



8.35 – 8.40	5 min	Introduction	
8.40 – 8.55	15 min	Introduction to Culture	What is it What does it look like Examples Functions Influences Engagement / Disengagement
8.55 – 9.05	10 min	Why is culture important	Indicators of strong culture Economic contribution Valuing a Company Intangibles Examples
9.05 – 9.35	30 min	Diagnosing your Culture	Questionnaire Types of Culture Working Example Working Example Outcome
9.35 – 10.05	30 min	How to create the desired Culture	Working Example Elements Behaviours Siemens
10.05 – 10.30	25 min	Profits through People	Selective Hiring Virgin Structure Structure Types Coca Cola
BREAK			
10.30 – 10.45		Other Considerations	Alignment with organisation culture Other Checklist
10.45 – 11.00		Close and Review	Agenda Conclusions



Human Resources and Managing the Culture

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Agenda

- *Introduction to Culture*
- *Why is Culture important*
- *Diagnosing your Culture*
- *How to create the desired culture*
- *Summary and Conclusion*



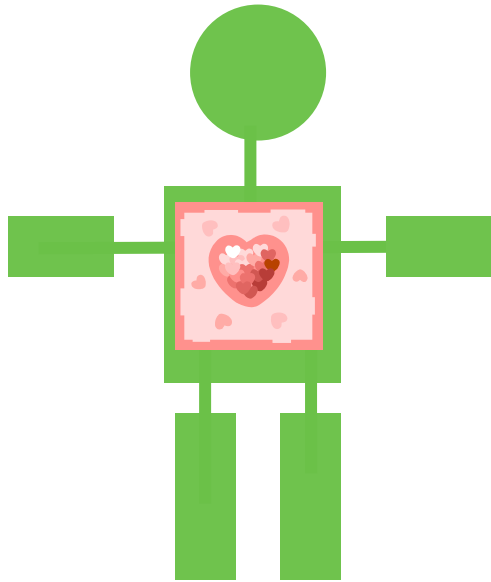
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INTRODUCTION TO CULTURE



Culture – what is it?

- *‘the unwritten rules’ or ‘the way things are around here’.*
- It is a complex blend of
 - attitudes,
 - expectations,
 - policies and
 - normsthat effect motivations & behaviours



Structure and
Culture

Body and
Soul



What does Culture Look Like?

Invisible Manifestations

- Values
- Private Conversations (with self or confidants)
- Invisible Rules
- Attitudes
- Beliefs
- Moods and Emotions
- Unconscious Interpretations
- Standards of Behaviour
- Paradigms
- Assumptions

Visible Manifestations

- Dress Code
- Work Environment
- Benefits
- Perks
- Conversations
- Work/Life Balance
- Titles & Job Description
- Organizational Structure



Kerry Group Culture

- Kerry Group promotes a culture of commitment and continuous development.
- We view employees as an important part of our success and future development and strongly believe in technological creativity, superior product quality and superior service to our customers.



JFC Culture

- JFC is renowned worldwide for its innovative quality plastic products in the environmental, recycling, civil, agriculture, marine and materials handling industries.
- Investment in people, R&D, leading edge technology and an unerring commitment to Quality and Customers ensure JFC's position as a market leader in the plastics industry.



Functions of Culture

- 1. Behavioural control
- 2. Encourages stability
- 3. Provides source of identity
- 4. May be a source of competitive advantage



What Influences Culture?

- Leadership
 - Founder's belief's, values, and basic assumptions
 - Role-modelling
- Internal influences
 - Processes & policies
 - levels of trust
 - Empowerment
 - Bureaucracy
 - Rituals and myths
- External influences
 - Recession
- Other
 - What has worked in the past
 - Critical Incidents
 - Conflicts

