The word culture is everywhere. David Ulrich, winner of the Society for Human Resource Management’s Professional Excellence award in HR Education, says that HR professionals should be spending at least 21% of their time managing the company culture. Cultural anthropologist and futurist Jennifer James, in a General Session at the June, 1998, SHRM National Conference, says that HR professionals are the culture carriers — the story-tellers — of the organization, and adds that unless companies can accurately read and reflect the overall culture, they will fail to recruit and retain the best and the brightest.

Herb Kellerher, CEO of the most profitable airline in the US, sees culture as the source of Southwest’s competitive advantage. And all over Atlanta companies are focused on culture as they work to successfully build, change, or merge their organizations.

Kelleher says that culture is the source of competitive advantage at Southwest. Kelleher acknowledges that Southwest does a lot right. They use point-to-point routes, fly relatively new planes, use only one type of plane, and are famous for "no frills" - no meals and no assigned seats. When asked in a taped interview why he doesn't consider those things the reason for competitive advantage, Kelleher's says ardently, "All those things could be copied by a competitor tomorrow. The only thing they can't copy is our culture."

Southwest has a culture a lot of companies would like to copy. There are few trappings of power and little bureaucracy. Employees get things done quickly, have fun, move fast, and work together. New ideas are easy to bring forward and quickly shared. The result is a workforce that is fiercely committed to Southwest and fiercely dedicated to the customer. According to Libby Sartain, Southwest’s "Vice President of People," the culture gives Southwest a significant advantage in recruiting and retention: fifty thousand apply for 5000 openings per year, and turnover is far below industry standards.
Atlanta companies are also finding that culture can provide a recruiting advantage in a tight labor market. Fred Cassidy, Vice President of Human Resources at Advance Technology Corporation, a rapidly growing Atlanta-based software company, believes that a company culture explicitly built on the values of Innovation, Character, and Excellence gives him an advantage with high tech recruits. Cassidy reports that he explains to recruits that ATC founders wanted to build a "company of values, not a company with values." He reports that he is now getting added points with recruits when he explains that ATC will be using a company-wide 360 degree evaluation to assess how well each person demonstrates the values of the company culture in their daily work life.

"Culture" at SHRM’s Annual Conference

Dave Ulrich presented his latest thinking in one of the three Master’s Series sessions at the SHRM National Conference. Ulrich defines culture as values, practices, and "patterns over time." He sees a culture as creating an "identity for the firm in the minds of the customer." A strong, positive culture, according to Ulrich, is a corporate identity that enhances the value of the firm — that builds the firm brand. Culture creates brand equity at Saturn, where advertisements tout Saturn as "a different place to work." In Atlanta, Delta is working to recreate its firm brand as a culture where employees and customers are respected and treated well.

Ulrich suggests that executives of a firm be led through a prioritization process to create consensus about desired culture. Ulrich places cultural attributes on cards (using an adaptation of the Lominger Organization Architect dimensions), and has executives sort them in order of importance to the company. Sample clusters of attributes include having a shared mindset, being intrapreneurial, being a preferred employer, and being fast in the marketplace.

Jennifer James’ opening speech on the third day of the conference was entertaining but provocative. She said that we are in a time of profound change in our "cultural stories," and said that many companies don’t reflect that change, making recruitment and retention of the new generation very difficult. James says that the general culture no longer supports hierarchical, male-dominated, egocentric values. According to James, the myths of the culture have changed. The Lone Ranger has been replaced by the Mighty Morphing Power Rangers, who "work on empowered teams."
Companies that succeed will have to build cultures that engender loyalty quickly and provide extraordinary levels of creative opportunity and access to information. "It's not that Generation Xers don’t have a work ethic," James says, "it’s that they don’t have a boredom ethic."

Successful company cultures, according to James, will also embrace diversity. She suggests leaving a company where people are hired according to a "lunch test" — hiring only people that you would feel comfortable eating lunch with for the next twenty years. Those companies won’t understand their customer base.

