



# WORRIED ABOUT YOUR CULTURE? *Look at your CEO's habits*

IT IS THE CEO WHO MAKES – OR BREAKS – A CULTURE WITHIN ANY ORGANISATION. NICHOLAS BARNETT OUTLINES HOW CEOS CAN BUILD GREAT CULTURES AND EXAMINES THE SEVEN BUSINESS HABITS OF HIGH PERFORMANCE ORGANISATIONS

WHO IS RESPONSIBLE FOR CREATING AND MAINTAINING A CONSTRUCTIVE ORGANISATIONAL CULTURE PROVIDING APPROPRIATE LEADERSHIP AND DELIVERING COMPELLING MESSAGING? THE UNIVERSAL ANSWER IS THE CEO. YES, THE BOARD IS ULTIMATELY RESPONSIBLE AND YES, THE LEADERSHIP TEAM HAS A ROLE, BUT THE PRIMARY RESPONSIBILITY RESTS WITH THE CEO.

CEOs are accountable for the culture and performance of their organisations and the outlook of employees in regard to their jobs. This realisation is empowering, but to some it can also be disconcerting. If things aren't going so well, if employees aren't really putting in, or if there is a whole lot of negativity in the workplace, it is all too easy to blame it on employees or on other circumstances. If you aren't happy with your organisation's culture, environment and the approach of your employees, take a good look at your CEO and their habits. Your organisation's culture is a reflection of your CEO, their aspirations, messaging, values and behaviours.

#### Everyone is watching the CEO

If CEOs say one thing and do another, we shouldn't be surprised if employees model their actions rather than follow their words. Great CEOs have 100 per cent alignment between words and actions. They understand that actions are just as important, if not more important, than words in communicating to employees what is appropriate and what is not. Great CEOs not only connect with the minds but also with the hearts and emotions of employees. Such leaders are able to communicate a compelling and inspiring vision for their organisation's future. Such leaders also understand that their behaviours need to be of the highest standards, and that employees are forever watching and taking cues from them. The best CEOs guard against doing even the most minor thing that would undo all their great work over

decades. They are absolutely consistent and therefore, behaviours are predictable.

#### Inaction speaks loudly too

A CEO I know occasionally shares the story of the time he pulled up a staff member for sending what he thought was an inappropriate email soon after he started. The behaviour that had been acceptable up until then was suddenly considered unacceptable, and the relevant person knew it. The amazing part was that the culprit let a few other people know, and the story about what was now considered unacceptable went around the organisation like wildfire, including through other state offices. The CEO didn't have to say another word. A new cultural norm had been set and continued from that time on.

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The CEO recounts the story not so much to boast about the high bar he had set in relation to that particular matter but more because he shudders to think what might have happened if that person had not been pulled up. Inaction would have sent a very loud but different message to staff.

#### Engage the heart as well as the mind

Many organisations are ineffective at bringing about organisational change because they develop a rational case for change but they never connect with or engage employees in a way that moves their emotions and creates a heartfelt desire for change. A well-known chairman of a global organisation advised that he was having trouble working out why his extremely

intelligent and competent new CEO was not as effective as he had expected. The chairman later concluded that the CEO was not able to adequately connect with the organisation's employees as he “didn't love his people”. The CEO had treated the employees as numbers or units of labour, and the employees had noticed and withdrawn their emotional support.

#### Demonstrate you care for your employees

Research shows that caring for your employees is the single biggest driver of employee engagement. That is, if you want to increase employee engagement, the single biggest impact will come from CEOs ensuring that the culture of the organisation is one that demonstrates care for employees. This must, of course, be done and be seen to be done in an authentic way.

Care for employees is demonstrated in many ways, like actively listening to your employees and genuinely valuing their opinions. Again, it will be obvious to your employees if you value their opinions. If you value them, you'll give them regular and constructive feedback and ensure that this is a crucial component of your organisation's culture. You'll also ensure that you develop a constructive and supportive organisational culture where employees are encouraged to reach their true potential and thrive.

You will also ensure that your organisation does not tolerate bullying and harassment and that all employees are treated with the same dignity and respect. A senior female executive I know was bullied and harassed. She reported it through the appropriate channels, but nothing was done to support her or to deal with the perpetrator. After many months she had to take a significant break from work and never returned. It became clear to her that her employer did not care for her or other employees. The organisation was made aware of the bullying and harassment and chose to do nothing about it. This ended up being

**7 business habits of success**

There are seven business habits which differentiate high performance from low performance organisations. Detailed in *7 Business Habits That Drive High Performance*, these habits are based on groundbreaking research involving the views of more than 100,000 employees from around 200 organisations.

It starts with developing, communicating and living an inspiring vision of a compelling future (habit 1) and then adding focus by communicating clear strategies and goals that are aligned to that vision (habit 2). Employee energy will be turbo-charged as they are engaged and brought on the journey, developed, recognised and cared for (habits 3, 4 and 5). Customer expectations and desires will be front and centre as the organisation adapts to their needs (habit 6). Habit 7 greases the wheels as people and systems are aligned and continually improved.



very costly for the employer and very damaging to the employee. It could have been so easily avoided.

**Show you are serious – assuming you are**  
Employees will ask themselves whether their CEO is serious about many aspects of their work before they apply themselves to a particular task. This is true in relation to just about every aspect of work that you can think of including values and behaviours, employee engagement, customer engagement, productivity, innovation, risk management and high performance. Employees will take their cues from the CEO.