Schein



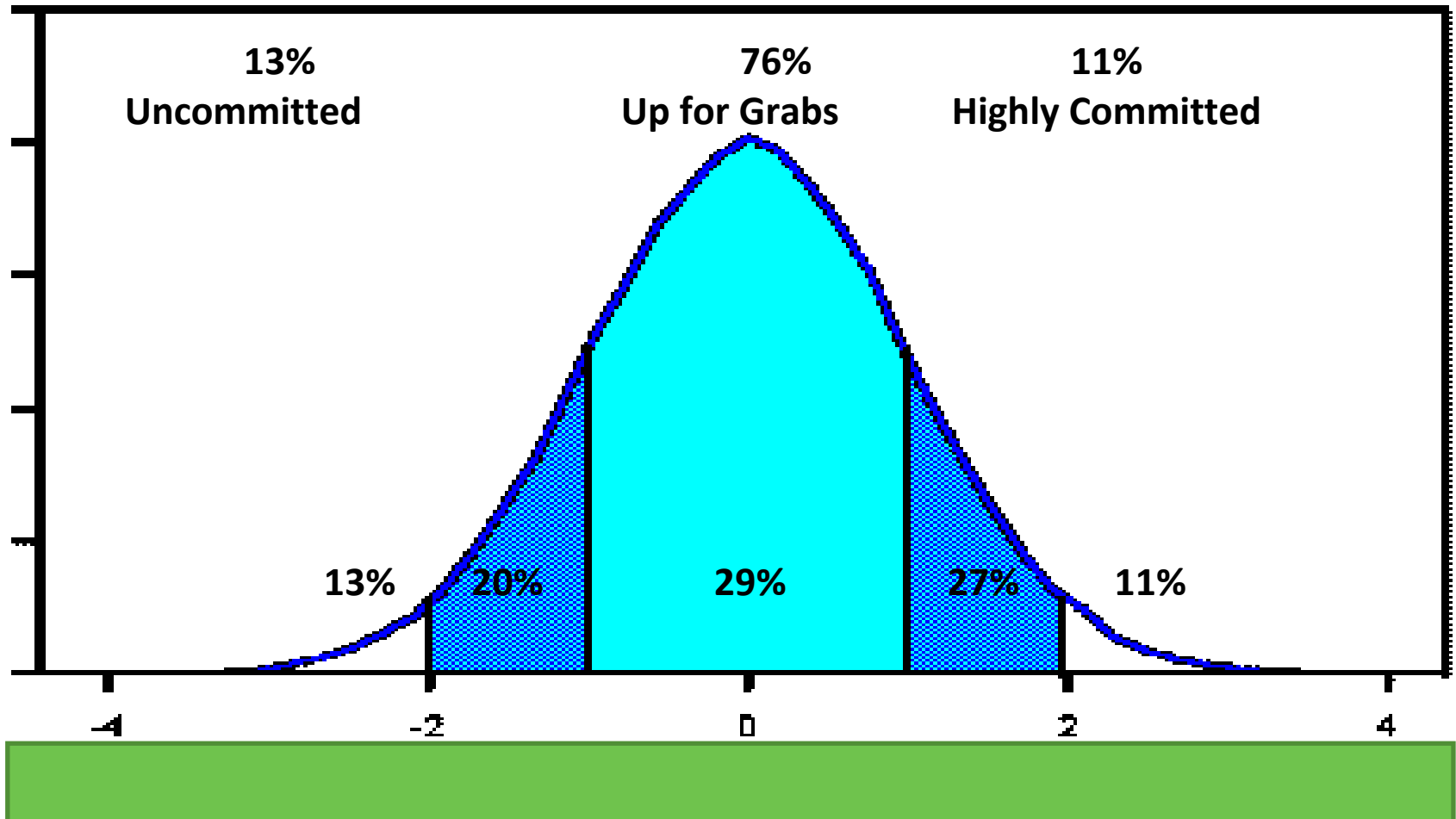


Engagement and Dis-engagement

- 5% Actively Engaged
- 25% Engaged
- 30% Fluctuate
- 35% Dis-engaged
- 5% Actively Dis-engaged
 - constantly complain,
 - never satisfied no matter how good things are.
 - nothing you can do
 - they are hard-wired this way



Engagement and Dis-engagement





Employee Engagement

- Companies with 50-75% engaged employees are:
 - 50% more likely to have low turnover
 - 56% more likely to have higher than-average customer loyalty
 - 27% more likely to report higher profitability
 - 38% more likely to enjoy above average productivity

Turley



2

WHY IS CULTURE IMPORTANT



Why is Culture Important?

Average Increase for Twelve Firms with
Performance-Enhancing Cultures

Average Increase for Twenty Firms
without Performance-Enhancing Cultures

Revenue Growth	682%	166%
Employment Growth	282%	36%
Stock Price Growth	901%	74%
Net Income Growth	756%	1%

Kotter & Heskitt, 1992



Indicators of Strong Culture

1. managers commonly speak of the company's way of doing things
2. the firm has made its values known and encourages managers to follow
3. the firm is managed less by a current whim than by long held principles



Economic Contribution

- Culture contributes to economic performance if the company is in a high level of market competition
- 23% of the variance in company ROI can be predicted by the strength of culture



Key issue in valuation of companies

- Intangibles

- Most important intangible is Culture
- i.e. *the way they do things in there* (Schein)



Example

Ernst and Young / University of Michigan Research



Intangible Examples

Intangible	Definition to the Company	Company
Beliefs	We can always do something new and different	3M / Intel
Values	We all work together across units and countries	Ericsson
Assumptions	If you step out of line there will be consequences	Continental Airlines
Expectations	Our knowledge will generate great ideas	Toyota / Unilever
Policies	We attract, motivate and retain competent and committed people	McKinsey / Hitachi
Norms	We build good and enduring customer relations	Marriott

