

# Seven Steps to Retaining Organizational Culture for Fast-Growth Companies

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**Retaining culture** – the most over-looked and perhaps one of the most critical aspects of growing your business – can make it or break it for a growing business. Getting this right from the get go avoids hiring disasters, creates a unified field within the organization and generates high degrees of performance, collaboration and successful relationships across an organization as it grows.

According to research by journalist Bennett Voiles, “A lot of things must go right for a company to succeed. The right offer, the right niche, the right level of capital, the right leadership and the right kind of employees—the list goes on and on. Frequently overlooked in that crush of number one priorities is culture, although getting the culture right is arguably at least as crucial. James Heskett, a professor emeritus at Harvard Business School and author of *The Culture Cycle*, estimates that as much as half of the differences in operating profit between companies are due to cultural differences. “Like intellectual capital, like human capital, culture is a true competitive advantage. But like anything, most senior leaders are so preoccupied with the day to day operation, culture tends to be paid lip service,” says Shalom Saada Saar, Professor of Managerial Practice at Cheung Kong Graduate School of Business and Senior Instructor, MIT. Victorious but Vulnerable Ironically, fast-growing firms—arguably the healthiest firms of all—may be particularly at risk. “Fast growth has an inverse relationship to culture building: you don’t have time to think, you don’t have time to plan,” explains Saar. Unfortunately, the ‘soft’ issue of culture is hard to get right. Successful start-ups don’t have cultural problems as a rule, according to Heskett: if they do, they’re dead. “If you have a culture problem in a start-up, you’re not going to make it, that’s all,” he says.

Corporate culture experts say managers should start to worry about how to pass on their company’s culture right about when they hire their 60th employee. “You know it because it’s the day when you don’t know everyone’s name. It’s the day you walk in and there’s this person working in the company and you’re like, ‘Who’s that?’ And they’re like, ‘Well, that’s our new vice-president or assistant of or supervisor for...’, and you’re like, ‘Whoa! Man, I don’t know everybody any more’. And that’s when the culture starts to leak,” says Verne Harnish, president of Gazelles, a Virginia-based executive education firm that focuses on small and medium company growth. Fast growth can make it easy for the company to deceive itself about the quality of the company’s culture. “Growth covers up bad

management, especially those who make their numbers but can't manage by the values of the organization," says Heskett, in a telephone interview. Growth can also exacerbate problems. Applicants often tend to be more eager to join a booming company, making them less careful in deciding whether they will fit in, Heskett says. With so much work to be done, hiring decisions tend to be made more quickly too, and less time is spent with the candidate discussing the core values of the company and the pros and cons of the job. Training and orientation are given the short shrift, and new hires are placed less where they might fit best than where the need is greatest."

So how do you get culture right as you grow? There are 7 key steps to building and retaining culture.

1. **Create a clear, easily explainable mission of the company's core purpose and values.** Why do you exist as an organization and what matters most? What do you care about? Values are important because it identifies the behaviors that we value. It guides people as to the kinds of actions and behaviors that support mission and the identity of the company in the world. Companies are best identified by their values. You can tell a lot about the values of a company by how it "feels" to be there. For example, purely profit driven companies have a totally different "feel" to them than companies in which their people matter. Values are not "one word" answers, such as "honest" or "creativity" but should be written as operational definitions that guide behavior, such as "Communicate respectfully and honestly in a way that builds relationships." That statement doesn't allow people to interpret "honesty" as running around telling everyone what you think or having to put your two cents in on everything.
2. **Develop the skills and capabilities that support the values in action.** Every value in action represents a set of skills and capabilities that bring it into existence. For example "Communicate honestly and respectfully in a way that builds relationships" is a great definition of a value, however if the people who are being asked to do that lack the knowledge and skill sets for communication and for building relationships, than it is impossible for them to bring the value to life even if they want to. Higher level skill sets may be required to do this effectively in a variety of situations. For example, the ability to successfully resolve a work conflict in a way that builds relationship requires communication and conflict resolution skills that may be beyond the level of many employees. It is therefore necessary once you have identified the vision and values of a company to identify the capabilities and skills sets necessary to deliver on it. Offering ongoing training and practice sessions of these skills is essential in order to make vision and values more than a document posted on a wall. This needs to be an ongoing part of the culture, not a one time "we already taught you how to communicate" approach to engendering essential skills for the values in action. Without this it is almost impossible to uphold the values of an organization over time. It also continues to feed the conversation of values

and to strengthen the employees' abilities to demonstrate them in varying situations.

