



Cracking the
Culture Code

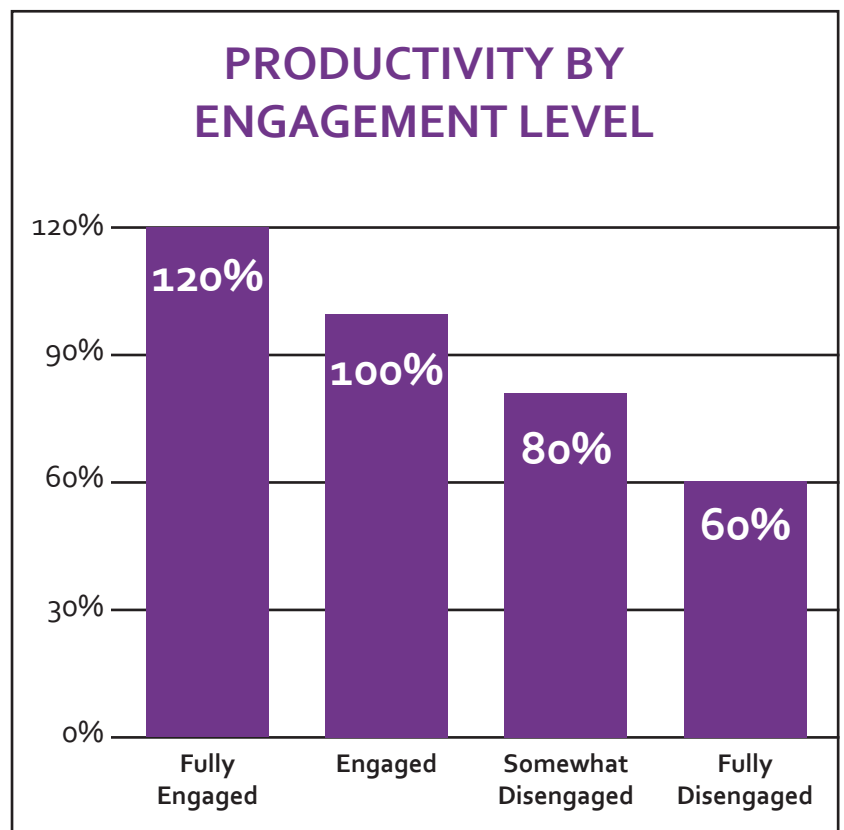
INTRODUCTION

So, what is culture? Culture is simply how things get done in an organization. How work gets done is directly related to the business strategy and the purpose of the organization. Strategy, mission, vision, and values comprise the business' foundation and culture is the "how" that gives life to purpose and strategy. This white paper will cover why culture matters and how it can be intentionally managed through measurement and action-plans. Managing culture is complex, but there are simple strategies tailored for mid-sized organizations that we have seen make a significant impact.

Culture Matters: Improving Culture Can Boost Productivity 21%

It has been proven repeatedly that engaged workers get more done. Engagement directly correlates to productivity. Engaged workers are the baseline to a productivity standard across various businesses with no drags on their speed or output. Fully engaged employees produce 20% more while disengagement drops their results.

- Typically, 52% of employees are engaged or fully engaged.
- Disengagement translates to about 30% lost productivity in a typical business.
- The good news is 72% of those who are disengaged can become engaged with the right actions.
- As a result, there is an opportunity to reduce your lost productivity from 30% to 21%.
- If your average productivity is \$100,000 per employee – this improvement translates to \$21,000 of profitability per employee.