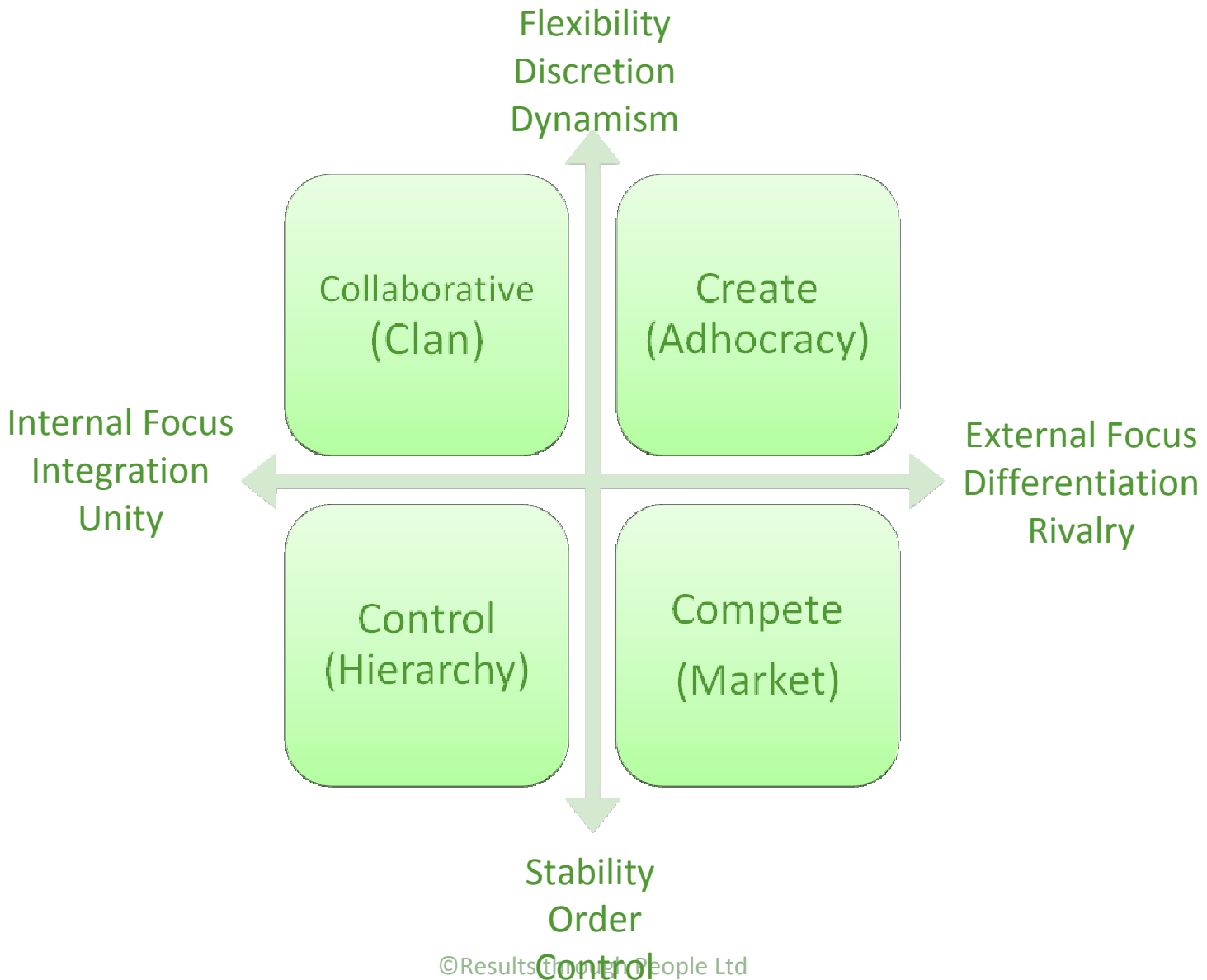


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DIAGNOSING YOUR CULTURE

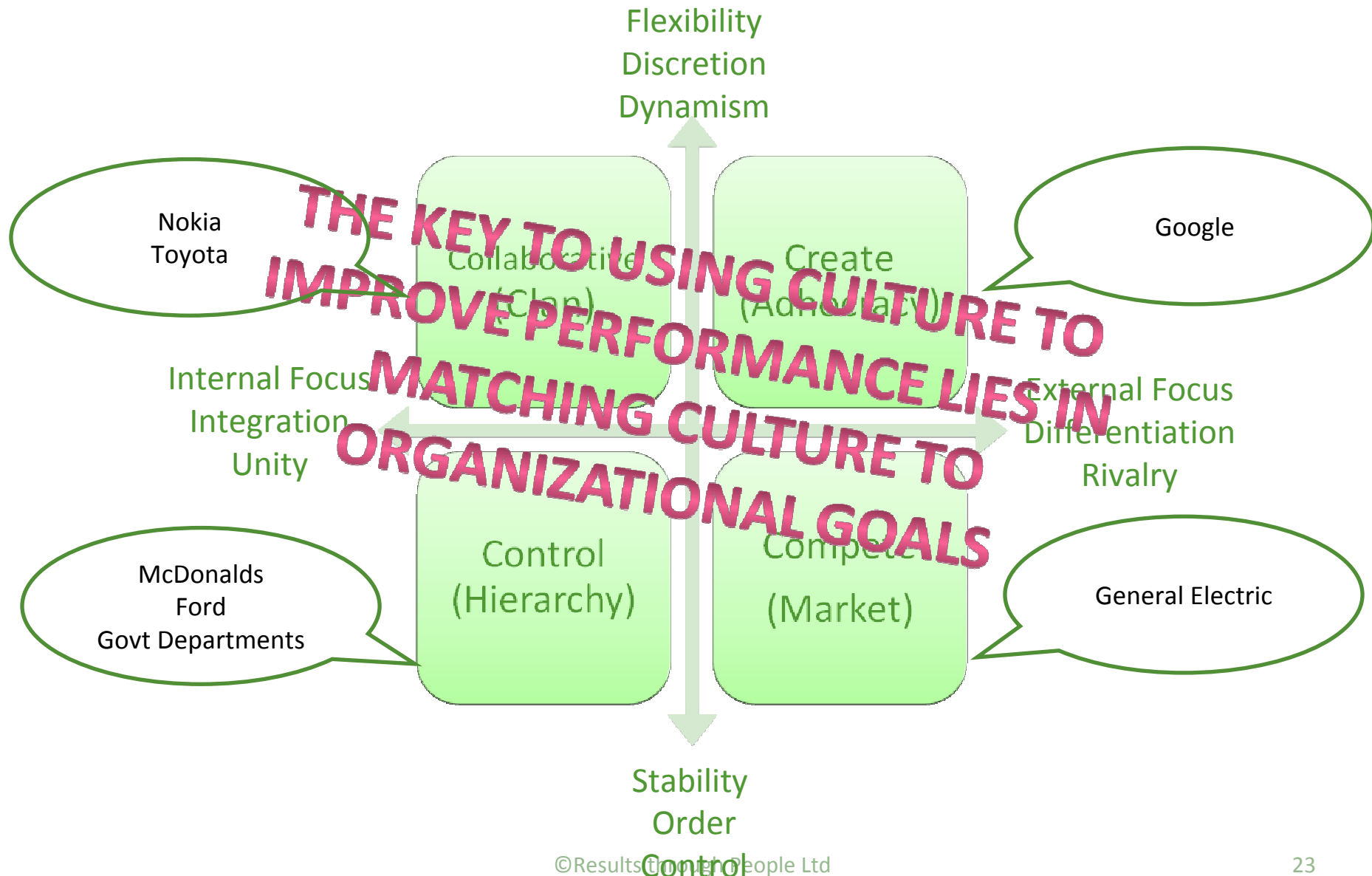


Types of Organisational Culture





Types of Organisational Culture





“Control (Hierarchy)” Culture

- A highly structured and formal place to work.
- Rules and procedures govern behaviour.
- Leaders strive to be good coordinators and organizers who are efficiency-minded.
- Maintaining a smooth-running organization is most critical.
- Formal policies are what hold the group together.
- Stability, performance, and efficient operations are the long-term goals.
- Success means dependable delivery, smooth scheduling, and low cost.
- Management wants security and predictability.



“Compete (Market)” Culture

- A results-driven organization focused on job completion.
- People are competitive and goal-oriented.
- Leaders are demanding, hard-driving, and productive.
- The emphasis on winning unifies the organization.
- Reputation and success are common concerns.
- Long-term focus is on competitive action and achievement of measurable goals and targets.
- Success means market share and penetration.
- Competitive pricing and market leadership are important.



“Collaborate (Clan)” Culture

- An open and friendly place to work where people share a lot of themselves.
- It is like an extended family.
- Leaders are considered to be mentors or even parental figures.
- Group loyalty and sense of tradition are strong.
- There is an emphasis on the long-term benefits of human resources development and great importance is given to group cohesion.
- There is a strong concern for people.
- The organization places a premium on teamwork, participation, and consensus.

