

CULTIVATING & SUSTAINING A HEALTHY ORGANIZATIONAL CULTURE

February 24, 2020



Definition of Culture

"A common set of behaviors and underlying mindsets and beliefs that shape how people work and interact day to day."

~ Caroline Dewer, McKinsey & Company



1. Culture is the Strategy



"Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success — along with vision, strategy, marketing, financials, and the like...

I came to see, in my time at IBM, that culture isn't just one aspect of the game, it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value."

~ Lou Gerstner Jr., Former CEO IBM



2. Healthy Culture = Healthy Revenue, Profits & Shareholder Value



Public companies with extremely healthy cultures report higher stock price increases and revenue growth

2.5 X

more likely to report
significant stock price
increases over 3 years

1.5 X

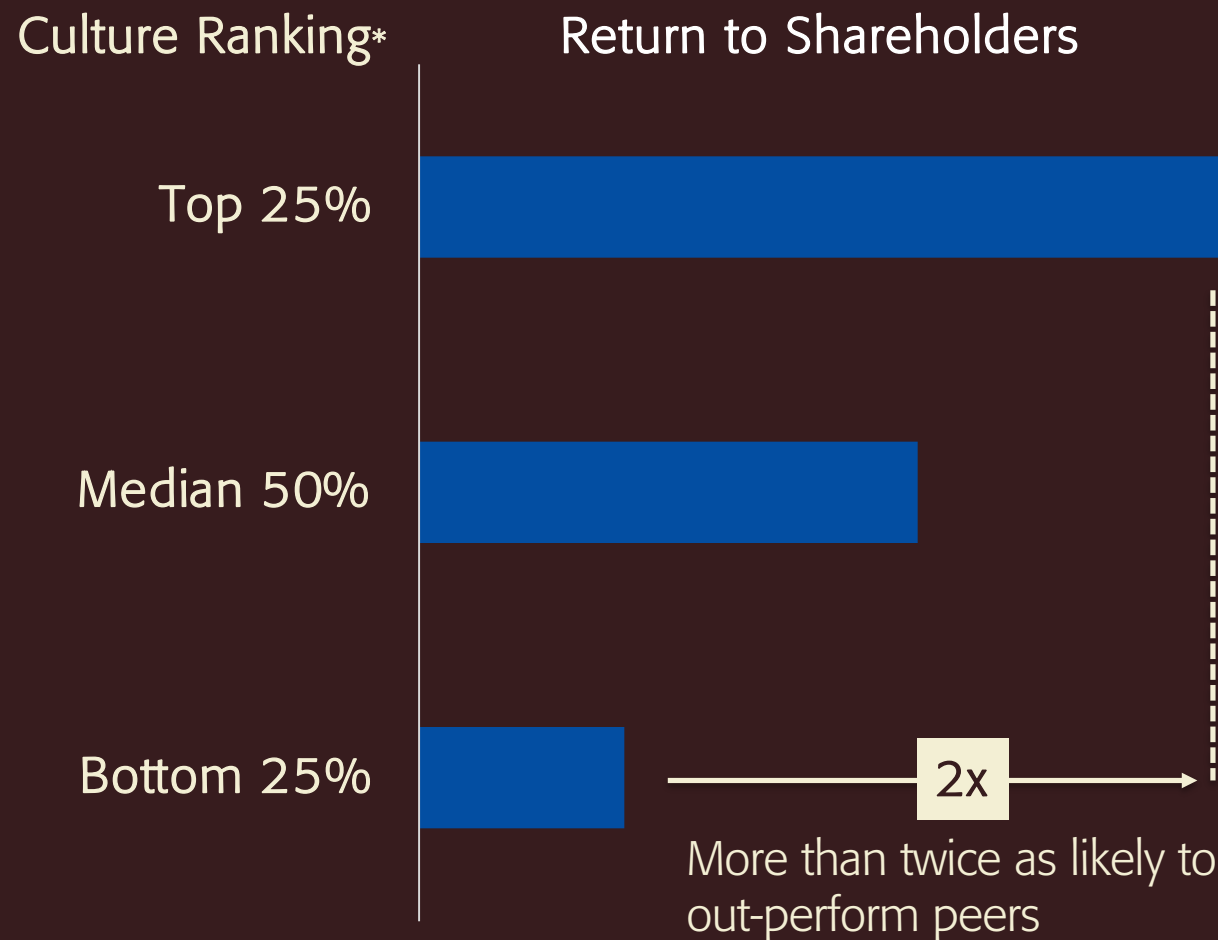
more likely to report
average revenue growth
of more than 15%
over 3 years

*Study based on survey data of 1,000 professionals from U.S. companies with revenues between \$200 million and \$5 billion.



Source: Grant Thornton Return on Culture Report 2019

In a study of 1,000 companies, those with healthy cultures ranking in the top quartile posted a return to shareholders 60% higher than median companies and 200% higher than bottom quartile



Source: McKinsey.com, Culture: 4 Keys to Why it Matters, March 27, 2018

* Based on McKinsey's Organizational Health Index

State Street Global Advisors considers culture a driver of an organization's intangible asset value

*"Intangible assets such as culture,
average 52% of an organization's market value."*

~ Cyrus Taraporevala, President and CEO of State Street Global Advisors

State Street Global Advisors, the investment management division of State Street Corporation, is among the top 5 largest asset management companies with nearly \$2.8 trillion in assets under management



In the past decade, total shareholder returns at WD-40, have grown at a compound annual rate of 20% and earnings are up 136%.

