How to create and keep a great business culture

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What is culture?

There's no fixed definition of business culture, but broadly speaking it is about how staff understand and represent a company's values, whether they're written down in a formal document or simply what has emerged over time on the shop floor.
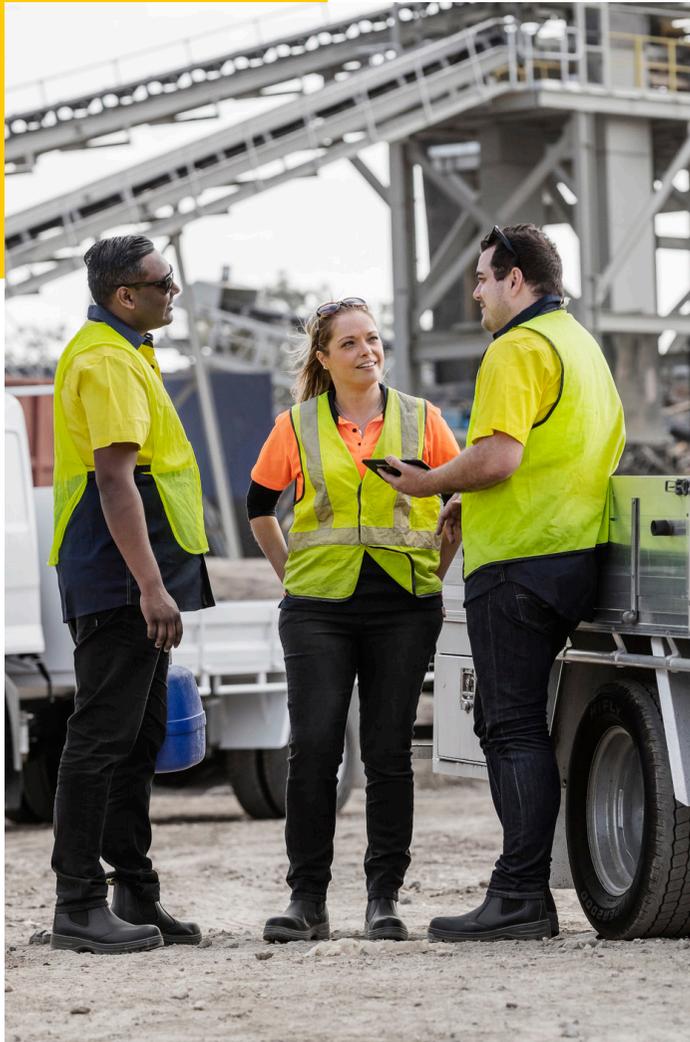
Another way to think of it is 'how we say we get things done' inside a business.

These are formal, often physical things that you can see or hear directly, such as:

- a company's documented vision
- strategy and goals
- policies and procedures
- company logos
- uniforms or branded clothing like shirts, hats and jackets

Culture is what your staff do when nobody's looking

Others are deeper and less obvious; think of them as 'how we actually get things done'. These are informal, often intangible things such as:

- shared beliefs
- assumptions and perceptions
- group norms
- traditions and practices

Every staff member has choices about how they act and respond to different situations.

That's why, however you define it, your culture affects your business and your customers – whether that's for good or not will depend on you.

Your culture influences the decisions they make or the behaviours they choose to display while on the job.

A culture that emphasises customer service, safety and professionalism is very different to one that emphasises cost-cutting, speed, and a 'just get it done' attitude.

Culture eats Strategy for Breakfast
– PETER DRUCKER

CULTURE   **STRATEGY**

Why culture matters

Australian transport and logistics operators scoring in the lowest quarter of the NTI safety culture and leadership survey, Traction, consistently experience the problems that a poor culture creates, including bad (and occasionally disastrous) customer outcomes.

Businesses struggle most with staff turnover

Kelly McLuckie, NTI Customer and Culture Transformation Manager and Traction creator says such operators "are most likely to struggle to achieve even minimum compliance, resulting in heavy penalties for the business, including ongoing scrutiny."

"We also find these businesses struggle most with staff turnover and to attract quality people, because they either don't stay or the business's employment reputation gets out and puts off good staff from applying."

Good culture makes good business sense.

On the positive side, as seen in our recent video with Tim Jensen from Blu Logistics, a positive culture generates significant benefits.

Having a good business culture can become a source of significant business advantage.

It will be easier to hire and retain staff because your business will be recognised as an excellent place to work. With drivers in short supply, that's a powerful incentive.

Similarly, your relationships with customers will be stronger as they'll recognise your efforts and value the excellent service you offer. Winning new business will be easier, and customers may even become advocates on your behalf.

We have all seen in recent years how a poor culture can harm a business and its customers

More broadly, you will benefit from public and regulatory perceptions that you take your responsibilities as a business seriously.