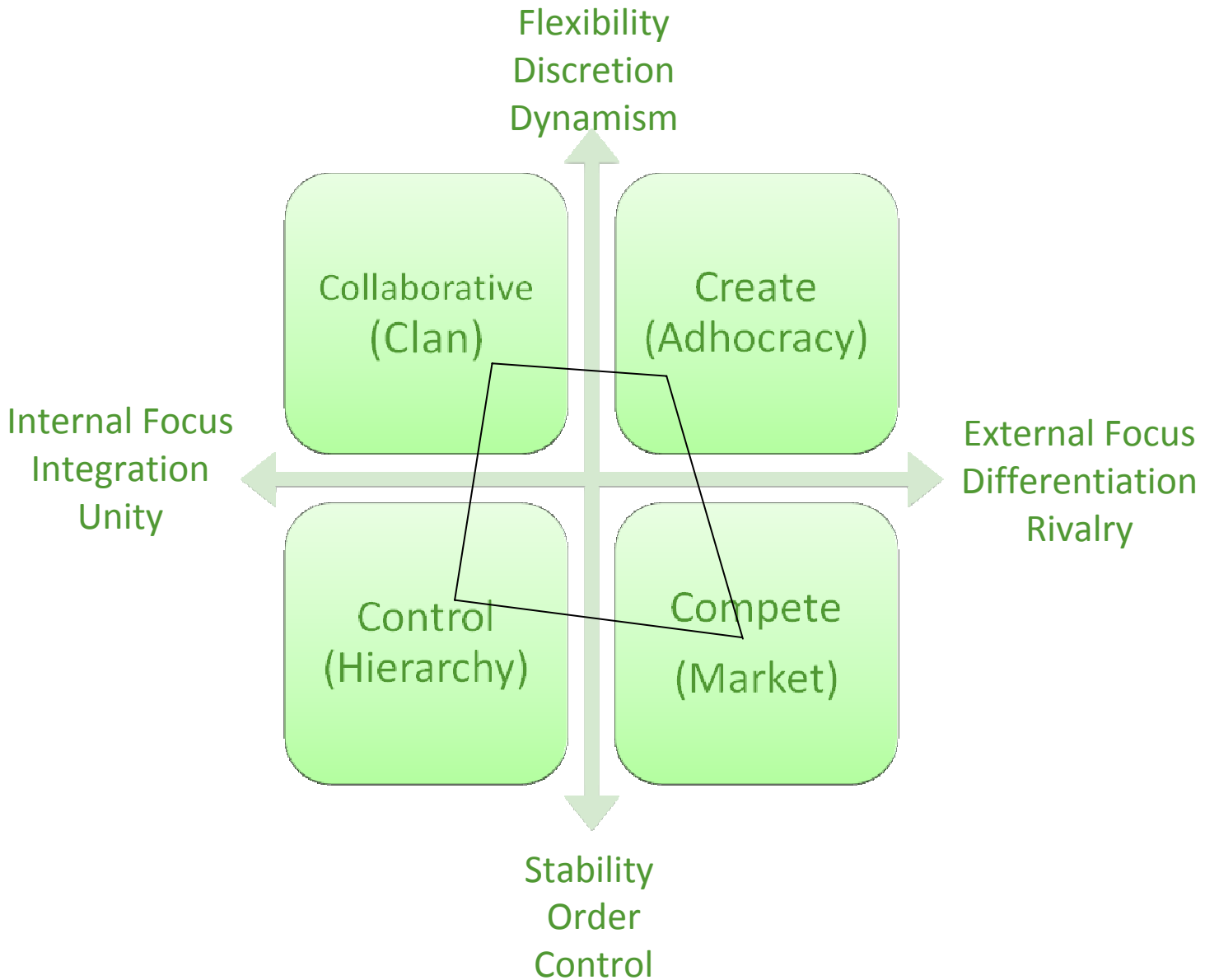


“Create (Adhocracy)” Culture

- A dynamic, entrepreneurial, and creative place to work.
- Innovation and risk-taking are embraced by employees and leaders.
- A commitment to experimentation and thinking differently are what unify the organization.
- They strive to be on the leading edge.
- The long-term emphasis is on growth and acquiring new resources.
- Success means gaining unique and new products or services.
- Being an industry leader is important.
- Individual initiative and freedom are encouraged.



Working Example – Culture Now





Working Example has identified.....

- It's organisational cultural type (OCAI)
- 3 sources of competitive advantage
 - Speed
 - Flexibility
 - Variety of services
- The kind of people it needs to deliver on these
 - Highly qualified in specific areas
 - Experience in specific areas
 - Continually strive to increase their knowledge and learning
 - Tolerance of ambiguity
 - Appreciate the business environment
 - Effectively interact with external "parties"
- The characteristics they will demonstrate
 - Flexibility
 - Ability to multi-task and move between jobs
 - Excellent attention to detail
 - Right first time
 - Excellent communication skills (written and verbal)
 - Business acumen
 - Application of knowledge
- The dysfunctional organisational characteristics that are the biggest obstacles to their success
 - "Family" mentality
 - Dysfunctional "clique"
 - Management tolerance
 - Working outside the required standards
 - Lack of flexibility
 - Lack of continuing education and learning



