

## EXECUTIVE SUMMARY

### RESEARCH QUESTION

What are some best-in-class examples of Corporate Cultures and Values brought-to-life in workplace behaviors - that drove clear business results?

### INTRODUCTION

Prominent workplace culture and values have been proven to strengthen employee loyalty time and again, yet there is still a need to understand how these nebulous ideas translate into real business practices. Culture can be the driving force in connecting employees directly to the mission of the company, and therefore creating results for all company stakeholders including employees, customers, and shareholders.<sup>1</sup> But in order to produce these outcomes, companies must create values that represent the workplace culture they want to achieve and have merit and teeth, which requires what the Harvard Business Review refers to as “guts”.<sup>2</sup>

### DEVELOPING A STRONG CULTURE & IMPLEMENTING CHANGE

Harvard Business Review describes core values as “the deeply ingrained principles that guide all of a company’s actions; they serve as its cultural cornerstones...they can never be compromised, either for convenience or short-term economic gain.”<sup>2</sup> Proven strategies to develop and implement values that create a strong culture are:

1. Create actionable values: think about values in relation to both difficult situations the company has overcome as well as the heart behind those decisions. Be authentic, and don’t settle for less than what you are.<sup>2, 3</sup>
2. Align culture and outward branding: As the world becomes more connected, it is increasingly important for internal and external brand to align. Presenting a clear and strategic front can help attract new talent as well as retain top employees.<sup>7, 8</sup>
3. Values are not about building consensus, they are about strategy: When developing values, it is important to have support from the top of the company. Input should be gathered from key stakeholders such as the CEO, leadership teams, as well as other key employees such as high performers, not necessarily the entire organization.<sup>2</sup>
4. Anticipate push back: Any large culture change will have some champions and some who drag their feet.<sup>9</sup> Some strategies to deal with opposition are:
5. Host kick-off initiatives like recurring meetings where employees share stories about how they’ve witnessed the culture live and in action and employee awards that recognize and reinforce desired behaviors.
6. Communicate values to employees early and often.<sup>1, 2, 7, 10</sup>
7. Create culture ambassadors—high potential as well as leaders and managers and help them understand how to develop to the culture.<sup>11</sup>
8. Tie employee recognition to the organization’s values: 68% of respondents with a values-based recognition program said it positively impacted retention; 90% said it impacted employee-engagement.<sup>2, 12</sup>

### CASE STUDIES

The following case studies introduce two companies, each struggling with a unique business challenge, that refreshed their core values to create a more effective culture and drive business results.

#### American Express (AMEX):

**Context:** During the 1990s, AMEX underwent substantial changes including divesting businesses, globalizing lines of business, launching hundreds of new products and reengineering to reduce costs and increase flexibility. By 2002, only 25% of AMEX’s 78,000 employees had been with the company for more than 10 years. In light of this, AMEX wanted to ensure its culture reflected its new, more flexible business model and supported employee behaviors needed to accelerate growth.

#### **What was done:**

- In 2002, AMEX reexamined its values and organizational behaviors through the Appreciative Inquiry (AI) approach (Appendix A). It spent nine months conducting more than 30 focus groups with hundreds of employees representing all levels and businesses around the world. AMEX found it needed to restate its

existing values in ways that made them more concrete, actionable, and measurable. AMEX also decided to introduce two new values based on employees' aspirations for the company.

- AMEX first focused on shifting the mindset of leaders and provided leaders with talking points and training materials to enable them to discuss the changes with their employees.
- AMEX then rolled out an employee communications plan that included an announcement from the CEO to all employees, an internal website and banners and flyers to reinforce the new values. In their publications, AMEX focused on translating the values into tangible actions employees could take.
- AMEX's HR function made changes to its internal processes and tools to reinforce and maintain the new values. It revised its leadership competencies, revamped its entire performance management process and ultimately redesigned its compensation structure according to these new values. It also updated its annual employee survey to accurately measure employees' perception of how well AMEX lived the new values.

**Results:** AMEX saw early indications of success and receptivity from its employees after its cultural transformation. In the first year, AMEX's finance organization also revamped its financial planning process to be more reflective of the changed values. Moreover, AMEX's two new values were scored as 83% and 66% favorable in its 2003 employee survey. While it is difficult to quantify the effects of cultural transformation on business performance, AMEX reported having "outstanding" years in 2003 and 2004.<sup>3</sup>

### eBay

**Context:** Beginning in 2014, eBay's employee communication team noticed a rising concern among employees with eBay's culture. This concern was identified through ad-hoc surveys, Q&A sessions and one-on-one sessions with managers.<sup>4</sup> It is speculated that this growing discontent with eBay's culture could be attributed to eBay's merger with PayPal in 2002. PayPal's flexible, easygoing culture clashed with eBay's more formal, corporate environment. Furthermore, many of PayPal's most talented executives left the company after merging with eBay to join or lead new ventures.<sup>5</sup> In July 2015, eBay's divestment of PayPal prompted a reorganization of the business and finding an active solution to the cultural ambiguity.<sup>6</sup>

#### **What was done:**

- First eBay's marketing team built a culture evaluation tool. Employees were asked a series of questions in which they would have to pick which of two statements best reflected both the current and desired culture at eBay. Their responses were used to construct a cultural map of the business to demonstrate both culture gaps (where the current and desired culture differed significantly) and culture clashes (where colleagues differed on the desired aspect of culture).<sup>4</sup>
- Next, eBay's leadership established a culture team, championed by eBay's CEO who declared himself the "chief culture officer".<sup>4,6</sup> He introduced a refreshed company purpose and five new values intended to create a more "brand-focused, inventive, and bold work environment".<sup>6</sup> The culture team also defined exactly what eBay's culture is in clear terms to eliminate any culture clashes and make the culture more actionable to employees.<sup>4</sup>

**Results:** Because of the recency of eBay's invigoration of its values and purpose to drive a more cohesive culture, there are not many quantifiable indications of results. However, eBay is taking several approaches to monitor the effectiveness of implementing these new values. eBay regularly surveys its employees on over 50 cultural attributes that are aligned to the five recently added values. It also actively conducts employee engagement surveys to measure the strength of the values in employee's perception of their work. eBay then combines this data with operational metrics to assess the extent to which cultural values impact the business. eBay is also analyzing news articles and Glassdoor content to gain a data-driven understanding of the ways that people external to the company discuss eBay's culture. These efforts have enabled eBay to quantify elements of its culture and gain a more accurate understanding of how people both inside and outside the company view it.<sup>6</sup>

## CONCLUSION

A strong culture has been shown to contribute to high engagement and strong commitment, which in turn can lead to higher retention and increased productivity, and actionable values provide clarity for employees.<sup>8</sup> However, time and effort must be spent developing values and creating steps to implement culture initiatives to ensure they have staying power.

## References

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## APPENDIX A

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| <b>Problem Solving</b><br>"Felt Need"<br>Identification of Problem               | <b>Appreciative Inquiry</b><br>Appreciating and Valuing<br>The Best of "What Is"   |
| Analysis of Causes   | Envisioning "What Might Be"  |
| Action Planning<br>(Treatment)   | Dialoguing<br>"What Should Be"   |
| <b>Basic Assumption:</b><br><b>An Organization Is a<br/>Problem to Be Solved</b> | <b>Basic Assumption:</b><br><b>An Organization Is a<br/>Mystery to Be Embraced</b> |

(Cooperrider & Srivastva, 1987)

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