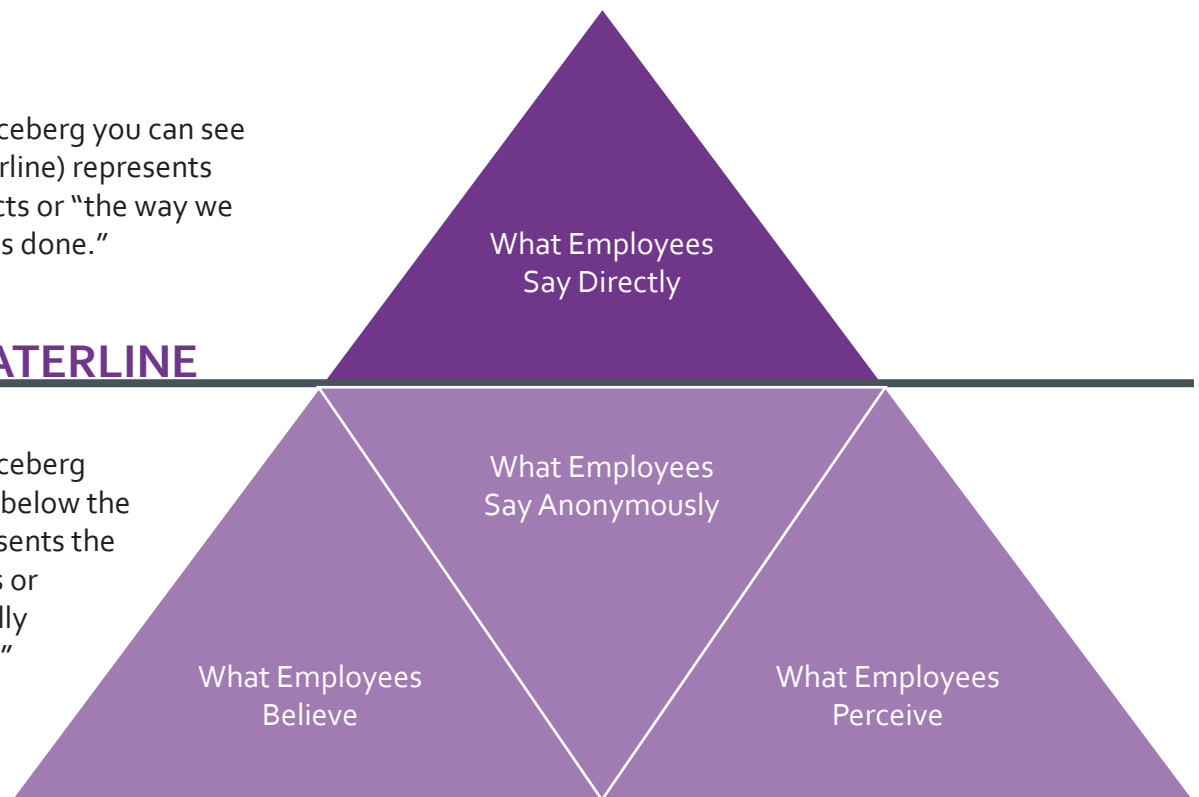
How to Manage Culture

The iceberg culture model was developed by Stanley Herman of TRW Systems in 1970 to describe the balance between things seen (formal aspects) and things unseen but believed (informal aspects.) Keeping these two components in balance is the goal, and things can drift out of alignment easily. The hard part about managing culture is that much of it is felt, but never said. And so, without asking employees about their beliefs, perceptions, and opinions you can only see above the waterline.

The part of the iceberg you can see (above the waterline) represents the formal aspects or “the way we say we get things done.”

WATERLINE

The part of the iceberg you cannot see (below the waterline) represents the informal aspects or “the way we really get things done.”



Looking Below the Waterline: Measuring Culture through Employee Engagement

Seeing below the waterline starts with an employee survey measuring engagement. Engagement goes beyond satisfaction, according to Aon Hewitt, employees are engaged when they:

SAY – speak positively about the organization to others

STAY – are committed to remaining with their current employer

STRIVE – are motivated by their organizations’ leaders, managers, culture and values to go “above and beyond” to contribute to business success

The easiest way to measure employee engagement is with the eNPS. eNPS is short for Employee Net Promoter Score and is a method for measuring how willing employees are to recommend their workplace to friends and acquaintances. Another way to put it is that eNPS is the internally focused counterpart to the popular NPS* method. NPS is short for Net Promoter Score and is a method for measuring customer loyalty. Originally developed by Fred Reichheld, Bain & Co and Satmetrix during the 1990's, NPS is built on the "ultimate" question: "Would you recommend (our company) to a colleague or friend?"

eNPS is built in the same way, using the "ultimate" question. In conformity with the NPS, the answers are divided into three categories and the Employee Net Promoter Score is then calculated:

DETRACTORS						PASSIVES		PROMOTERS	
1	2	3	4	5	6	7	8	9	10

EMPLOYEE NET PROMOTER SCORE = % PROMOTERS - % DETRACTORS

The major benefit with the eNPS is that it is a quick and easy way to get an overview of how loyal and engaged a company's employees are. Identifying the drivers under the eNPS is another story. This is where there are many places to probe and to focus. Our approach is to ask employees what they alone can tell you and use other resources for the rest.

Conducting an Effective Engagement Survey

There are three common mistakes we see mid-sized organizations make when they conduct an engagement survey. These three errors often lead to a misleading results that can make it difficult to build an action plan and make an impact on engagement:

Leading the Witness

Writing questions that include bias is easy, but constructing questions based on sound industrial and organizational psychology principles is something people get advanced degrees to do effectively. Try to write questions that encourage honest, thoughtful responses.