4

HOW TO CREATE THE DESIRED CULTURE



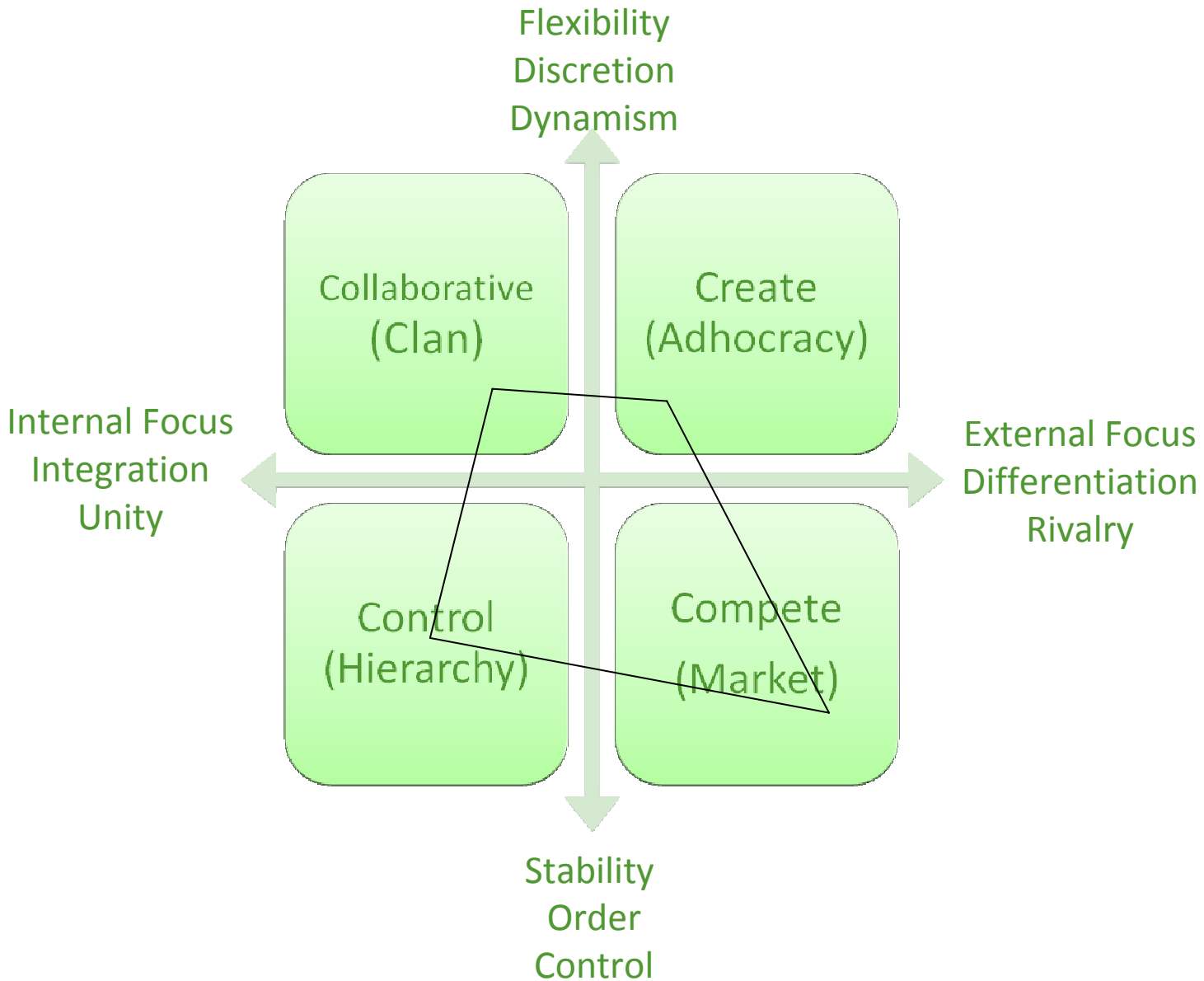
Desired
Culture

Existing
Culture





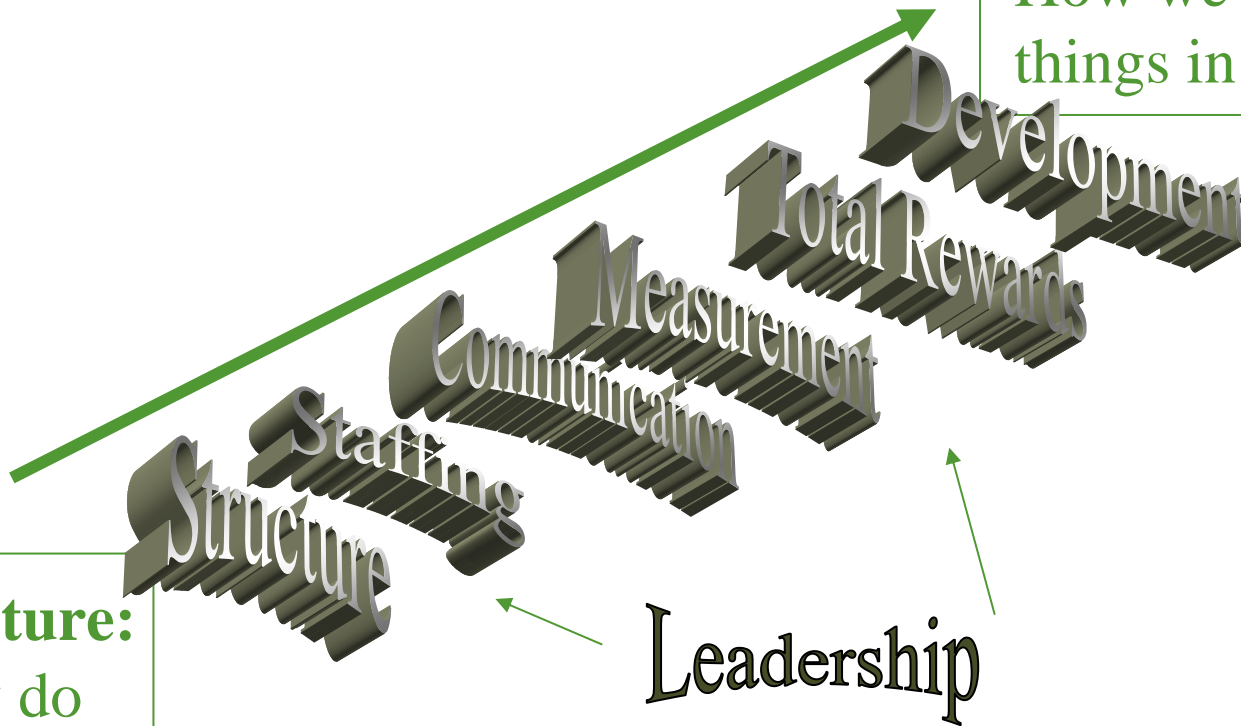
Working Example – Culture Preferred





Business Strategy

Desired Culture:
How we must do
things in the Future



Existing Culture:
How we now do
things around here



How to Create the Desired Culture

How you Structure
How and who you Staff
What you Say and Do
What you Performance Mge
What you Reward
What you Develop
How you Lead

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Creating the Desired Culture

Successful Behaviours

- Identify the successful behaviour patterns and give them permanence and stability

Dysfunctional Behaviours

- Identify and remove the dysfunctional behaviour patterns

Siemens Case Study



Siemens Summary

- Siemens AG is a global electrical and electronics business with a turnover of nearly £60 billion.
- 'high performance culture' everyone shares the same vision and trust and value each other's contribution.
- Siemens is committed to its half a million employees.
- If people are properly managed, they will motivate themselves to do a good job. Siemens believes in the full engagement of people in the workplace.
- Responsibility + Being Trusted -> Engagement, Commitment and high Performance
- People, like its technology and innovation, are a source of competitive advantage.



Creating a High Performance Culture

Siemens Summary

- Based on teamwork
- Shared Vision
- Performance Management
 - Direct line of site
 - Clear expectations and targets
 - Monitoring
 - Ongoing dialogue and discussion
- Talent Management
 - increasing the global talent pool
 - Job enrichment / enlargement
- Career Development
 - Coaching and mentoring
- Leadership Development
 - Siemens' Leadership Excellence Programme(SLE).



