



# Corporate Culture 4.0 A New Approach



## **If you don't understand your culture, you don't understand your business.**

Corporate culture is a hot topic, and for good reason.

Over the last decade, the business impact of a failing culture has amplified. Numerous companies – across banking, insurance, airlines, auto manufacture and the energy sector – have been fined billions of dollars and suffered share price declines as a consequence of misaligned, or even toxic, corporate culture.

Consider Wells Fargo. A culture in which staff were relentlessly pressured to meet very aggressive sales targets led to a fraud scandal in 2016. Or take the cover up of falsified CO2 emissions data by Volkswagen – which cost the company at least \$25 billion in fines, penalties and restitution.

More recently, the dysfunctional culture at Uber allowed its rival, Lyft, to gain significant market share, while Equifax was found to have concealed the hacking the millions of private customer records, costing the company nearly \$2 billion in expenses.

Other companies have demonstrated the positive impact of a healthy culture. Southwest Airlines, with its “culture of LUV,” has been profitable for 43 years running and achieves the highest customer satisfaction scores in the industry. Amazon’s “innovation culture” has enabled it to dominate multiple sectors, disrupting old business models and revolutionizing the customer experience.

The economics are compelling. Manage culture well and you can boost business performance, company reputation and brand value. Manage it poorly and you risk massive fines, customer defections, high employee turnover and a sinking reputation.

### **Time for a Rethink**

We believe businesses need to rethink how they define, measure and manage culture to gain the advantages of proactive culture management.

Typically, culture change operates through assessments and employee surveys, combined with weak analytics of what constitutes “good” or “bad” culture. This approach frequently fails. It doesn't give senior executives the tools they need to deliver on strategic objectives, respond to competitive pressure, adapt to disruptive technologies or improve customer satisfaction.

At PYXIS, we have a new way of thinking about culture – and new tools for managing it. Our



approach is proactive and predictive. We start with strategic business objectives and leverage technology to provide leaders with the processes, information and tools they need for success. We call this evolutionary step Culture 4.0.

## The evolution of corporate culture

The evolution of business has led to massive improvements in productivity and speed and added more and more value to the world GDP and to the wellbeing of many people. In a similar manner, our understanding, application and approach to corporate culture has evolved over the past 70 years. And with each new phase the effectiveness, value and ability to impact business results has increased.

In a similar way, our understanding of corporate culture has evolved over several decades.

### **Culture 1.0 – Defining corporate culture**

In the 1950s, Elliot Jaques pioneered the understanding of corporate culture as a formal concept and studied how it could impact performance. Others built on his work. The Organization Culture Assessment Instrument (OCAI), developed by academics Robert Quinn and Kim Cameron in the 1980s, remains one of the dominant tools used to assess and describe culture.

### **Culture 2.0 – Linking culture and performance**

The New York Times bestseller *In Search of Excellence* by Tom Peters and Robert Waterman burst into the boardroom in 1982. It described how companies with a reputation for excellence used vision, values and behaviors to drive superior business performance and outcompete rivals. At the same time, research linking culture and business performance began producing hard data. From the 1980s to 2000, we saw the rise of training firms offering top-down culture change workshops that encouraged employees to develop new behaviors that aligned with business models and the desired culture.

### **Culture 3.0 – Employee engagement and other digital culture measures**

Technology has transformed corporate culture management over the last decade, with the proliferation of digital assessment and survey tools. US-based online shoe and clothing retailer Zappos.com – which increased its revenues from zero to \$1 billion in just nine years – blazed a trail thanks to its fanatical focus on customer service and high employee engagement. It inspired many tech-based start-ups, including Google and Amazon, to try to build strong corporate cultures as a way to drive growth and performance.