**Culture and Performance**

The landmark studies of John Kotter and James Heskett, published in *Corporate Culture and Performance* in 1992, give insight into what kind of cultures create sustainable competitive advantage. Kotter and Heskett compared companies with adaptive, "performance enhancing" cultures to a group of companies without adaptive cultures. They define performance enhancing cultures as those that promote risk taking and innovation, are receptive to change, value entrepreneurship, and encourage mutual support in identifying and solving problems. Over several decades the first group outscored the comparison group on several measures. Revenue growth over the period was 680% for the companies with performance enhancing cultures, versus 175% for the comparison group. The difference in stock price appreciation was were even greater: 900% versus 75%.

Early research data using the Cultural Assessment Tool developed by Richard Hagberg and Julie Heifitz of San Francisco-based Hagberg Consulting Group provides some insight how organizations can develop the risk taking, adaptive behavior they are striving for. Companies that score high on the Risk Taking Scale also score high on other scales that are not surprising: Autonomy, Intellectuality, Constructive Conflict, and Aggressiveness (measured by such questions as "We know what we want and we go for it."). These companies also, however, score high on scales that are not so easy to predict. The Risk Taking scale correlates above .45 with the Diversity, Loyalty, Openness, Participation, Supportiveness, and Teamwork scales, and the highest positive correlations are with Innovation, Respect for the Individual, and Trust. The highest negative correlations are with Hierarchy, Internal Focus, and Politics. The findings suggest that people seem most willing to take risk and say what they think when they trust their coworkers, don’t have to "watch their backsides," know that divergent views are tolerated, and see themselves as part of a strong team.
"Company Culture" in Atlanta

Established Cultures that "Work"

Hewlett-Packard is a company with an Atlanta presence whose culture combines autonomy, teamwork, and a disdain for politics. The values of the company were expressed by the founders in the "H-P Way," and many view the resulting culture as responsible for H-P’s long term success. Dave Packard and Bill Hewlett believed that people want to do a good job and will in a climate of respect and autonomy. There is limited hierarchy at H-P: titles don’t mean much and people cross boundaries easily to get the job done. "Management by Wandering Around" was invented here. Most employees feel an intense commitment to the company. One senior manager in the Atlanta-based information technology division was frustrated because he had difficulty getting his people to take advantage of policies instituted to promote work-life balance. They seem to agree with Herb Kelleher who says, "Work’s too much fun!

Nordstrom, the newest retailer in Atlanta, has a culture built around relentless customer service. Not everyone can become a "Nordie." Many who are hired leave quickly; being a Nordie means being fanatical about your allegiance to the company and the customer, and being willing to see your sales posted and compared constantly to those of other associates. Those who stay, however, receive compensation that is considerably higher than industry standard.

Atlanta is home base to several companies with cultures that fit the business like a glove and are key ingredients in the success of the company. Coca Cola, aggressive and globally-focused, may have the best "company brand" in the country. Chick-Fil-A has a values-based culture that permeates each local store and is reflected in the "no business on Sunday" practice. Home Depot is a relatively young but highly successful company that built its reputation on a culture dedicated to customer service.

Building Cultures

As the economy changes, large, previously regulated companies are spawning small, entrepreneurial entities. These entities are unregulated start-ups but still under the corporate umbrella. According to Linda Cagle, Director of Human Resources at BellSouth Applied Technologies (BAT), BAT considers itself a start-up, and has consciously tried to develop a culture that is relaxed and informal where hierarchy is minimal and communication is
open. Cagle adds, "We have no structured path of communication. The organization is flat and people are encouraged to share their views. Leaders are known by their first names and they’re not just ‘the suits’ here." Cagle clearly credits the leadership team at BAT with playing a major role in creating and modeling a distinctive culture.

Echoing Jennifer James’ comments about the need to build a company culture that welcomes diversity, Cagle also points out that — like so many knowledge workers today - BAT employees are multicultural. And while BAT has thrown out the "lunch test," they know that they must continue their work in creating and maintaining a company culture that makes employees from other countries feel welcomed and understood.