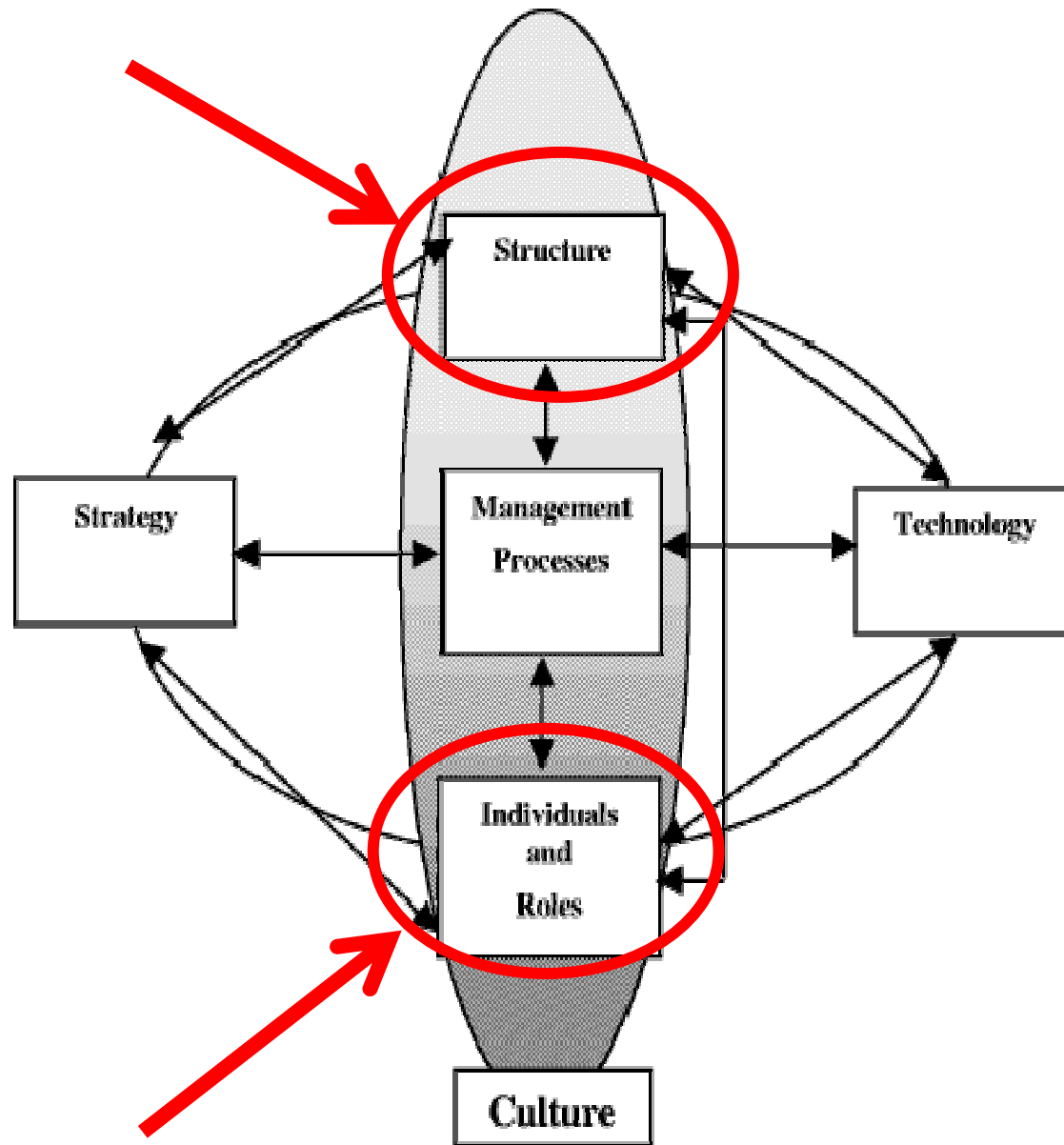
PROFITS THROUGH PEOPLE



To produce profits through people must have.....

1. Employment security
- 2. Selective hiring**
3. Extensive training and development
4. Employee involvement & information sharing
5. Performance related compensation
- 6. Structure**

Adapted from Pfeffer J: The Human Equation: Building Profits By Putting People First. Boston: Harvard Business School; 1998





1. SELECTIVE HIRING



People make the difference





Demonstrated Competence



Knowledge



Skills



Abilities





How to Achieve This?

Right
People

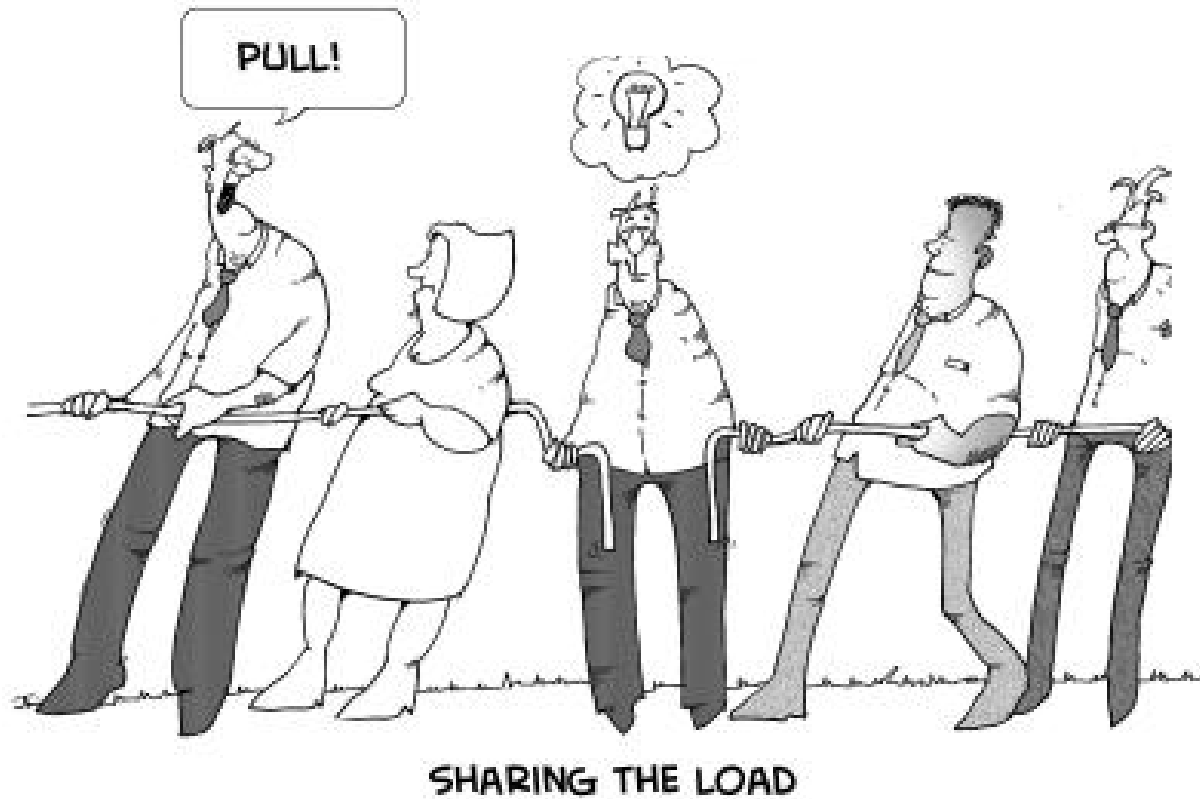
Right
Place

Right
Time

Right
Thing



Finding the right people





Recruitment & Selection

- Employees need to have

- Social
- Interpersonal
- Teamworking &
- Technical Skills

Virgin Case Study

*....plus the right attitude, commitment and
“trainability”*



Virgin Trains Case Study Summary

- Operates in Glasgow, Manchester and Birmingham to London.
- Average journey time from Manchester to London is just over two hours.
- Operates 333 trains; carries > 62,000 passengers a day.



