

# Creating Cultural Infrastructure: The Third Leg of the Success Stool

One quality all successful organizations have in common is that they build successful infrastructures. There's the physical infrastructure, which ensures that the business is housed in a sound location, with state-of-the-art equipment, workspaces designed for optimal efficiency, and all the systems necessary to compete effectively in the marketplace. There's the financial infrastructure, which translates into reliable accounting systems, dependable collections procedures and sound investment strategies, to name a few.

But what about a "cultural" infrastructure? How many companies devote adequate time to developing a sound corporate culture?

The reality in many organizations is that creating a well-defined culture—and building policies, practices and communications to support that culture—typically takes a back seat to more tangible disciplines like finance and operations. Senior level managers who engage eagerly in discussions about a new plant design or a strategy for increasing profit margins will look for the nearest exit when the topic turns to matters of compensation structure, consistent management practices or employee communications. Why? Because all too often, HR programs and initiatives are positioned incorrectly; they get relegated to a cubbyhole of "personnel" busy work that senior management wants little or nothing to do with.

The fact is, almost all HR and communications responsibilities are part of what we call "Cultural

Infrastructure," and are as critical to a company's success as its operating or financing strategies. For us, Cultural Infrastructure is no less than the third leg of a three-legged "success stool."

## ASKING THE RIGHT QUESTIONS

If a company's success is measured by the skill, energy and dedication of its "human capital," then surely managers need to start thinking about how to create a Cultural Infrastructure that defines, nurtures and harnesses the power of this critical resource. HR programs and initiatives are the building blocks of Cultural Infrastructure. These building blocks answer a number of key questions:

- Does the organization have a clear voice for both internal and external audiences?
- Do employees understand where the organization is going, and how it plans to get there?
- Do employees understand what is expected of them with regard to their job and their professional development?
- Are there mechanisms in place to ensure that employees receive the training they need—and is knowledge shared?
- Are you attracting and retaining the kind of employees who will make the organization grow and prosper?
- When you communicate with employees, do your processes and programs reflect who *you* say you are?

If there's any doubt about how you (*or* your employees) would answer any of these questions, chances are you have a Cultural Infrastructure that is shaky, at best.

Most organizations, regardless of size and structure, invest much of their money and people power to create sound physical and financial infrastructures. They often hire outsiders like architects, designers, engineers and financial consultants to provide guidance and feedback on these investments. But the structures that support the human capital often get considered last. Worse, some companies apply a "one size fits all" approach—which is usually the path of least resistance. Our experience tells us that organizations do best when they make an investment in building sound Cultural Infrastructure from the beginning; they're the ones that will end up with the best track record for success. The names of some of these organizations may be familiar to you: Hewlett-Packard, American Express, Walt Disney.

## PUTTING IT TOGETHER

We have identified three components to Cultural Infrastructure: (1) programs, (2) practices, and (3) voice. We believe that these three combined form a critical element of a company's identity.

### *Programs*

These include such basic items as benefit packages, employee services and incentives. How do programs contribute to Cultural Infrastructure? Suppose, for example, that an organization wants its employees to be

responsible for their own personal lives. In that case, it shouldn't configure its benefit plan with lots of limitations and few options. Instead, it should create a package that will allow employees to choose from a variety of options that could be tailored to meet their individual needs.

### *Practices*

What guidelines do you want employees and managers to follow? Is yours the type of organization where rigor and consistency are of vital importance to success? Or is the atmosphere more free-wheeling and creative? Your practices need to mirror who you are. More traditional organizations might prefer policies that are detailed and clearly explained, while other companies might find that having a few guidelines in place better meets the needs of the population, and more clearly reflects the company's culture.

How does your company show recognition and appreciation? Reward programs and celebrations for victories or milestones show that the company recognizes its successes come from the hard work of its employees. Do these occasions enhance or detract from who you say you are? This is where values come into play. Your values need to be clearly articulated—employees want to know their role in the organization so they can align themselves appropriately.