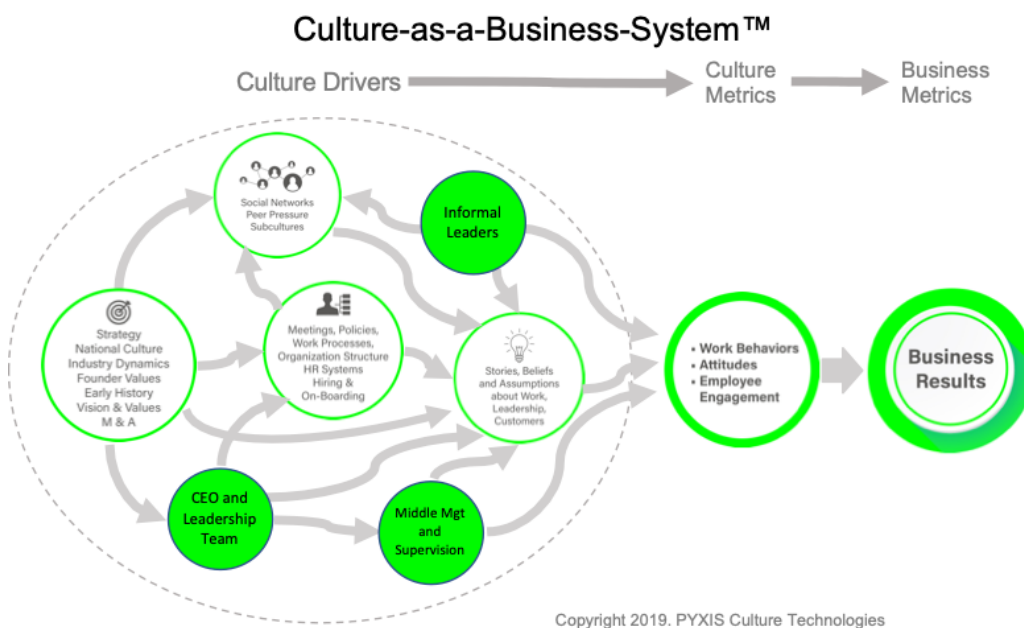
Sensing a business opportunity, many consulting firms developed techniques to measure employee engagement as a proxy for managing corporate culture. Survey apps that measure employee engagement, attitudes and compliance became popular. These have encouraged companies to take corporate culture seriously but they offer an extremely narrow view – in reality, employee behavior represents only one aspect of culture.



## Culture 4.0 – Corporate culture as a business system

The economic imperative for actively managing culture has never been better understood but existing approaches and tools are out of date – leading to a growing scepticism among boards and business leaders. Attention is often focused on surveys of leadership behaviors and employee views on values, but these two ingredients are insufficient when it comes to fully understanding and managing corporate culture.

In 2017, I published a business book, **Culture Rules!** which introduced the compelling observation that culture is best understood as an organizational ecosystem. In this system, multiple drivers — including business strategy, processes, structures, technology, policies and social dynamics — interact with each other to influence the collective behaviors of employees and, subsequently, business performance.



Corporate culture reflects the complex interactions between business strategy, processes, structures, technology, policies and people. These interrelated culture drivers form an end-to-end system, the corporate culture system. Although leadership behaviors and values are some of the most written and talked about drivers of corporate culture, those two ingredients alone are insufficient to fully understand and manage corporate culture to improve business performance.

Seeing culture as a business system allows one to better understand not only the drivers of culture but more importantly where they reside in the company. Those familiar with extended supply chains will understand the value of mapping how materials flow from multiple suppliers in diverse locations into the company warehouse, onto the manufacturing floor and into the final product. Corporate culture can also be viewed as a system, or flow process. The drivers inside such a system provide the meaning and context for what we see as cultural behaviors and habitual work practices, often described by current employees as “how we do things around here.”