Merging Cultures

In late 1997, Fitzgerald & Co and McCann-Erickson Atlanta, two well-known and respected advertising agencies merged, becoming simply Fitzgerald & Co. Their experience provides an excellent model for any organization, big or small, who must merge people, processes, and culture.

Dave Fitzgerald, President of the merged company, and G. Clisby Clarke, (formerly President of McCann — Erickson Atlanta), immediately formed an "integration task force" consisting of five people from McCann and five from Fitzgerald. The group quickly dubbed itself the "Culture Club."

According to Pam Piligian, Vice President — Account Management and a member of the Culture Club, the charge of the task force was to bring the two companies together as quickly as possible, and "identify and deal with the challenges of merging the two cultures."

The Culture Club meets weekly to discuss issues, including how to handle the rumor mill. Some issues are referred to Fitzgerald and Clarke (aka Dave and Clisby), who usually respond within 24 hours. According to Piligian, their leadership support has been critical to the success of the integration effort. As champions of the Culture Club’s efforts, "Dave and Clisby" model open communications and meet at least monthly with its members as well as with all employees to update, inform, and to listen. To facilitate the coming together of the two groups, even before new office space is available, they have also encouraged informal, social gatherings over beer and pizza and at Braves' outings.
In addition to the Culture Club, there are other small groups throughout the organization that are working on projects and business issues related to integration. One of these groups is working on "best practices" — getting as many people as possible involved in seeing what each organization was doing in certain areas and determining what the "new procedure" should be, so that the new firm can use the best of both.

Piligian reports that while it's difficult to predict the future, she can see signs that the companies are becoming one. The Culture Club is excited because, Piligian says, "We're beginning to hear the term 'us' versus 'we and them.'"

Changing Cultures

For many companies, the most difficult cultural challenge is change — change of an existing, successful, well-established culture. At BellSouth Advertising and Publishing (BAPCO), publishers of the "real yellow pages," competition and rapid changes in technology have dramatically altered the nature of the business and with it, the culture necessary for success.

Ten years ago, BAPCO’s industry was regulated and profits were virtually guaranteed. According to Michele Smith, team leader of the culture project at BAPCO, there is now real competition in a majority of their business markets. The company realized they had to make fundamental changes, i.e., intensify customer focus and become very easy to do business with. As changes in certain processes were begun, however, not all employees embraced the efforts or understood the need for it.

In October of 1997 a group began working with BAPCO's vision and the culture change idea. Simply put, Smith described the vision as "an organizational culture where all associates are passionate about their customers and their company." In April of 1998 the "BAPCO Culture Team" was created, and soon began to define the "current state." To date, they have completed a culture audit, analyzed leadership assessment data, and examined the demographics of the company. Next they plan to benchmark other companies who seem to have found a "formula that works" — companies like Southwest Airlines which seems to have the combination of energy, commitment to the company, and dedication to the customer that sustains long-term success.

Smith believes that the involvement of as many employees as possible is key to culture change, and that's their approach in creating a definition of the desired "future state." BAPCO also knows that leadership is at the heart of
culture change, therefore both the executive team and the Culture Team are looking at specific competencies required to lead in the new culture and for future success.

Finally, BAPCO wants employees to feel and act like owners and to that end, have recently considered a three-way coaching process whereby all associates are encouraged to provide feedback - to their superiors, peers, and direct reports.

In many ways, the three-way coaching process gets at the very core of why many companies in Atlanta and around the world are paying attention to corporate culture and why they believe it’s a competitive advantage. WHAT IF your company could capture the mind (knowledge), spirit (passion), and body (energy) of every single person in the enterprise and focus that creative force on exceeding customer expectations consistently over time? Such a culture would be a sure bet to build employee and customer loyalty and along with it, innovation, profitability, and shareholder value. Apparently, this scenario is real among some "good culture / fast companies" today and THAT HAS A LOT OF PEOPLE IN HR AND OTHER PARTS OF THE BUSINESS ASKING: "How’s our culture?"