### *Voice*

To determine whether your company's voice is getting the job done, ask the following questions:

- How do you talk to your employees?
- Do you give them information on a regular basis, keeping them in the loop about the business?
- Do you keep them informed about changes in the company-

and how those changes will affect them?

- Does top management communicate clearly and in a timely manner, especially on the tough issues?
- Do you have user-friendly vehicles that promote communication both up and down the organization? Do they allow for employee feedback?
- What are the symbols and stories of the organization? Are you using them to engage your employees in the business?

One of the biggest complaints we hear from employees is that they are inundated with memos about corporate minutiae but completely in the dark about the big picture. Remember: it's easier to get where you want to go when everybody knows what the destination is.

## **BUILDING FOR A SOLID FUTURE**

Cultural Infrastructure is about "who you are" as a company, and how you want to present yourself to your employees and customers. It's also what you expect in return. This isn't just something that's "nice to have"—it's vital for growth and sustainability. Cultural Infrastructure is a critical link in attracting and retaining the best employees. It eliminates doubt and confusion for all staff members, and lets them spend more time and energy on what's really important to the business.

How do you build a solid Cultural Infrastructure? Like anything else, it starts at the beginning, and it starts with two-way communication. Before you can begin to build benefit programs, policies, guidelines and practices that are aligned with your vision for the future and that reflect who you want to be, you need to create your vision and decide who you want to be. How

do you want to appear to your employees? What kind of employees do you want to attract? What agreements do you want to have with them? What is your role in their lives?

Of course, the idea of going out and asking these tough questions (and hearing tough answers) can strike fear into the heart of even the most fearless manager. But it's well worth the effort. If you've no stomach for it yourself, bring in outside experts in this area to do it for you. This is often the best approach anyway; "outsiders," with no hidden corporate agendas, are less likely to bias the results.

The resulting qualitative research can help uncover some of the answers you need to find. The mix of your research program should include both one-on-one interviews with senior management and multiple focus group sessions with employees. These will reveal critical areas of concern and interest within the organization. Only direct input from managers and employees can help set realistic expectations about how a company can position itself around its key issues. Small teams can then create plans and provide deliverables to address employee concerns. And a follow-up ongoing communications program will keep your carefully designed culture fresh in the minds of both your employees and customers.

Without this third leg of the infrastructure stool, your organization is doomed to collapse under the weight of unclear expectations, mixed messages and missed opportunities. With it, a supporting culture can take its place along-side sound finances and appealing physical surroundings to retain talented, motivated employees—and to keep their performances headed in the right direction.

***SHARON MACHRONE**, founder of Learning & Leadership, a Boston-area consultancy, is a leadership specialist and executive coach. She can be reached at SMachrone@aol.com. **LINDA DINI JENKINS** is founder of Riverside Communications in Salem, MA, a consultancy that helps companies create effective corporate and employee communications. She can be reached at Ldjenkins@aol.com. Both are Certified Focus Group Directors.*

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### **TEST THE STRENGTH OF YOUR CULTURAL INFRASTRUCTURE**

How strong is your company's cultural foundation? Answer these questions honestly to see how a cultural assessment may lead to a healthier organization and a more robust bottom line:

- Do your programs, practices and policies reflect who you are and who you want to be to your employees?
- Do you take every opportunity to communicate with the stakeholders in your organization?
- Do your communications allow for a feedback mechanism?
- Are your actions consistent with the messages you send your employees and customers?
- Does communication regarding difficult issues—both good and bad—come from the top?
- Do you talk about core values and business direction on a regular basis to reinforce what the company stands for?
- Do you celebrate victories and recognize and reward people in a way that is consistent with your values?

If you answered Yes to all seven questions, congratulations—you're on firm footing! If you answered Yes to five or more, you're in good shape, but there may be opportunities to strengthen your cultural infrastructure against possible setbacks. If you answered Yes to fewer than five questions, you may need to reassess some of your programs, practices or communications efforts so your cultural infrastructure won't crumble.