

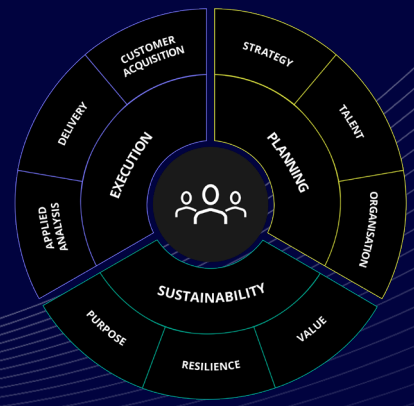


Understanding and defining company culture

This toolkit includes:

- The four step process of reviewing an organisation's culture
- Edgar Schein's Organisational Culture Theory
- The four key elements to define your desired culture
- The common attributes of organisations with high-performance cultures

01 Introduction



Culture plays a significant role in the success of any business – big or small. Peter Drucker's old adage is true,

“Culture eats strategy for breakfast”!

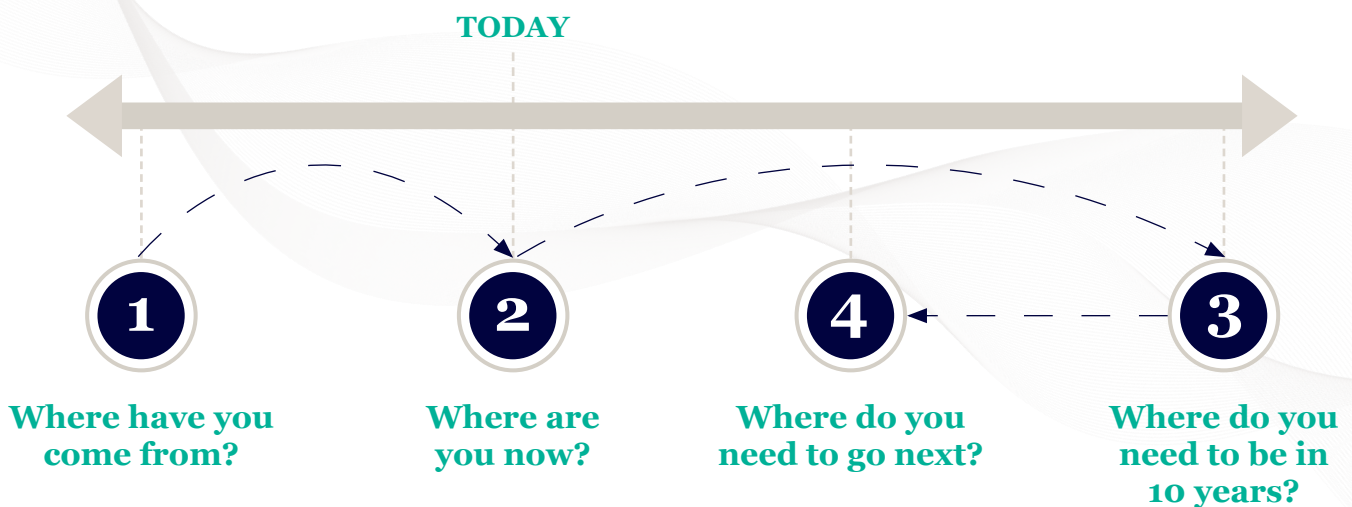
So when you are scaling your business and the team is growing, it is vital to get the culture right.

But what is the right culture, how do you assess what you have and what you need and how does it need to evolve as you scale-up?

In this toolkit we outline the importance of using process to understand and define your company culture, how to utilise Organisation Culture Theory, and how to adopt the common attributes of organisations that have high-performance cultures.

Below there is a suggested process of four steps.

Culture process



About the author

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Amanda Stainton is an Operating Partner at Frog. Her career in HR functions spans some 30 years. After initial starting out in HR planning, she quickly progressed to leadership positions in financial services.

She then spent several years consulting across a wide range of organisations in all sectors using her skills and experience to help leaders create the right culture to improve both engagement and performance.

Latterly she was HR Director at Portakabin Ltd, where she led the successful development of the people & culture approach.

1

Where have you come from?

Look backwards and consider where you've come from, the history of the business, what key events have created the business that you know now and what of the past do you not want to lose as you grow?



2

Where are you now?

Using both an internal and an external lens review the culture now - how does it look, how does it feel, what is happening in terms of the way people work together, how are you selling the opportunity to future team members?

Learn what your customers and suppliers/partners say about your culture, based on their experience. This is important because our ability to recognise the culture we are in can diminish over time as we habituate to it so using those with a fresh perspective is always helpful.