A good reputation can be of incalculable benefit if you suffer a road incident or regulatory breach.

Your exemplary behaviour and reputation can see such events cast as rare occurrences or lapses, quickly dealt with, rather than as signs of systemic problems.

How is culture created?

As noted, every business has a culture. The challenge for managers and leaders is to shape it positively rather than simply letting it emerge.

Managers and leaders must lead by example

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The first step is to:

set out your values and the behaviours you expect clearly.

These might include concepts and ideas such as:

- safety
- compliance
- customer service
- courtesy
- professionalism
- being an industry leader

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The second step is the critical one:

managers and leaders must show the way, clearly and consistently modelling the values and culture they want for the business.

Suppose you claim that 'safety first' is a value, for example, but berate a driver who's fatigued and makes an unscheduled rest stop.

In that case, you'll have shown that when push comes to shove, you're not committed to safety. Your people will notice and follow what you do far more than what you say.
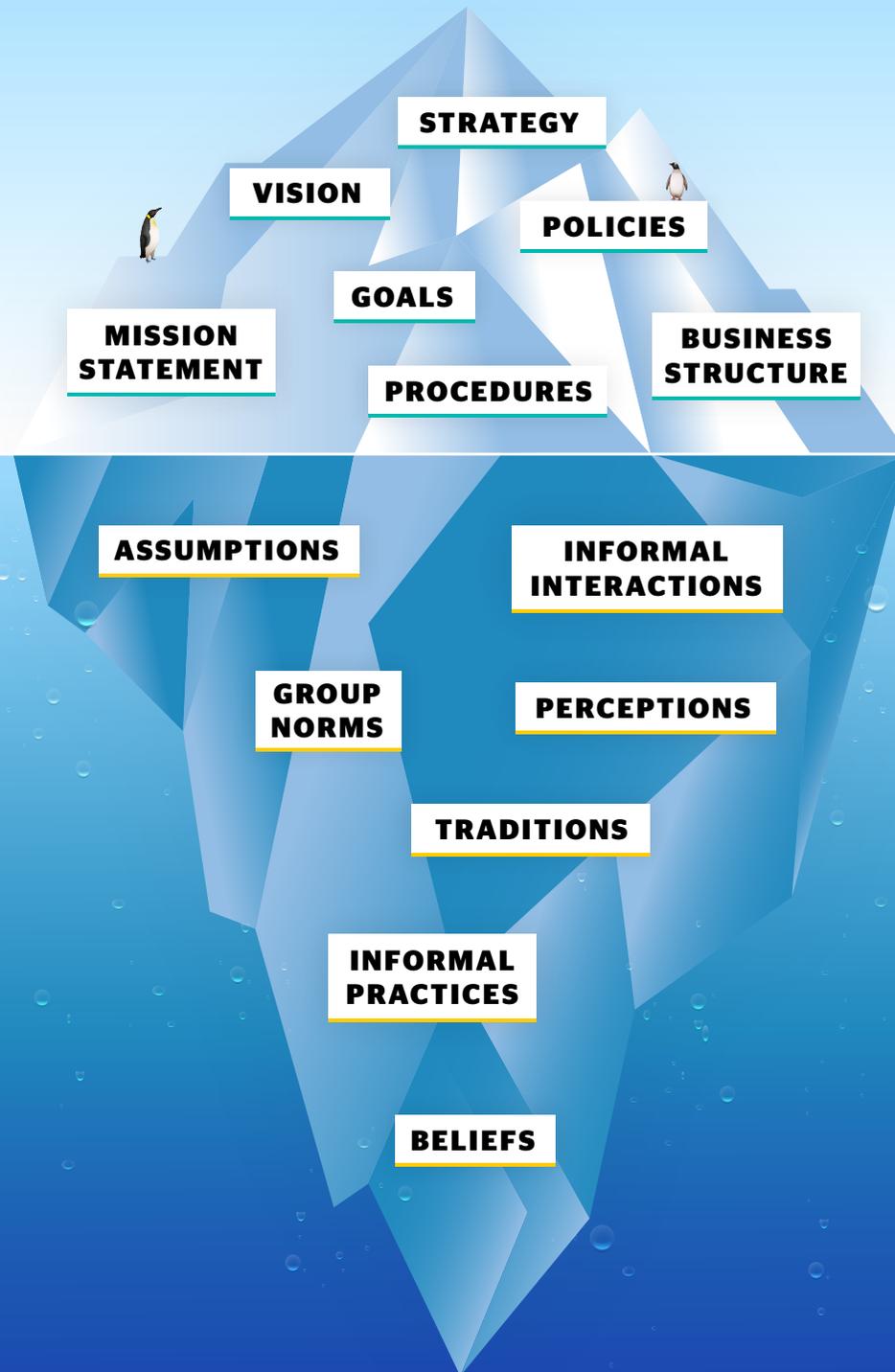
Make it clear that the same rules – the same culture – apply to everyone in the business, all of the time.

