



## **The Importance of Cultural Alignment: A White Paper**

“Cultural Alignment” refers in this paper to the process of ensuring that an organization’s corporate culture is consistent with its mission and positioning. Best defined as an organization’s prevailing mentality or mindset, “corporate culture” is the collection of values and beliefs that an entity has regarding how its customers, suppliers, and employees should be treated. It becomes the perception that the marketplace has of a company’s overall attitude towards conducting business and dealing with people. In this sense, corporate culture can be either a tremendous asset or a substantial liability. If corporate culture is not aligned with mission, the business increases its risk of being viewed as lacking strong leadership. This will create the perception of being disjointed and confused. Customers become hesitant, employees lose confidence, and suppliers tend to become less trusting and less flexible.

An especially important aspect of cultural alignment is assuring that all of the firm’s employees understand and embrace the corporate culture, clearly reflecting it in their daily interactions with customers, suppliers, and colleagues. Successful companies manifest their positive culture in almost everything they do; it is consistent across all of their policies and practices, and it is exhibited regularly by all of their employees.

Although there are many contributors to an organization’s culture, much of it usually derives from the beliefs and attitude of the CEO. In other words, it starts at the top. If a company founder values and respects his customers, suppliers, and employees, then they will soon recognize this and loyalty will result. Conversely, a founder who does not properly handle these constituencies will inevitably suffer loss of goodwill, trust, and allegiance. Most employees will not tolerate indefinitely a CEO who disregards and disdains them, and few customers will accept anything less than respectful and honorable treatment. In light of this, the CEO must be acutely aware of the culture that he/she has created and fostered. This can be very difficult, because there may be mixed signals or a general unwillingness by employees, suppliers, and customers to disclose their true feelings.

All of this illustrates that shaping and managing corporate culture is a critical aspect of revitalizing a company and returning it to a path of sustained growth. Often, this is overlooked by company leaders who focus primarily on achieving their revenue and profit goals. Although somewhat understandable, this indicates a lack of appreciation and understanding of corporate culture and the impact it has on a firm’s overall performance. Top executives are well-advised to make the effort to gauge how their companies are perceived externally. This “self-awareness” is a hallmark of good leadership.

An excellent tool for determining the current perception of an organization is a professionally managed survey of their key constituencies. Careful thought must be given to the specific desired outcomes, since many surveys are ineffective due to meaningless and uninformative questions being asked. After the results of the survey have been processed and analyzed, it must be determined where the organization needs to improve, how to achieve this, and how to relate this effort to the company's overall growth objectives. The first step in this process is to develop a Strategic Marketing Platform, which includes the company's mission, vision, value proposition, positioning, and other key marketing elements. These relate directly to the basic principles of the organization's corporate culture. The following example will clarify.

A corporate law firm prides itself on responsiveness to its business clients. As part of its strategic marketing effort, the firm decides to emphasize this higher level of service as a primary differentiator from other law firms. It creates a tagline to this effect and then crafts a new mission statement and vision which also reflect this. To reinforce itself as the most client-oriented law firm in the corporate sector, it decides to award bonuses to partners and associates based on the satisfaction ratings of the firm's clients. Employees therefore realize the firm's commitment to client satisfaction, and do everything possible to embrace that. The result is a company that truly believes in its fundamental competitive strategy, demonstrating this to its customers via surveys and its employees via compensation and other rewards.

When a company embarks on redefining itself through creation of a strategic marketing platform, the entire organization must understand the resulting concepts and unequivocally accept them. If one or more employees do not agree with the desired cultural change, there will almost certainly be problems. Other people at this company will be conflicted, and two factions may form which are at odds with each other. Unfortunately, this will be destructive. Furthermore, customers will experience inconsistent treatment, which is confusing and disenchanting to most people. The external perception of the company will suffer.

For the CEO who is driving change to stimulate growth, establishing a unified corporate culture can be very difficult. He/she may not be aware who the dissenters are, or may not know how to alter their thinking. In addition, it is common to underestimate the negative influence these people can have within the organization. Certain individuals may appear to be supportive of the changes, but behind the scenes they are critical and damaging.

Once the new corporate culture has been articulated, it must be monitored to ensure that it is truly taking effect throughout the organization. A timeline should be developed which measures the company's progress along its new path. This means knowing how individual employees are embracing the new culture. If any of them do not fully appreciate it, an action plan must be developed which addresses their particular issues.

In sum, cultural alignment ensures that every function of the company's operation, as well as all of its employees, reflect the desired culture. Down to seemingly minor considerations such as return policies, product warranties, employee vacations and leaves of absence, supplier payment terms, etc., the underlying message must be the same. An organization is known and judged by its culture, which is visible both internally and externally every day. Presidents and CEO's are well-advised to make this a very high priority.