Consider the old Ethiopian proverb **'fish discover water last'** - the only way a fish will discover water is if it goes out of its environment, the pond, lake, river or ocean it is immersed in.

Human beings are very similar when it comes to our own "environment," our rituals, norms, beliefs, and our identity.

3

Where do you need to be in 10 years?

Perhaps the most challenging – look towards the next ten-year horizon, in much the same way as you might be planning your strategy for the next ten years, it is as important to reflect on what type of organisation you might be when you reach this point – again using the internal and external lens – what will be different, how might you need to be organised to continue to be successful?

“Begin with the end in mind” is the second of the seven habits of highly effective people **Dr. Stephen R. Covey** defines in his bestselling book. The habit is based on the principle that you need to know where you are going in order to better understand where you are now so that the steps you take are always in the right direction.

4

Where do you need to go next?

The final stage is to consider where you need to go next, and what initial changes need to happen to the culture to support the scale-up journey. Be aware of the challenge of cultural homeostasis - the dynamic energy that works to maintain the current culture and thwart attempts to change it. It means we need to uncover the ‘hidden loyalties’ as part of the process and we can do this using the following three-way grouping method.

Culture

Keep

What do we need to keep that is working and we can’t afford to lose?

Moved on

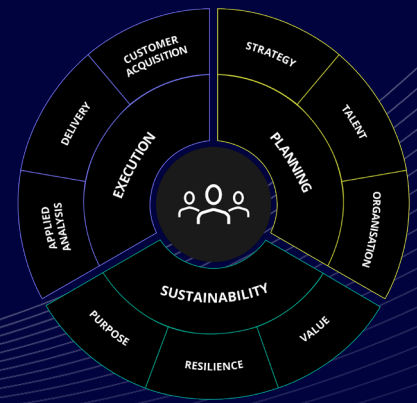
What is no longer working that now needs to be moved on from? (Even if it was important at sometime in the past).

Consider carefully how you will tackle those who might still hold these beliefs to ensure their continued engagement as well as understanding the need to change.

Missing

What is missing that we need now to evolve a culture that is aligned with our purpose, vision and values?

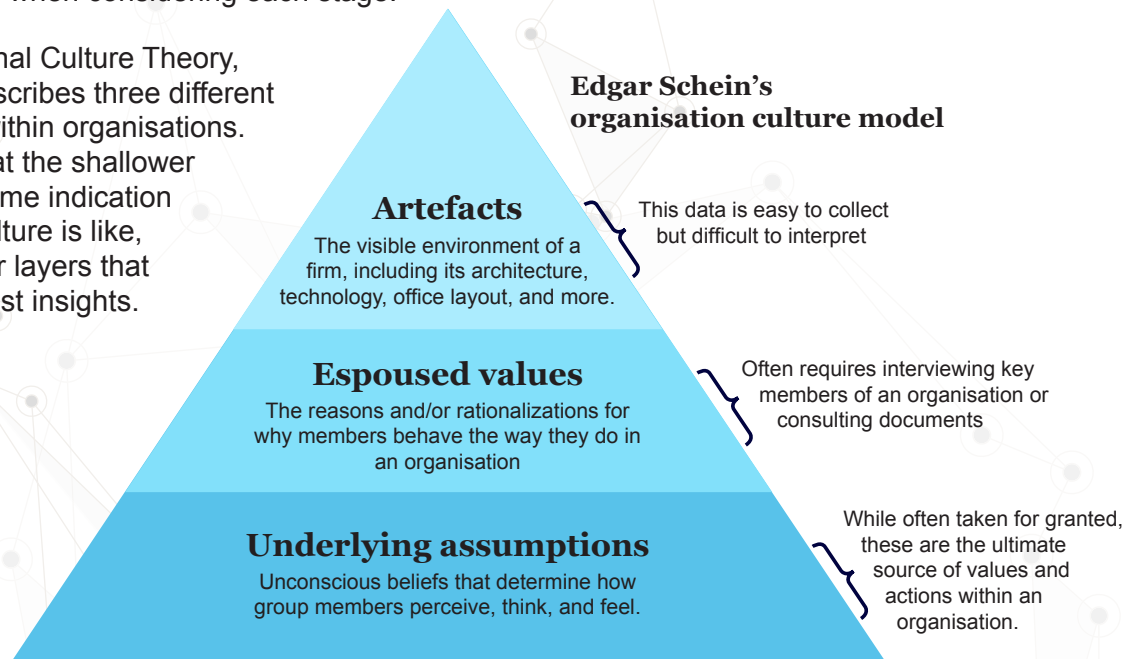
Organisational Culture Theory



To help us understand and define company culture, let's look at one of the many theories about culture and how it could be applied when considering each stage.