It's how leaders react when under pressure, or when facing a difficult situation, that will test and reinforce your culture the most.

Components of culture

The way we **say** we do things

The way we **actually** do things

STRATEGY

VISION

POLICIES

GOALS

MISSION STATEMENT

BUSINESS STRUCTURE

PROCEDURES

ASSUMPTIONS

INFORMAL INTERACTIONS

GROUP NORMS

PERCEPTIONS

TRADITIONS

INFORMAL PRACTICES

BELIEFS

Signs of good culture

How can you tell if you have a good business culture?

Tell-tale signs include:

POSITIVE ATTITUDES FROM STAFF

- Low absenteeism
- High morale and eagerness to train
- Keen to be promoted within the business
- New recruits referred by existing staff
- Support for co-workers
- Care for equipment

PSYCHOLOGICAL SAFETY

- Trust between leaders and staff
- Owning mistakes and learning from them
- Willing to ask questions or offer ideas
- No fear of blame or judgment

COMMUNITY RESPECT AND ENGAGEMENT

- Invitations to participate in community activities (open days and fundraisers)
- Opportunities to sponsor or assist local organisations (schools or sporting teams)
- Overall tone of your relationships with local government, police and regulators

STRONG CUSTOMER RELATIONSHIPS

- Getting repeat business
- New contracts from existing customers
- Interest from new customers
- Existing customers recommending you

Look to staff, customers and the community to gauge your culture

How to evaluate your culture

How can you evaluate your culture? In addition to being mindful and aware of the signs of good culture, you can take concrete steps to assess what's going on inside your business.

First, check the morale or mood in all your offices and depots.

Get to know your team members so you can gauge how they're feeling. Check-in with managers at other sites. Your gut feeling about a site's 'vibe' will often be correct – but check with others to be sure.

Survey your staff and ask them to explain the company's values.

- What do you think we **stand** for?
- What are we **about**?
- What's the **best** thing about working here?
- What's the **worst** thing about working here?

It's a good idea to allow anonymous answers, as people might not want their names attached to any negative responses.
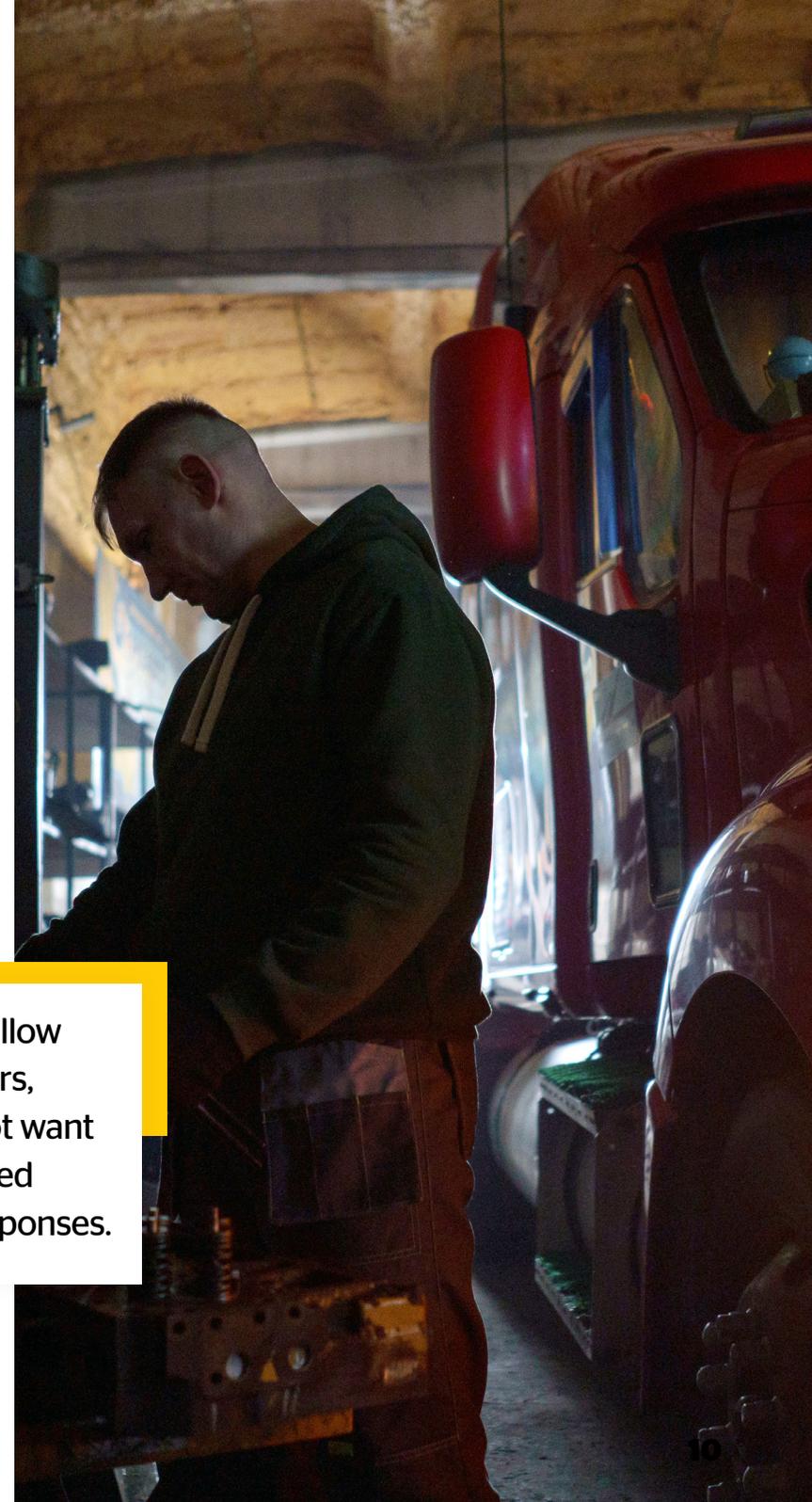
Similarly, ask your customers and business partners how they see the company.

