

**YOUR GUIDE TO**

# **DEVELOPING A STRONG COMPANY CULTURE**

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How to cultivate a unique,  
compelling culture and turn it  
into a competitive advantage

# Learn from the Culture Expert

Todd Richardson, Entrepreneur in Residence

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As FirstPerson's Entrepreneur in Residence, Todd Richardson consults with clients about how to bring the back office to the forefront and transform it into a powerful competitive advantage. During his 15+ year career working in human resources, legal, real estate, and risk management, Todd has helped hundreds of organizations become best places to work by building inspiring work environments, developing and maintaining healthy cultures, and mitigating risks and distractions.



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Most recently, Todd served as EVP of Administration at ExactTarget, which was acquired by Salesforce.com for \$2.7B in 2013. Under his leadership, ExactTarget's culture was deemed 'Best in Class' for employee engagement and was recognized as a competitive advantage in ExactTarget's S1 filing—the first time culture has been cited as a differentiator in any IPO filing.

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# Plan the Work; Work the Plan

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Growth requires visionary leadership. We help assess existing talent and design a plan to develop the dynamic leaders of tomorrow.



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We start by helping organizations benchmark success and define quality; it results in smarter employees, better products, and the ability to manage change.



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Perspectives that fuel growth. We partner with organizations to understand their picture of success, then we build a plan to get them there.

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# Overview

## Competitors Can't Copy Culture

Culture is a vital and unique part of every organization. Your competition can copy your product, your marketing, your technology, and your service model; but they can't replicate your culture. As Peter Drucker famously said, "Culture eats strategy for breakfast." Culture is the reason your employees join your team in the first place—and the biggest reason they choose to stay or leave.

Past IBM CEO Lou Gerstner shared in his book, *Who Says Elephants Can't Dance?*, "...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."

Culture can be your organization's greatest asset—more powerful than any rock-star individual. In other words, your culture as a whole is greater than the sum of its people. Individuals come and go and are ultimately replaceable; culture is not. Great people, who lack a culture in which to thrive, never reach their full potential. Great strategy, without a strong culture to enable and drive it, can't beat the competition.

"CULTURE EATS STRATEGY  
FOR BREAKFAST."

*Peter Drucker*

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# Steps to a Strong Company Culture

Ready to start building that powerful competitive advantage?

## 1 Acknowledgement

Be brutally honest about your culture today—and where you want it to be in the future. Candor and openness beget improvement.

In reflecting on the failed culture of a past business endeavor, LinkExchange, Tony Hsieh wrote that going to work in the morning felt like “death by a thousand paper cuts” (*Delivering Happiness*). And he ended up with Zappos, renowned for their company culture. We all have to start somewhere.

Not sure how your employees feel about the culture? Ask. What values are important to them? What improvements would they like to see? What are their ideas? Compile, evaluate, and implement. Here are a few ways in which you can garner employee input on culture:

- 1. Surveys.** Whether you're asking employees about a new benefit you're offering or how they feel about internal processes, surveys are a great tool. Platforms like SurveyGizmo are perfect for one-off surveys, while technologies like TINYpulse allow you to gauge the temperature of your workplace and provide an anonymous platform for feedback on an ongoing basis.
- 2. Town hall meetings.** Company-wide meetings provide an open forum for your employees to share with one another and bring innovative ideas to the table. While the large-group format is not the best for everyone, it is great for celebrating company and individual wins.
- 3. Industry workplace surveys.** Workplace surveys, such as Best Places to Work, allow you to see how your company culture ranks among others in your industry or region, as well as tell you where you have room for improvement.

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## 2 Vision

Create a vision for your organization. Let your employees, customers, and advisors contribute. Then, outline the steps needed to get there. It's okay to start small, too. As Jim Collins wrote, "If you have more than three priorities, you don't have any."

Along the way, remember that transitions can be hard on other people. Be intentional about cultivating the right perspective and explaining your vision to the broader team. **Psychologists have found** that higher levels of positivity in your brain result in significantly higher performance, creativity, and energy.

### DID YOU KNOW?

Your brain at positive is 31% more productive than your brain at negative, neutral, or stressed.

## 3 Measure

Assemble metrics to measure your progress on a regular basis. Keep asking and listening for what your employees, customers, and other constituents are saying, and adapt your methods accordingly. Your employees will appreciate your honesty and transparency.

## 4 Reassess, Repeat

Developing culture is not a one-and-done solution. It is an ongoing process of monitoring and enhancing your organization. Once you have a foundation, though, it does get easier—and is well worth it.

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# Best Practices for Developing Culture

## Don't let the day-to-day overshadow the big picture

We all know how crazy work can get—between an inundated inbox, meetings all day, and a carking swamp of routine tasks, before you know it, it's time to go home, or it's Friday, or it's next year. Be intentional about leaving some room for the unimagined. Set aside half a day each week to work on big picture projects, to strategize for the future, to envision how you will tangibly get where you are trying to go. This clutter-free, big picture mental space is where our best ideas originate. More importantly, give your team vision (not just a list of tasks) and empower them to take ownership of getting there.