## Mapping and Managing Corporate Culture

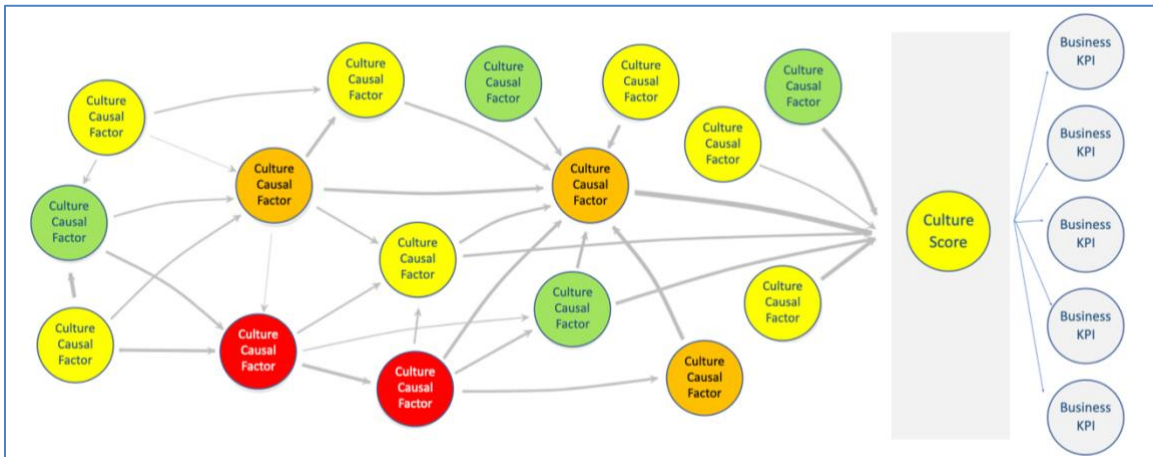
*Corporate culture is a business system with multiple culture drivers.  
Manage the drivers and you can manage the culture.*

Several useful insights emerge when corporate culture is viewed as a business system. With this point of view, not only are the real drivers that shape, build and sustain the culture more easily identified and clearly defined, but a system network map of culture also makes it possible to identify the culture drivers that most impact business performance.

PYXIS Culture Technologies have developed a software platform that helps business leaders visualise and proactively manage culture to improve business performance. We found that executives were keenly interested in how culture impacts specific business issues, rather than just having an overall culture score. With help from several clients we have built specific culture system maps and assessments for cybersecurity, conduct risk, safety, innovation, customer satisfaction, and other business issues. Each map is then linked to specific business metrics such that improving the culture drivers has a positive impact on business performance.

In these culture system maps, each culture driver has a colour coded score based on best practices. All drivers are linked together to form a culture system map that helps identify the hidden risks and culture strengths that drive business performance.

Below is a high level example of one of these culture ecosystem maps.



With the insights and information emerging from numerous industries, it becomes possible to move beyond culture assessments to actual proactive culture management. Like budgets and projects, business leaders now have the tools to audit and manage culture to improve both performance and create stronger, sustainable corporate cultures.



## About PYXIS Culture Technologies

PYXIS Culture Technologies Ltd helps organisations map and identify internal business risks and performance opportunities, giving you the ability to improve performance at the root cause level. Our unique approach is based on over 40 years of hands on research, advisory and consulting with global corporations on how culture impacts performance and how culture is developed, changed and sustained. Using a unique software platform and systems mapping tools, combined with expert knowledge, PYXIS can build a visual map of the strengths and risks inherent in your corporate culture and show how culture drives performance. This allows management to identify and mitigate cultural risks and improve business results.

The PYXIS founders combine in-depth experience in technology, business transformation with world class expertise in corporate culture.