Ask them for a 'traffic light':

- **Red Light**: what to **stop** doing
- **Yellow Light:** what to **keep** doing
- **Green Light:** what to **start** doing

Finally, assess your:

- Overall compliance with regulations
- Insurance incidents
- Maintenance costs against industry benchmarks
- Staff turnover and feedback in exit interviews

If you're lagging, then you may have some culture work to do.

Get to know your team members so you can gauge how they're feeling

How to change your culture

Once you've got a clear view of your culture, how can you change it if it's not what you want it to be?

At the leadership level, check your values.

Write them down if you haven't done so already. It's worth spending some time doing this. Think about the company you want to be leading – what does it look like? What values would bring you closer?

Once you have your values sorted, embed them into operational procedures.

You might implement new safety checks, provide anti-bullying training or adjust routes and schedules to allow more rest stops. New technologies can improve safety and business efficiency.

Empower team members to challenge each other on their behaviour.

You don't want to create a 'dobbing' culture. But you do want to make sure that calling out problems doesn't have negative repercussions.

Back your team.

Trust them to act responsibly. Show that you're leading by example and keep communicating.

Do not excuse or discount any negative influences, such as leaders that don't follow policy consistently, even where they seem harmless or only an occasional problem as they can derail all your good work elsewhere.

Check your values, embed them into your business and trust your team

How to monitor your culture

Your culture is constantly changing.

It will evolve as new people enter and leave the business.

It'll develop as your business changes customers, adapts to new regulations and adopts new technologies.

Review your culture at least once a year.

Survey your staff (formally or informally, as you deem appropriate) and check in with your customers.

Monitor your overall performance including:

- Safety
- Compliance
- Productivity
- Turnover
- Absenteeism
- Staff turnover

Review your culture at least annually

Case study: BLU Logistics

BLU Logistics Solutions is a specialist food transport company operating across Queensland, Northern NSW, South Australia and Tasmania.

With such a geographically diverse operation, maintaining a consistent and robust culture across all sites is the only way to ensure continuity of service and a coherent approach to market.

Director Tim Jensen says that part of the company's success comes down to its willingness to engage with its culture.

"We always like participating in new things and exploring new things in our business to see what works and what doesn't," Tim says.

The company felt it had a strong culture but wanted more insights, so it engaged NTI's Traction service to survey their staff and provide recommendations for improvement.

We thought we were doing a pretty good job but we'd never actually dug deep enough to find out whether that was really the case or not

– TIM JENSEN, BLU LOGISTICS

Paying attention to their culture year on year has helped, he says. "It confirmed some of the things we were doing quite well. And it made us think further about some of the things where we thought 'we can improve here, we can do things better'."

Since reviewing BLU's culture and making some changes, Tim says there have been many benefits.

"With a couple of the new contracts we've won, they've been very focused on having those [safety] things right within the business," Tim says.

"In fact, they interviewed some of our drivers and looked at what it was like working for the company.

"Did we do the right thing by the drivers, did we stick within our hours, how did we treat our staff.

"It wasn't always about price; it was about getting those things right."

Something as intangible as culture makes a massive difference to your business, your profit and bottom lines, the safety of your equipment and how people enjoy working for you as a company.

– TIM JENSEN, BLU LOGISTICS