## Focus on autonomy, mastery, and purpose

Science has consistently shown that the secret to high performance is not money—it's intrinsic motivation. In fact, monetary rewards dull creativity and block thinking. Behavioral economist [Dan Pink](#) breaks it down into autonomy (directing our own lives), mastery (getting better at something that matters), and purpose (working toward something beyond ourselves). Managers need to step away from micro-meddling and focus on caring about, developing, and trusting the whole person. Trust, after all, is the foundation of innovation. Institutions don't have great ideas—people do. Leaders who show transparency, listen well, and trust their team members inspire others to innovate and deliver.

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## Recognize and cheer

In their books *The Orange Revolution* and *The Carrot Principle*, Gostick and Elton outline the importance of cheering immediately, closely, specifically, and communally. Recognize a particular great work right when it happens, in the vicinity that it happens (not in the manager's office), and among peers who understand the importance. Celebrate well and often, and not necessarily with cash. Gostick and Elton give the example (*The Orange Revolution*, p 211) of the housekeeping department at Golden Nugget, where the turnover rate was 300%. Upon talking with departing employees, they realized that while communication, working conditions, and pay were adequate, the focus of meetings was their failures, even when they made improvements. Leadership then implemented a recognition program where employees earned points for what they did right, and turnover dropped from 300% to 10% in one year. Productivity soared. Want to take this lesson a step farther? Empower employees to recognize their peers for great work—this is what it means to truly be a team.

### LEARN MORE

Here's the catch: always give a reason for the recognition. Whether it is emptying the dishwasher or helping out with a late-night project, the reason makes it meaningful!

## Get rid of the pecking order

Look at the teams and companies known for innovation—you will not even see individual superstars because *everyone* matters. Many of the most cohesive and highest achieving teams are friends outside of work, driven in large part by the bonds they share. Quit jockeying for power, and hang out from time to time. On a more foundational level, a significant current trend in startups and innovative companies is a transition to **holacracy**, a complete restructuring from top-down hierarchy to decentralized, adaptable models of management. In keeping with the “peer-to-peer revolution” in society, job descriptions dissolve, teams self-organize, and decisions no longer come from the top down.

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## Inspire to make a difference

Give back to your community. Let employees choose where to volunteer their work time or give money through work. Create a sense of being part of something bigger. Ten years ago, Nash Finch Company, one of the largest wholesale food distributors in the U.S., was on the verge of a financial and cultural crisis. One of the first things the leadership did to turn this around was inspire the employees. Once a month, a group would go to a nearby church to serve meals to people in need. When they saw the food shelter was barren, the employees literally filled the company's lobby with food. Over the years, this purposefulness has inspired employees to tackle numerous other issues in the community and become more engaged in their work. For this food company, joining the fight against hunger was a tangible, true rallying cry (*The Orange Revolution* p 201).

### LEARN MORE

Why do you do what you do? The 'why' driving employee behaviors is directly correlated with their motivation and performance in the workplace. Learn more:

[CadenceConsulting.com/Starting-With-Why-in-the-Workplace](https://CadenceConsulting.com/Starting-With-Why-in-the-Workplace)

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# Serve and Protect

Once you shape your culture, protect it like your most valuable asset—because it is.

Only hire people you trust. If they don't fit your culture, it does not matter how talented they are. Do you trust them to fit into your culture, to have your company's best interests in mind, and to be a competent and collaborative employee? If you have to spend a lot of time controlling, worrying about, and managing people, you're probably not hiring the right ones. In the Zappos interview process, if even one person does not think the candidate is a good fit, the candidate is cut. And even after they have been hired, Zappos offers people a special \$2,000 "bonus" to quit at any point in the four weeks of training to ensure that no one is there just for a paycheck.

In a similar vein, work with the right suppliers, customers, board members, investors, etc. Too often, meticulous effort goes into ensuring alignment between employees and culture, only to spoil it with an intolerable partner. These long-term business relationships have just as significant an impact on your company culture.

Once a year, [Amazon offers](#) its employees \$5,000 to quit. They are essentially saying, "if you're only here for the money, then take the money and leave—we're better off without you."

## LEARN MORE

Culture is not all about employees—outside partners are part of the mix, too. Learn more:

[CadenceConsulting.com/Culture-Isn't-Just-an-Employee-Issue](https://CadenceConsulting.com/Culture-Isn't-Just-an-Employee-Issue)

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# Conclusion

There will always be new trends and explosive fads, and you don't have to latch on to every one of them.

Pay attention and learn from others' experiences, but be thoughtful and intentional about the actions and direction you choose for your company. There is no "right" culture. Find whatever works for your organization, and grow from there.

## Additional Resources

*Delivering Happiness*, Tony Hsieh

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*The Orange Revolution*, Adrian Gostick and Chester Elton

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*Tribal Leadership*, Dave Logan, John King, and Halee Fischer-Wright

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*Behind the Cloud*, Marc Benioff

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*The Energy Bus*, Jon Gordon

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*Start with Why*, Simon Sinek

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