*"It's because of our people.
To us, it's about going to work every day,
making a contribution to something bigger than yourself,
learning something new, having fun,
being safe, and going home happy."*

~ Garry Ridge CEO WD-40



3. Unhealthy Cultures are Breeding Grounds for Unethical Behavior



1 in 5 employees say their company has been through a recent culture-related crisis

22% of employees report at least one of these cultural crises happening at their company in the last 2 years:

- top leadership being accused of significant wrongdoing
- company being accused of endangering lives or health due to carelessness or bad intent
- company experiencing criticism for sexual harassment
- company cheating or misleading customers



33% of employees expect a cultural crisis
in the next 2 years



85%

The amount of CEOs
and CFOs that believe
an unhealthy corporate
culture leads to
unethical behavior

24-44%

The amount of equity lost
when public companies
commit fraud



Sources: MIT Sloan Management Review, Glassdoor June 2019 and A. Dyck, A. Morse, and L. Zingales, "How Pervasive Is Corporate Fraud? Money.cnn.com

*"Culture, more than rule books,
determines how an organization behaves."*

~ Warren Buffett



4. Lofty Values That Aren't Practiced Become a Liability



Only 28% of employees strongly agree that there is alignment between their company's actions & its stated values



Only about 10% of organizations have operationalized their values into teachable and observable behaviors that are used to train their employees and hold people accountable.



*“If you’re not going to take the time to translate values
from ideals to behaviors
—if you’re not going to teach people the skills they need
to show up in a way that’s aligned with those values
and then create a culture in which you hold one another
accountable for staying aligned with the values
—it’s better not to profess any values at all.
They become a joke. A cat poster. Total BS.”*

*~ Brené Brown, Author *Dare to Lead**



5. Perks No Longer Cut It, You Have to Go Deeper



Culture and values is the top predictor of employee satisfaction



Source: Glassdoor Economic Research July 2019

A Columbia University study shows that the likelihood of job turnover at an organization with rich company culture is a mere 13.9%, whereas the probability of job turnover in poor company cultures is 48.4%.



65% of employees say their company's culture is one of the main reasons for staying in their job

71% of employees would look for a job elsewhere if their current company's culture deteriorates



In a recent study of 1,200 employers,
the top 13% of companies were
5 times more likely to develop and promote insiders
in a systematic way
and posted 30% higher profits per employee.



Companies that engage their employees, including giving them the training and encouragement to do their best work and infusing it with a sense of purpose, posted profit gains of 26% through the last recession, compared to a 14% decline at comparable employers.



77%

would consider a company's culture before applying for a job

73%

would not apply to a company unless its values aligned with their own personal values

56%

say a company's culture is more important than salary when it comes to job satisfaction



"Loyal, passionate employees bring a company as much benefit as loyal, passionate customers. They stay longer, work harder, work more creatively, and find ways to go the extra mile. They bring you more great employees. And that spreads even more happiness -- happiness for employees, for customers, and for shareholders."

~ Rob Markey, Harvard Business Review



CEO Panel Introductions



Mark Cabrera

CEO, Saddle Creek Logistics Services



Our Values

- We deliver excellence in service
- We respect the individual
- We promote performance and accountability
- We foster a supportive work environment
- We behave with integrity



Paul Norris

Chairman and CEO, Bank of Central Florida

Core Values

- Client focused
- Entrepreneurial
- Peer to peer solutions
- Self-managed
- We care



Brian Philpot

President/CEO, AgAmerica Lending

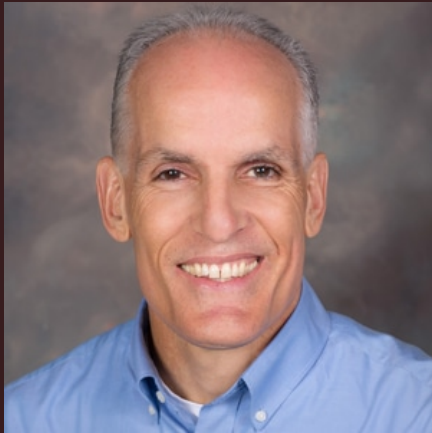
Core Values



- Revolutionaries: we navigate through chaos and challenge the status quo
- Learners: we are curious and we dig in
- Farm-focused: we have utmost respect for the American farmer
- Family: we are built on trust and reciprocity
- Competitors: we don't settle for mediocracy



Our CEO Panel



Mark Cabrera
CEO,
Saddle Creek
Logistics Services



Paul Norris
Chairman and CEO,
Bank of Central Florida



Brian Philpot
President and CEO,
AgAmerica Lending





Emily strategically advises and supports organizations and individuals in growing and realizing their full potential in purposeful and balanced ways. She offers:

- Executive coaching
- Team leadership development & coaching
- 360-degree leadership assessments
- Organizational culture surveys & assessments
- Business & organizational consulting
- Strategic planning & roundtable facilitation
- Leadership & team development programs
- Keynote speaking