Virgin Trains – Recruitment & Selection

- Puts customers first
- Front line employees directly interact with customers
- Suggestions for improvement come from employees
- Managers role to encourage and harness this
- Converting vision/culture to reality in Recruitment and Selection
 - Articulating behaviours which underpin the vision
 - General customer service skills
 - Valuing customers
 - Listening skills
 - Conflict resolution
 - Referral skills
 - Information Gathering
 - Service Improvement
 - Interviewing against these behaviours / skills
 - Selecting based on compatibility between the individual, demonstrated behaviours and shared vision



Recruitment and Selection Check List

*Checklist Posted
Prior to Session*



2. STRUCTURE



How we Structure/Coordinate





Unsuccessful business structures

1

The Person
with the idea
(technical or
design expert)

2

A Sales and
Marketing
Person

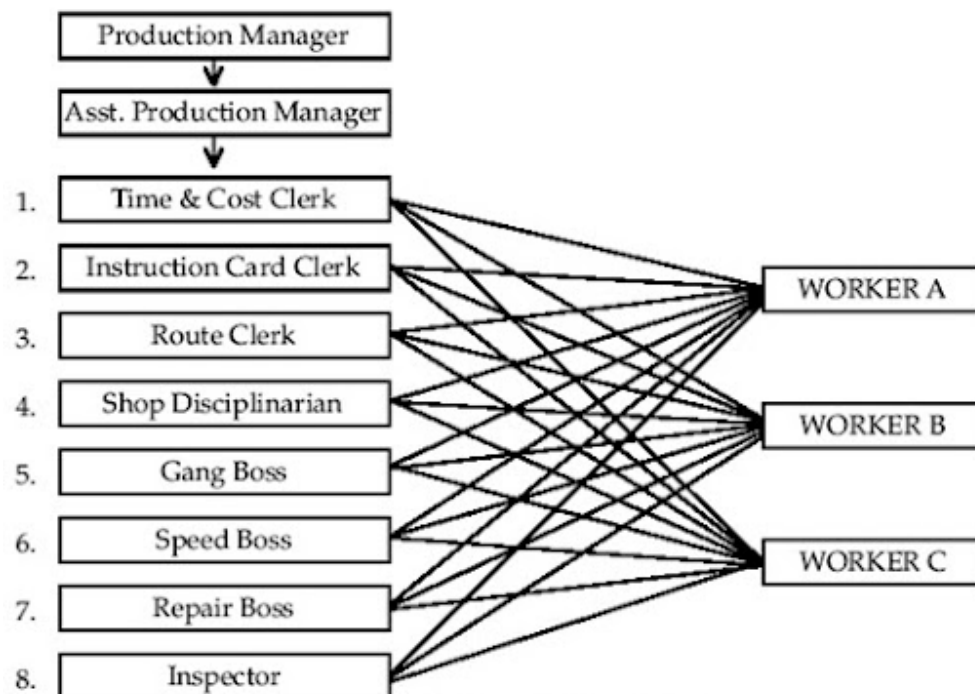
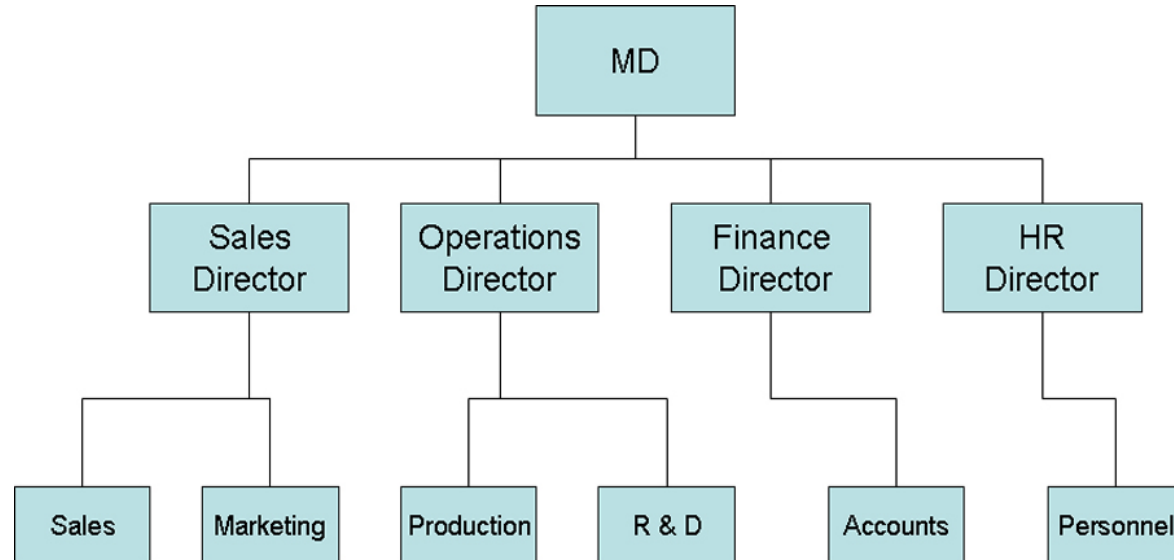
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A Strategic
Thinker



Types of Structure

- Centralised
 - One decision maker – communicates to others
- Bureaucratic
 - Hierarchical; Defined Roles; Chain of Command and Control
- Divisional
 - R&D; Manufacturing; Business Development
- Functional
 - Finance / IT / Operations / Distribution / Manufacturing
- Product
 - Product A / Product B / Product C etc
- Geographical
 - Europe / USA / Asia
- Matrix
 - Combination of functional and product



Functional Organisation Structure



Organisational Structure Factors

- Clear and functioning
 - Reporting line(s)
 - Job Description
 - Training and Development
 - Team structure (*where applicable*)
 - Performance Management