In his Organisational Culture Theory, **Edgar Schein** describes three different layers of culture within organisations. The premise is that the shallower layers can give some indication about what the culture is like, but it is the deeper layers that provide the greatest insights.

Edgar Schein's organisation culture model



The three key layers that Schein discusses are:

Artefacts

These are the shallowest indicators and are usually the visible signs of what the organisation's culture might be like so things like how people dress, posters on the wall, job titles and the way offices are designed. In start-ups and with the degree of remote working these days these artefacts could well be much harder to spot!

Espoused Values

These are one way of an organisation describing what its culture is like and the way it works. They are usually the desired organisational values and behaviours, how you want people to work together and can include your early thinking on mission and purpose. Understanding these can give some insight into culture and getting them defined as part of the journey will be an important step.

Underlying Beliefs

The underlying beliefs held by you and your team are much deeper indicators of an organisation's culture. They reflect the way that your business works on the inside. They can include beliefs about which behaviours will lead to business success or not and assumptions about how people need to work together.

Each of these three layers can be considered at each step of the previous process of understanding culture.

To define your desired culture there are 4 key elements:

Think about or revisit your values

If these are not already defined, then make a start now. The best way to do this is in collaboration with your existing team – how are they operating when things are going well, what behaviours and traits make them effective so that they can be measured, what do you stand for (linked to vision and purpose), what makes you different and unique, how do they want to be treated, what do you need to focus on to be successful? Try to find a way to articulate these in simple and clear language so that everyone can understand. If you already have values in place – are they working for you? Will they need to change or evolve as you scale up?

1

Consider how you are hiring and onboarding people

Are you just looking at their skills and capabilities but ignoring the behavioural aspects? Are you thinking about how they will work with others across the team and how their attitude and approach will help drive success? And I don't mean that you should be recruiting clones! As John Sutherland, one of Frog's Operating Partners, often says 'Teamwork is the engine – diversity is the fuel'. It will be critical that you bring in a range of people to contribute to success with diverse thoughts and ideas but with consistent underlying beliefs. A key part of onboarding will be ensuring they understand the values and desired behaviours.

2

Review your people approaches

If you already have values in place then these need to be an integral part of the way you both manage, develop, and reward your employees. If they're not and there are inconsistencies this will create confusion for people in terms of understanding what it is you stand for and the drivers of success for your business.

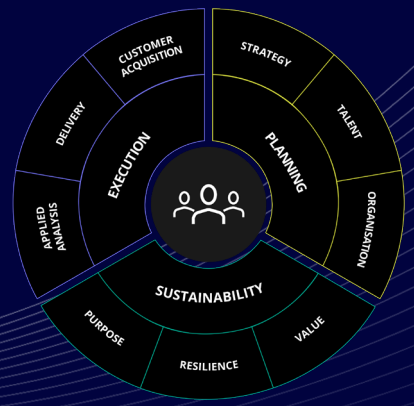
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4

Listen to your people

As you get further away from the 'ground' in the business it will become even more important to have a clear way of allowing employees to speak up and give you feedback that you can build into your ongoing strategies. If your employees feel that the values and behaviours are not being demonstrated consistently, particularly by leaders, this can have a real impact on your levels of engagement and therefore your ongoing success.

High-performance cultures



As a scale-up business, you have a fantastic opportunity to create a high-performance culture to underpin your ongoing success. It is worth considering the four common attributes in organisations that have high-performance cultures, these are:

1

Strong leaders

Leaders set the bar through their performance, behaviours and actions inspiring other employees to do the same.

2

Empowered and engaged employees

Making sure all your employees have the necessary tools, knowledge and skills to make decisions supports empowerment. If people feel able to act when a problem or opportunity occurs this supports high levels of employee engagement.

3

Continuous development

A critical step will be making sure that you understand everyone's development needs and can identify ways to support their growth and learning. This is particularly important for those that you can see have high potential and you wish them to grow as the business grows thus underpinning the sustainability of your high-performance culture.

4

Agility

Successful high-performance organisations rarely stand still! They create opportunities for change and are always comfortable adjusting their strategies, processes, and policies to get the best results particularly as they seek to adapt to new technology, new customer behaviour and competition and achieve their ten-year vision.

Culture can be, by its very nature, complex to understand and difficult to define however it is a critical component of the growth journey. Just saying what it needs to be does not make it happen but hopefully, this article gives you some further insight into how to tackle this challenging but rewarding topic.



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