3. **Create a North Star vision.** A company's vision is the imagined and desired future of the company as it lives its mission and values. It guides decision-making and goals. Decisions, goals and actions are measured against their ability to forward the vision and values of the company. You can identify the biggest "needle movers" of vision and values as you decide what are the best choices to make as we grow. It also helps avoid fast, short-term solutions that compromise the bigger picture or are costly to the culture, and therefore the company, in the long run.
4. **Keep the conversation alive.** You can tell a lot about a company by the quality of the conversation inside the company: No conversation about values, no awareness of values. No conversation about vision, no awareness of vision. What is the conversation like in your organization or team? Is the conversation about complaints and negativity or blame? Is it just about tactics and strategies and profit? The conversation about values and vision must be woven on-goingly into formal and informal conversations. Business vision, and values are not separate conversations. If you think of it that way, you'll never have the conversation about values because there is always urgent and pressing business. Instead, include the concern for values – how this action expresses our values, how this forwards our vision – as part of the business conversation. Notice what "trumps" values – for example, does convenience trump taking the time to communicate in a respectful way? Does being liked trump honesty? Bring awareness about that through communication and feedback. Companies also find fun, inclusive and creative ways to keep values alive. For example, some companies have a Culture Committee which includes people who are influencers at all levels of the organization. This keeps the values flowing in all directions up, down, sideways and diagonally rather than have it being a top down driven initiative. The more values are driven "up" and "across" rather than down the better. Have people from different parts of the organization acknowledge and recognize each other for performance and demonstration of values. This lets people know that what they do is recognized across the organization. When a manager from accounting walks into the marketing department and congratulates an employee on an accomplishment, it comes as an unexpected surprise and demonstrates organizational awareness.
5. **Hire and fire by culture.** Zappos, a company famous for its culture says, "We are slow to hire and quick to fire." This means that they take the time to make sure that someone is a good cultural fit before hiring them. Also as soon as they become aware that someone they've hired is the wrong hire for the culture, they remove him or her as quickly as possible so as to not compromise the culture. Be uncompromising about culture or you send a message to everyone else that culture doesn't matter. For example, if you keep someone in the mix who is a gossip, and that is inconsistent with the culture you want to create, than you will soon have much more gossiping going on because you have sanctioned it by keeping that person on board. Make the values a key part of your hiring decisions as well as your on-

boarding process. Give clear and timely feedback on anything that is inconsistent with the values or mission of the company as well as rewarding behaviors that support the values and forward the vision.

6. **Create Organizational Stories.** Companies that have strong cultures have a treasure trove of stories that exemplify the culture and the kind of employees and actions that support the values and mission of the company. These include stories about how the company started, the founder's vision, acts of heroism by employees, and other true tales that convey the culture. Sharing stories and having venues in which these kinds of stories can be shared is key to maintaining the experience of culture within the organization. These stories should be emotionally touching or humorous and have good teaching points to them. They should inspire or move people as well as instill a sense of pride in the organization. Stories convey a company's identity and give people a sense of identity as being part of the organization.
7. **Culture is every leader's primary job.** As the company grows, keeping an eye on culture is the job of every leader in the organization and eventually every person in the organization. Culture is not something that can be designated to one person, although some organizations have a Chief Cultural Officer. Ideally, the CEO spearheads culture and the leaders are zealots of the company culture, values and vision. Leadership alignment on the culture is crucial. No one gets to think "Culture is not my job." Leaders must role-model the values and inspire them throughout the organization as well as be aware of where the values are present and where they are weak or missing.

To retain organizational culture, create systems, structure and support that strengthen the vision and values. Remember that culture must be developed in an ongoing way as a part of the organization, not as an annual event. When you do this you create a culture that has the capability to deliver the vision and values of the organization.