Focusing on HR Process

Asking HR process satisfaction questions is not useful in an engagement survey. This type of feedback should be collected when people experience the process, not once a year to all employees, as some might not have even experienced that process.

Not Protecting the Innocent

People will not respond at all or with full honesty if individual responses are accessible to an internal HR contact or leader, or if there is a perception that they will be shared in this way.

What will you learn from an Engagement Survey?

By avoiding the pitfalls above, your future engagement surveys will tell you the following:

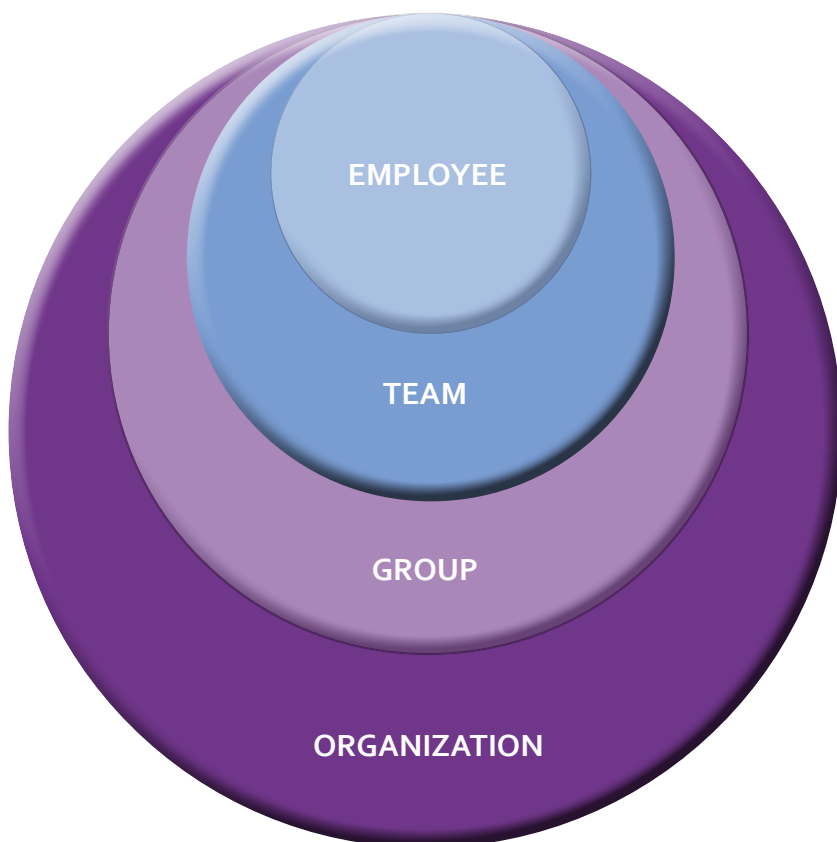
- As a leadership group, you have a blind spot in at least one area
- On average, half of your workforce is engaged
- One part of your workforce has an issue. Your engagement on average will be higher in some parts of the organization but a subset of your population has an issue. This dissatisfied group could be remote, in a smaller location, in a specific job or in a certain department. Looking beyond the average score to see which employees are at the bottom of the bell curve of your responses is where you find valuable insights.
- Within the subset where engagement is lower there are generally five themes within employee feedback:
 - 1** More clear and defined training opportunities
 - 2** A better relationship with their manager (or a better manager)
 - 3** Clearer performance expectations and more frequent feedback
 - 4** More input on decisions and/or more background on the “why” behind decisions
 - 5** Consistently inclusive behaviors from leaders and managers, acknowledging unconscious bias and working hard to welcome diverse perspectives

How do we know what your future survey will reveal? Isn't your organization unique? Well, what drives engagement of employees is well understood and has stayed relatively constant over the past few decades across industries and company size. Here are the top five drivers of engagement year after year since the 1990's.

- Training, Development, and Career
- Immediate Manager
- Performance and Appraisal
- Communication
- Equal Opportunities and Fair Treatment

These stay relatively constant because the core employment relationship involves common employee expectations that are difficult to meet 100% of the time. An interesting shift to note is that training and development has moved up in rank as more millennials enter the workforce.

So, why conduct a survey if we can predict what it will tell you? There are three important reasons to conduct a feedback survey. First, asking employees for their feedback is the first step to communicating that you value their opinion and concerns. Any culture change starts with an invitation for those in the organization to be part of that change. Second, there are many ways to improve engagement and your unique action plan will vary widely based on the results of the survey. And third, sometimes leaders or managers need to see results in a number format (i.e. "data") to initiate a hard change of behavior or tackle a tough issue.



