged, challenged, and motivated. I’ve seen others that, quite frankly, have a culture issue. And, usually it’s widely apparent within the marketplace. They utilize us to find and secure someone who can come in and change it.”
While a positive culture is influential when recruiting for any level, when trying to attract senior executives, “culture becomes tremendously critical,” says Helbling. “If an executive is motivated to explore another career opportunity, his/her motives go beyond compensation and are usually related to an aspect of their current employer’s culture. In general, they want more independence and responsibility, as well as opportunities to impact an organization’s success.”

On a recent high-level assignment, Helbling and his team spoke with many professionals who expressed dissatisfaction with their current employers. Their frustrations were not due to money but because of “something else going on within their employer such as [the organization] was not ‘investing in its people’, ‘was micro-managing’, ‘seems to only care about the bottom line’ or ‘has limited strategic thinking’.” He elaborates, “An organization needs to realize that when it begins to emulate these negatives, it holds executives back. They cannot perform to their true potential and they get restless. As a result, the entire entity gets tired. The company begins to run a high risk of losing its leaders and this, in turn, makes attracting and recruiting people a challenge. And that is a huge risk that no one wants to carry.”

To prevent these types of negative impacts, culture needs to be recognized for what it is — a valuable asset — and as something that can help to improve various components and processes that go beyond engagement, recruitment and retention.

What entails a strong culture?

There are two crucial things to remember when evaluating a culture and looking for ways to improve it. One, culture comes from an organization’s leadership. As Dunn says, “Culture is set at the top and perceived at the bottom.” Two, as Tokarczyk points out, “There is no good or bad, or right or wrong culture. It just needs to be a healthy culture where people are aligned and are all moving in the same direction.”

While there is no ‘ideal’ culture that will please everyone, there are common attributes of well-respected cultures that support attracting, engaging and retaining employees.

These characteristics include:

- High level of trust in leadership.
- Consistent and open communication between leadership and other levels.
- Communication of overall goals and vision for growth.
- Opportunities for career progression mentoring and training.
- Autonomy at all applicable levels, especially for those in senior leadership.
- High accountability and clearly defined objectives and expectations of individual roles.
- Recognition of creativity, innovation and efforts that exceed expectations.
- Employee inclusiveness and influence in decision-making.
- Robust recruitment and retention programs.
- Strong values of work / life balance.
- Sustainability plan and related initiatives.

Implementing the above can seem overwhelming at first glance. But, given careful thought and consideration, making improvements to your culture can be as simple as establishing priorities and initiating small changes.

If you brought your senior leadership into a room and asked them to describe your culture, would all of their answers be similar? If not, there is a problem.
Simple steps can improve a culture, such as:

- Create an environment of trust.
- Respect the work / life balance of employees.
- Consider what leadership is giving attention to and measuring.
- Develop and openly communicate core values and principles.
- Encourage creativity, innovation and the sharing of ideas.
- Demonstrate risk tolerance and the allowance for mistakes.
- Empower employees by giving them a voice and allowing them to be influential in their roles and in appropriate decisions.
- Establish clear expectations of individual positions.

Culture’s Role in Talent Management, Recruitment & Retention Going Forward

As advancing technology allows more people to telecommute and as Baby Boomers retire and Millennials progress, culture will play a strategic role in talent management, recruitment and retention. For example, Millennials consider culture a principle aspect of a prospective employer. And, as Tokarczyk says, “they will not wait for a company’s culture to change.”

A recent survey conducted by Inc. magazine showed that 18% of 2012 graduates considered ‘company culture and the perks’ their top priority. These young professionals as well as Generation Xers are looking for companies that will proactively engage them, make them feel part of a team and more fulfilled while utilizing their strengths and values to accomplish corporate goals.

When you look at the career sections of many A/E/C companies’ and owners’ web sites and their Facebook pages, descriptions and employee testimonials about their cultures abound. Wes Miller, Managing Search Consultant, says “companies that are using their culture to differentiate themselves in the marketplace to prospective employees are smart for doing so.”

Understanding what many candidates are attracted to in this market, on a recent search, Miller encouraged our client, a large general contractor, to incorporate something about their culture into the position description. It was as simple as saying that they wanted ‘someone driven by client relationships and someone who enjoys working for a company where they can create growth opportunities for their teams and for themselves’. Miller explains, “With that in the position description, they were putting something out there that was different from other companies and it captured people’s attention. Interested candidates made a point to say that they liked seeing something about the firm’s culture and mindset instead of just the typical responsibilities and qualifications.”

On another search being performed for a higher education institution, our client added ‘Sense of Humor’ under the Requirements for the position. Jim Lord, Managing Director, and the consultant who performed the assignment says, “When interested candidates inquired about the position, many of them mentioned that part of the description. They said it captured their attention and attracted them to the company’s ‘personal’ side.”

Miller goes on to say, “While portraying an organization’s culture on its web site and social media sites is effective, adding content about it within ads is definitely beneficial and something to consider. Professionals get tired of reading typical job descriptions that do not offer any ‘feel’ or ‘read’ about a prospective employer’s culture. It can be as simple as one sentence that can intrigue a potential candidate.”

In closing, the impact of an organization’s culture on its ability to engage key employees, attract new talent and retain valuable professionals is apparent. That is why developing plans and executing initiatives that support creating or maintaining a reputable culture are well worth the time and effort. After all, culture can determine an organization’s stability, its agility in the marketplace and its ability to progress.
The Culture Improvement Process

An interview with Tim Tokarczyk, Leadership Consultant with FMI’s Leadership Institute

Helbling: What drives organizations to partner with FMI in improving their culture?

Tokarczyk: “Organizations often come to us when they know they have a problem but they are not sure exactly what it is. Their leadership may think it’s ‘communication’ or that people ‘just are not working well together’. When we begin to examine company practices, many times we determine that the issues are deeper and they are usually related to a certain aspect of culture that had not even been considered. When we discuss our findings with the management team, they realize how it makes sense.”

H: What makes the biggest impact on an organization’s culture?

T: “Senior leadership definitely plays the most significant role in an organization’s culture. Employees can shift a culture but leaders have the most influence on it. At the same time, leaders are the most visible example when improving a culture. When we are working with an organization, we start with the leadership.”

H: How does a culture improvement process begin?

T: “You have to begin with the company’s leaders considering key questions such as: ‘Who are we as an organization?’; ‘What is our primary purpose?’; and ‘What are our guiding principles?’; We create a list of core values that are the foundation of the business. When trying to change or improve a culture, it is essential to understand those first. Then you want to make sure that everything is aligned with those principles and values.”

H: How do you know when a culture improvement process is working?

T: “Positive changes begin to emerge shortly after commencing a cultural improvement initiative. There’s an apparent switch and the overall feel of the organization improves as the day-to-day operations shift as well. People begin communicating more frequently and more effectively. Employees, including those in leadership positions, begin to see that, if they’re working better together, they are more productive and more efficient, and that overall morale is higher.”

“Simply stated, when you improve a culture, you see a lot more collaboration, communication is more open, people are more empowered and they are all going in the same direction, all moving towards the same goals. This, in turn, speed ups the organization’s ability to move forward.”

FMI is the nation’s largest provider of management consulting to the global construction industry. Its Leadership Institute works with organizations to assess and understand the impact of culture on their operations, to make cultural shifts to increase the overall effectiveness of their companies, and to better define their culture for lasting sustainability.

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