A head of HR once spent around one hour taking senior executives through some critical new organisation OH&S initiatives prior to a strategy session that the CEO was due to lead. After the session with the head of HR, the CEO said: “Now we’ve got that compliance session out of the way we can get down to the real business of the organisation” and continued on with his

talk. Without even understanding the full consequences of his words, he undermined the important efforts of the head of HR and made it very clear to those present that OHS was not a priority for him no matter what he might say or do in the future.

*“Great CEOs have 100 per cent alignment between words and actions”*

**Leaders set a clear direction**

Ken Blanchard, co-author of *The One Minute Manager*, has stated: “First of all, leadership is about going somewhere. If your people don’t know where you want them to go or how you want them to behave – if your long-term direction, purpose, strategy

and values are not clear – your leadership doesn’t matter. I guarantee you won’t generate high levels of performance or human satisfaction.” If a CEO cannot or will not set the long-term direction, purpose, strategy and values for an organisation, then who will? A good CEO not only ensures that there is a very clear long-term direction, purpose and strategy, but also that employees buy into, support and champion that direction, purpose and strategy. They do this by involving all employees or representative groups during the development phase to ensure that an inspiring vision has been developed and is being lived, and then ensure everything is lined up with that vision. The ongoing communication and championing of the vision, how it links to strategies and business plans, and why decisions and actions are so important to the achievement of the vision, ensures that the vision and strategy become a way of life.

**CEO authenticity is required**

Most employees can spot a fake person a

mile off. If employees sense that a CEO has a primary aim of looking after themselves and their own ego, and that the desires and feelings of their employees are secondary, those CEOs will gain very little buy-in to their goals and objectives. Authentic CEOs have great depth of character and integrity. They constantly and consistently uphold the organisation’s values and demonstrate a genuine care for others.

A senior Australian chairman I know often expresses the view that his main role is to do all he can to develop, support, challenge and encourage his CEO and help the CEO to grow and develop and carry out his or her role at an increasingly higher level. This is unlike the view of many other chairmen who consider that the CEO is primarily there to serve their wishes and follow their directions. The boards of our corporations need more chairmen who take the view of the first chairman mentioned. CEOs who genuinely serve their employees by going out of their way to develop them and doing all they can to make them as effective as possible will have a far more engaged and productive team due to the significant extra discretionary effort, focus and energy that will result. Many leaders display good behaviours and attitudes in good times but change their approach, emphasis and behaviours in difficult times. Authentic leaders and those adopting an attitude of servant-hood are consistent in the way they behave and think in both good times and bad.

**Recruit people with good habits**

We all have habits. Some are good and some are bad. They are all very difficult to change. Sometimes we do not even recognise that we have a particular habit as it has become so ingrained it is just part of who we are. There are seven good business habits (see box) that need to become so ingrained in the way things are done that they simply become part of the organisation’s personality and identity. CEOs need to ensure appropriate processes are in place when selecting new employees who not only have the competencies and

skills to do the job well but also the habits that are a good fit with the organisation’s aspiration, purpose and values. Recruiting employees with great competencies and skills but bad organisational habits will cause much grief. Many leaders say that it is much harder to change bad organisational habits into good ones than it is to teach new skills and competencies. This is why the most successful organisations put such a high emphasis on values and living these seven habits in their selection and recruitment process.

*“If a CEO cannot or will not set the long-term direction, purpose, strategy and values for an organisation, then who will?”*

**CEOs can set a high bar – and keep it there**

Your CEO will set the height of the bar in relation to the values, behaviours, performance and risk management in your organisation. If their bar isn’t kept consistently at a high level, employees will adjust their efforts to the lower bar. It is very unlikely that the CEO’s leadership team will set a higher bar than the CEO. It is also unlikely that the bar set by those who report to the leadership team will be set at a higher level than the bar set by the leadership team and so on. Expectations are cascaded down through the organisation.

**Geographic, cultural, personality and other differences**

An employee’s outlook and approach will depend to some extent on their personality, upbringing, cultural background, religious beliefs, geographic location and other factors. Individuals are, by definition, unique. Individual differences can be significant, particularly in different countries and even in different regions.

A constructive culture is essential to the effective implementation of strategy. A destructive culture will kill a good strategy every time.

Creating a constructive organisational culture with people of different personalities and backgrounds and from different geographies can be a challenge for CEOs. Some CEOs simply allow their organisation’s culture to evolve. Others are deliberate about forming and shaping their organisation’s culture with the attributes that are most likely to lead to success. The latter approach is more desirable.

Diverse employees can be bound together across hierarchies, geographies and time-frames by a constructive culture. Culture can be the glue that ensures groups have common aspirations, goals, plans and values. If a CEO is explicit and intentional about embedding the organisation’s vision, purpose and values in its culture and DNA, it will develop employees with a greater passion and commitment, no matter what their background or personality. If the CEO talks little about the organisation’s vision and purpose and is not explicit about the values that are believed to be important, the organisation is likely to attract employees with little commitment. An organisation’s culture that is built by a CEO with a compelling vision and explicit values will act as a magnet to attract employees who are inspired by what’s been created; also, it will repel those employees who do not live by those values and are not inspired by that vision.

Before setting up in new geographies or regions or trying to integrate new acquisitions, boards and CEOs need to make well-informed judgments as to whether, how well, and how quickly they can replicate their organisation’s culture.

*Nicholas Barnett is CEO of Insync Surveys and author of the new book, 7 Business Habits That Drive High Performance (Major Street Publishing, \$29.99). For more information see the book review on page 82.*