

# Culture Drives Business Sustainability

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# Assessing Culture

An acquisition is supposed to be an exercise in value creation. Yet, a KPMG study indicates that 83% of acquisitions fail to boost value, and often, value is actually destroyed.

**The study indicates that value creation is more dependent on successful culture integration than on any other factor; it is the root cause of success or failure for an acquisition.**



# Assessing Culture

Culture is how a business functions...its values, expected behaviors, relationships, attitudes, and environment



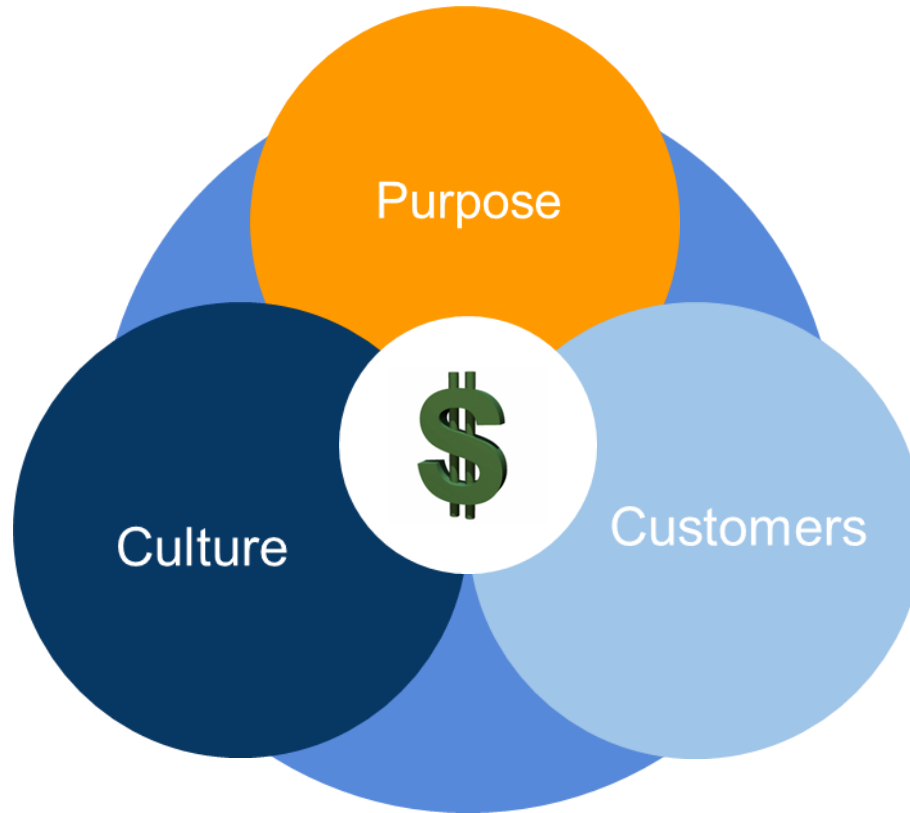
# Assessing Culture

*“Culture can account for up to half of the difference in operating profit between two organizations in the same business.”*

***Shaping a culture is one of a leader’s most important jobs; it can be ignored, but only for so long and at one’s peril.”***

James Heskett - Harvard

# *The Sustainability Triad Evaluates Culture*



# Sustainability: Link Purpose & Profit Motives



- Improve results by aligning **Purpose** & profit motives
- Apply as a foundation for vision, goal & strategy development
- Inspire discretionary effort required to drive change
- Foster a culture of collaboration & shared accountability
- Stimulate innovation as enabler of progress
- *Success Metrics: Accelerated change efforts, increased collaboration, innovation & improvement, growth*



# Sustainability: Cultivate Customer Relationships



- Earn trust as a partner in customer progress & success
- Enable transactions that sustain revenue & add value
- Align Core Customer & Uncommon Promise
- Secure access to customer's senior leadership
- Gain exposure to innovation opportunities
- *Success Metrics: Higher key account sales, more sustainable revenue, larger margins, more innovation opportunities*



# Sustainability: Create A High Performing Culture



- Appreciate/validate existing culture
- Communicate **Purpose**, stories & aspirations
- Cultivate collaboration, commitment & shared accountability
- Model credibility, values & expected behaviors
- Hire with **Purpose** & culture in mind
- *Success Metrics: Increased cross-functional engagement, greater accountability, improved productivity, higher growth & profitability*



# Culture Drives Business Sustainability



- Assess culture to diagnose business sustainability
- Value creation is dependent on culture - it's the “secret sauce!”
- **The Sustainability Triad** identifies cultural attributes essential for sustaining a business, enabling growth & creating value:
  - Leveraging **Purpose** increases commitment, collaboration & shared accountability
  - Partnering with **Customers** builds enduring relationships, strengthens differentiation/advantage & achieves higher margins
  - Creating a thriving **Culture** binds the organization to grow by fulfilling **Purpose** & contributing to **Customers'** success