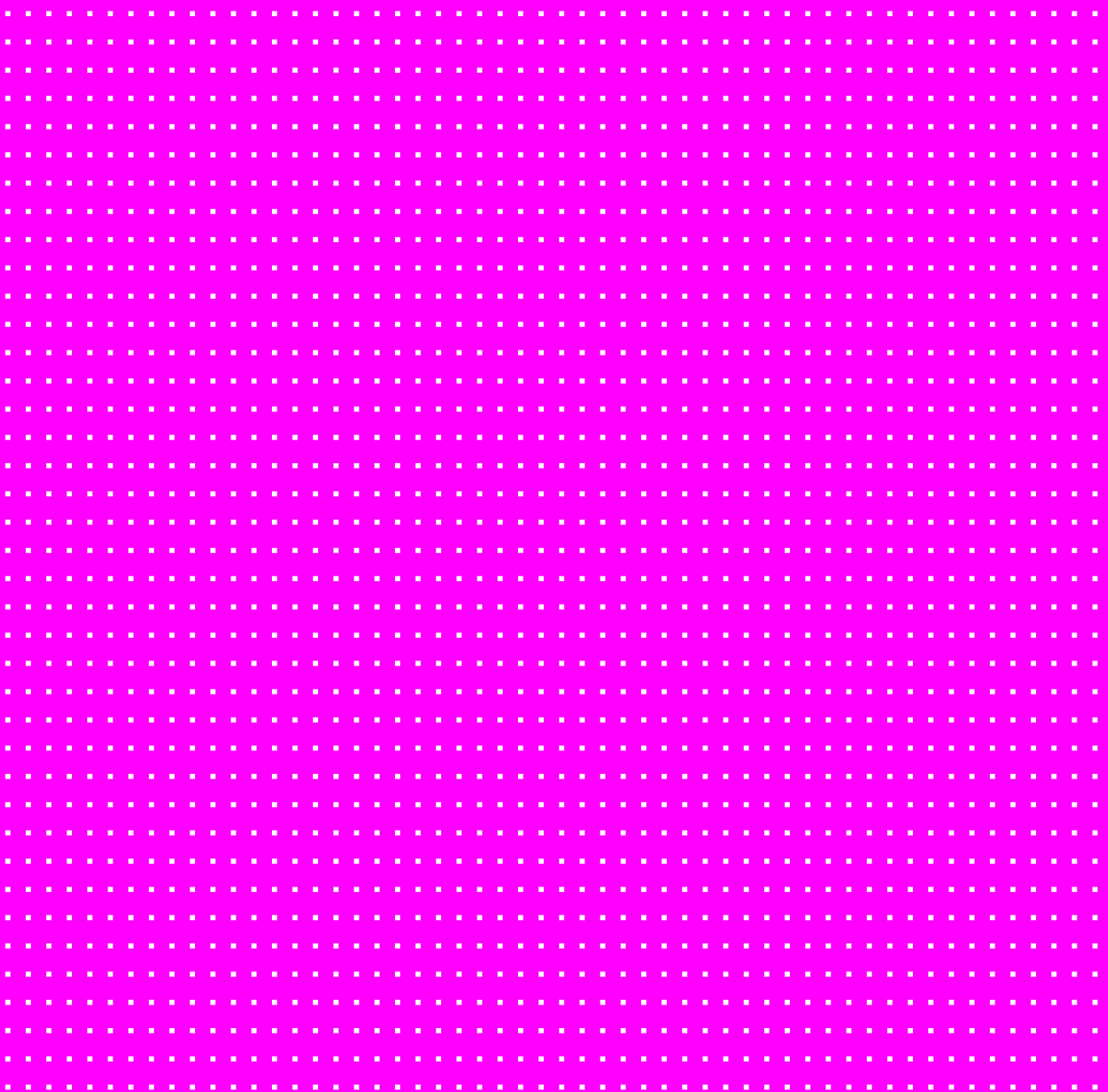
### **Christiane Wuillamie OBE** **Chief Executive & Co-Founder**

Christiane founded CWB Systems in 1994, addressing the challenges of rescuing failing IT projects in financial services. After 100% year-on-year growth she sold in 2001 and began a successful career as a business trouble shooter, advisor and NED. Christiane has deep experience in technology, innovation and business transformation.

### **John R Childress** **Chairman & Co-Founder**

John co-founded the ground-breaking leadership and culture consulting firm Senn-Delaney in 1978 and built it into an international firm working with senior leadership teams on turnarounds and culture change. His business books on corporate culture, strategy execution and leadership are considered must reads for CEOs and senior executives.





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