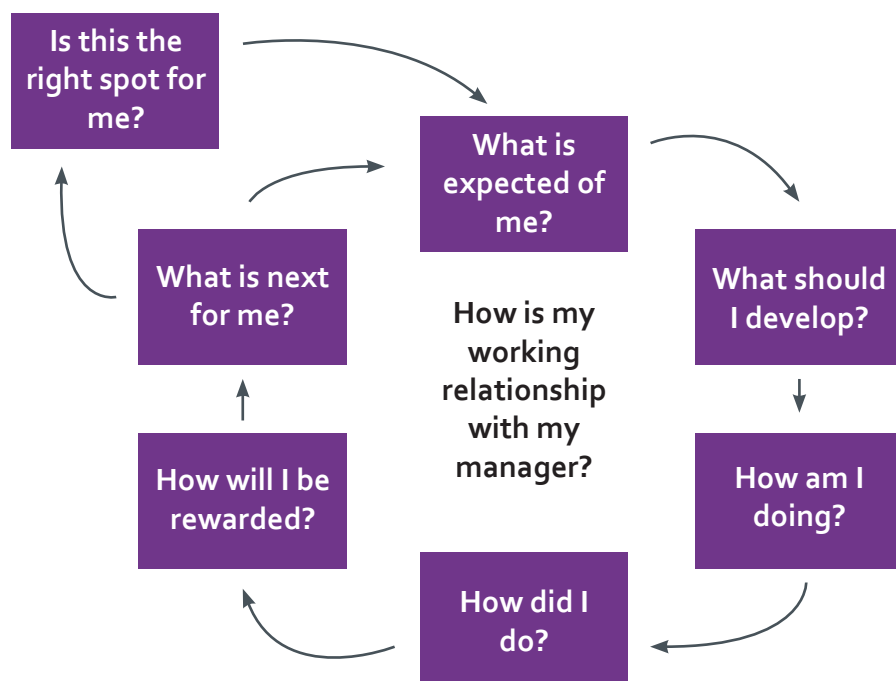
When it's time to interpret the results and build an action plan there are two primary areas of focus: Leadership and Management. Generally, the survey will highlight a blind spot for the leadership team. This is where engagement surveys go sideways – they often highlight an issue where leadership needs to be clearer or address a problem they don't know how to solve. This is where a professional HR consultant can be useful to facilitate this process.

The second focus of your action plan is how the “translators” are performing in their role. The “translators” are your managers and supervisors. These people need to understand the strategy and purpose deeply, as well as their role in the organization. With this understanding in place, managers can effectively translate and manage expectations to the employees for which they are responsible. If they are unclear or unaligned, engagement and productivity will be negatively impacted.

Action Planning Tools to Help “Translators” Grow

Organizational purpose becomes real to employees every day when their manager translates purpose into direction and support. In mid-sized organizations many leaders are wearing multiple hats and play a key role in managing employees. Management is usually less formal and there are fewer processes and tools to support managers.

There is also a tendency in mid-sized organizations to promote great ‘doers’, and these folks are not well supported in learning how to manage other people. Often, managers just do not have the skills, training, and time to succeed. Employees experience your organization through their manager. Employees have questions they expect their manager to answer and if the manager doesn't provide those answers, the employee will not be engaged. So what are the questions employees have for managers? We have boiled it down into eight core questions.



You can see how the questions employees have for their managers directly correlate to the consistent themes that are captured in engagement surveys that were discussed earlier. The challenge for each organization is figuring out where to start and what will make the biggest difference. At Axios HR, we have crafted an engagement survey that addresses these questions and this simplifies the action planning process so we can focus on the things that will make the most impact.

Once those are priorities are set, Axios HR has many tools and resources we can use to make that action plan come alive. Some examples of effective tools are listed below.

Diversity 101 training: Understanding unconscious bias

Recruiting/applicant tracking tool

Manager training: Effective interviewing

Job descriptions

Performance management process and tool

Adding core competencies to job descriptions

Learning & development library

Total rewards statements

Compensation benchmarking

Employee handbook refresh

Career maps

Employee training on giving and receiving feedback

Communication styles assessment and training

New Hire orientation

Manager training on how to conduct an effective performance planning or review conversation

Conclusion

If you work with Axios HR to 'look below your waterline' we can make sure you get insights from your survey, build an action plan that will make an impact, and then deliver on that action plan to drive the productivity in your business.



[Contact us](#) today to get started.

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SOURCES

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Net Promoter Score is a registered trademark from Fred Reichheld, Bain & Co and Satmetrix

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