Coca Cola
Case Study



Coca Cola - Summary

- Global Company – structure reflects that while meeting needs of regional markets
- Largest beverage company in the world
- Wishes to make local connections with consumers
- Challenge is to build an organisational structure that will deliver a global and local strategy

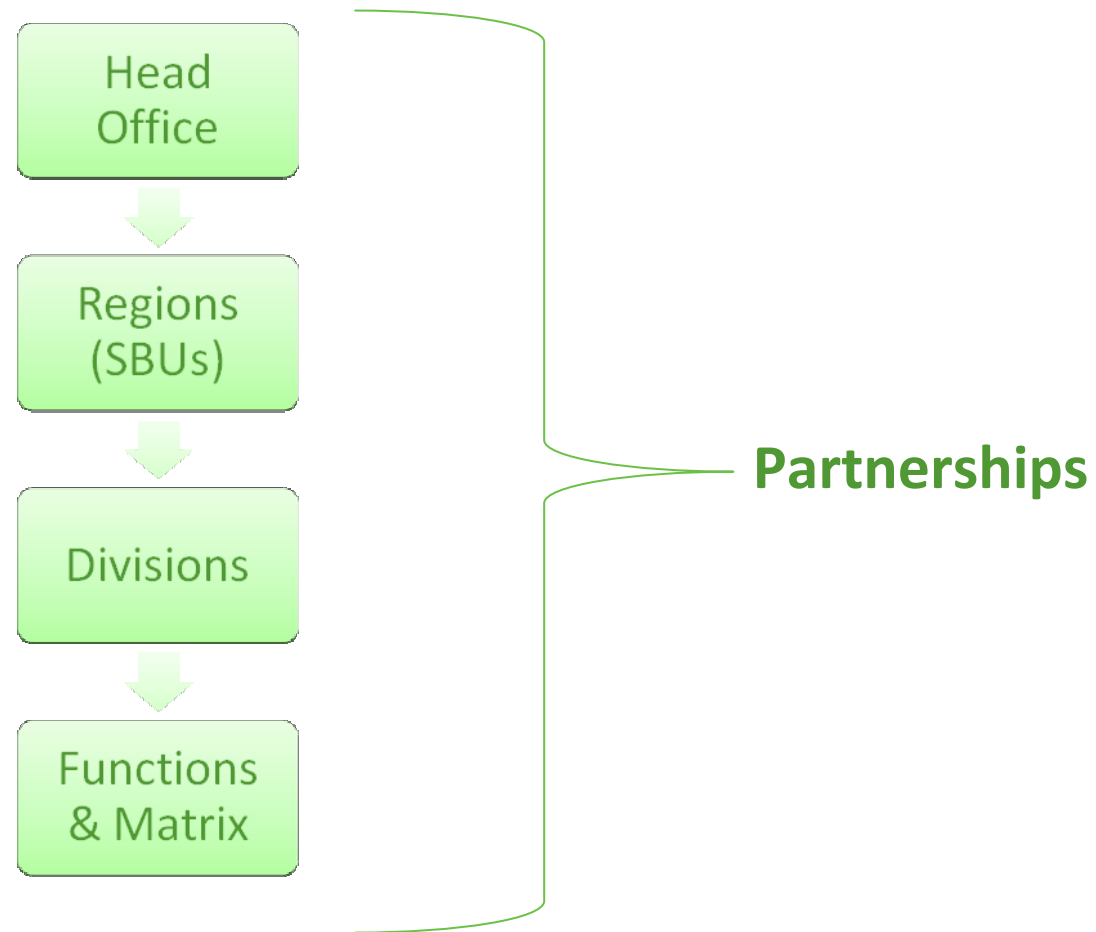


Coca Cola Structure

- Structure is the way the pieces of the organisation fit together internally.
- It also covers the links with external organisations such as partners
- Strategy and structure must be woven together
- Structures need to be designed to
 - meet aims
 - combine flexible decision making and ideas sharing with appropriate levels of management and control from the centre
 - Encourage teamwork



Coca Cola Structure *contd*





5

OTHER CONSIDERATIONS



Alignment with Organisational Culture

- Correct organisational fit
- Internally aligned
- Mutually reinforcing



Other Considerations to Support Culture

- Corporate Governance
- Employment Legislation Requirements
 - Employee Handbook
 - Policies and Procedures
 - Health and Safety
 - Documentation & Records

*Checklist
Posted
Prior to
Session*



5

QUALITY REVIEW AND CLOSE



HR & Behaviours

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graph LR; A([HR Practices]) --> B([Required Behaviours]);
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**HR
Practices**

**Required
Behaviours**



Agenda

- *Introduction to Culture*
- *Why is Culture important*
- *Diagnosing your Culture*
- *How to create the desired culture*
- *Summary and Conclusion*



CONCLUSIONS

1. Align Culture and Processes
 1. It provides a set of informal rules and peer pressures for doing the job.
 2. It motivates people to do their jobs in ways supportive of effective strategy implementation.
2. Diagnosing Supportive and Non-Supportive Aspects of Company Culture
3. Changing Non-Supportive Aspects of Culture - managers need to implement both symbolic and substantive actions to make changes.
 1. Symbolic examples include managers being role models for lowering cost by cutting perks
 2. Substantive examples may include replacing old-line executives with more dynamic managers or changing outmoded policies.
4. Know your industry's driving forces. Will the present culture enable or retard your progress? How can a spirit of high performance be engendered?



Human Resources and Managing the Culture

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% of workplaces with this practice in place

Human Resource Practice	Public Sector	Private Sector
Use of performance test for selection	58	44
Preference for internal candidates in selection	16	30
Standard induction programme for new recruits	80	76
40% or more received formal job training in last year	68	37
Employees have a lot of variety in their work	52	41
40% or more work in formally designated teams	54	40
At least 25% of time at meetings devoted to employee questions	63	49
40% or more take part in problem-solving group	28	16
Attitude survey in last three years	54	40
Formal appraisals for 40% or more of non-managerial staff	77	87
Formal grievance procedure in place	100	90
Job security guarantee	15	5
Performance related pay for non-managerial staff	20	38
All employee share ownership scheme	N/A	25



Assessment of HR Practices

	Managing Directors		HR Professionals	
Assessment of HR Practices	Quiet Effective	Highly Effective	Quiet Effective	Highly Effective
Recruitment and selection	41	13	41	12
Training and development	40	17	39	17
Appraisal/perf management	34	14	27	11
Job design	31	7	27	4
Communication, consultation	43	23	39	12
Financial flexibility	24	9	22	6
Harmonisation	32	20	34	17
Employment security	39	23	45	26