Putting Together the
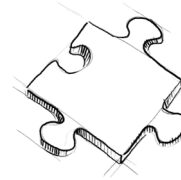# Entrepreneurial Puzzle:

The Ten Pieces Every Business Needs to Succeed

Contents

Puzzle Piece Two
Intentional Culture

Why does culture matter? Whether it's intentional or not, every company has a culture. You can walk through the door and feel it almost the instant you step in. What does the lobby look like? What's on the walls? Is it warm or cool? Clean or shabby? Quiet or loud? How are you greeted? Even if you don't think you have a clearly defined culture in your company, you do. You may not be able to describe it, but I'll bet others can and do, to your competitors as well as to your potential customers.

Culture is the daily demonstration of a company's values. Culture can be the manifestation of stated values (intentional), or the unstated but nonetheless real values that some or all of the employees share, but that are unstated (unintentional). As we discussed in the last chapter, spending a lot of time on your Intentional Purpose (values, mission, and vision) will be a waste unless that truly translates into the *lived* culture of your organization. Make sure they match: Culture = Lived Values.

The risk of not being intentional about your company's culture was illustrated to me by an encounter I had with Peter Schutz of Porsche, when he came to speak to one of my TEC CEO groups about getting extraordinary results out of ordinary people. (The Executive Committee is now Vistage International.) The meeting was held at a member's company, a software firm. As we were waiting for everyone to arrive, Peter approached me and said, "Come here, I want to show you something." We walked down the hall and he pointed out several offices. They were messy and chaotic, with lots of personal items on display. He asked me if I thought this company had trouble

sticking to plans and meeting deadlines. My answer was an emphatic "Yes!" And, in fact, those were the biggest challenges the company faced. Those offices belonged to developers who were allowed enormous flexibility in their work schedules, but were not held accountable when they didn't meet deadlines.

The owner of this company is a brilliant thinker, inventor, and idea person. He didn't purposely set out to create a chaotic culture; it just happened as a result of his experimental personal style. While not fatal, this unintentional culture hampered his company's growth. The business was making it because they had a product no one else had, but they had plateaued at $5 million in revenue because the owner, and consequently his team, kept reinventing the product. Because they didn't have a culture of reasonable limits and accountability, the product was never good enough, and they continued to tinker until some clients grew frustrated and went elsewhere. Ultimately, the culture of unaccountability kept the company stuck, continuously repeating the same mistakes.

Unintended culture also presents significant problems with employees. First, without an intentional culture, it's hard to accurately identify why someone should work for you. You're left hiring based on skills alone, and skills by themselves don't speak to whether or not a person will fit in and manifest your company's values. An additional risk is that some of your employees will set the culture for you, and it's rarely your best employees who will do that. These people are like bullies on the playground: if the playground monitor isn't watching, they'll set the rules and tone that everyone has to play by. A third drawback is that, in the absence of intentional culture as a unifying force, employees will head in different directions, accomplishing their own tasks in their own ways. This lack of cohesion in the team ultimately leads to lack of results.

Have you really thought about your company's culture? Cultural confusion is more common than you might think, and a little examination should tell you if your company's culture is preventing you from attaining the success you'd like to have. Even though some aspects or departments of your company might have a pretty defined set of values and therefore a culture, it's essential that your *entire* company understand and live the same culture. No facet of your company can fully achieve its goals without the entire company adhering to the same culture. Nor can your company achieve its overall vision without everyone upholding that culture. Take a look at how your company functions: lack of communication, lack of follow through, misunderstandings, unmet deadlines, and low morale are all symptoms of a dysfunctional culture.

What Do You Want Your Culture to Be?

Patrick Lencioni, author of several books on culture and teams, describes a fictional company in his book *The Four Obsessions of an Extraordinary Executive: A Leadership Fable*. In this company, the owners have described their culture in three words: "Hungry, humble, and smart." They decided that anyone coming into the company needed to have drive (be hungry), needed to be respectful (be humble), and needed to be the best at what they do so they could think on their feet (be smart). The owners then looked at all their people to make sure everyone fit that culture, and they made changes with anyone who did not. They knew that one exception could take their company in a wrong direction, because one negative has more impact and influence than five positives. Next they evaluated all of their processes to make sure those too were hungry, humble, and smart. In doing all of this they also found that their best customers fit that description as well.

Although this process takes place in a fictional company, the same exercise works very well in real companies. I've given this assignment to CEOs, and, more often than not, the ones who can describe their culture in three words and identify those traits in their employees as well as in their company's processes are the most successful. They are the ones who continue to grow their businesses and make it look easy.

I've noticed a lot of firms adopting three words to describe themselves in marketing materials, and I've been curious about how that works inside the organization. Are those three words intentional culture or just a catchy tag line? A tag line is good for show (it looks great on marketing materials), but living the meaning of those words inside the organization as well as in your interactions with the outside world is what your company needs in order to grow. Make sure the words you choose reflect and describe your intentional culture. You can use any three words as long as you are very clear about what those words mean to you and your company. If you can't reduce it to three words, use four or five, but keep in mind that it's harder to create systems and processes that have more than three purposes. You might find it helpful to prioritize, and then pick the top three.

As with your mission and vision, identifying and implementing your company's culture is essential because your lived values will drive so many of your key decisions. We'll talk about this in more depth in Chapters Four and Five, but I'll give an example here to illustrate the importance of this. A financial services firm I worked with was having trouble recruiting and hiring a second-in-command to eventually replace the CEO. Instead of continuing to examine applicant skills, I had the CEO come up with three words to describe his company's culture. He decided that "accountable" (responsible for one's actions, reliable for results), "smart" (able to think independently and of above average intelligence), and "dedicated" (devoted to getting the best results for his clients) best described his company's intentional culture. Once he was able to define this, his vision about who that person was became clear and within three months he had located and hired the person who fit the position. Defining his company's culture so succinctly allowed him to successfully communicate his company's intentional purpose to a candidate, and identify those same traits in the person he ultimately hired. Just as this CEO used his three-word intentional culture statement to make hiring decisions, yours can act as an overlay to everything you and your employees do within your company.

Communicating Your Intentional Culture to Your Employees

If you're just starting a company, it's much easier to communicate your intentional culture to each new prospective recruit or employee. You can make it part of your employee handbook and orientation, and have it posted around the office in visible places. But, more than just the visuals, you need to live your values from the top down. The minute an employee sees you or the management team doing something counter to your stated values, game over. At that moment a new culture has been created and it's called, "Lack of Integrity." Remember the old saying that most people will give you their trust once for free, but you have to earn it back forever once it's broken? Well, the same goes for culture within your company.

One company CEO I worked with liked to think of himself as the "father," and he took excellent care of his employees, creating a very patriarchal culture. Then the company hit hard times.

Suddenly people were laid off, salaries were frozen, and bonuses were eliminated. Yet the employees were expected to give the same level of performance if not more. What resulted was a bunch of petulant teenagers all rebelling because father didn't take care of them anymore. To this day that company's culture has never returned to father-knows-best, and, because of the breach of trust, it has never performed as well either. The patriarchal culture was replaced by an "it's not fair, distrust and entitlement" culture. The lesson here is that it doesn't matter what your culture is (assuming, of course, that it's legal and ethical) as long as you know what it is, you can articulate it inside and outside, and you believe in and live it.

As I've said, communicating your intentional culture to your employees goes well beyond stated messages. What employee programs do you have that reinforce your culture? One of my clients decided that "learning" was one of her company's values, so she implemented quarterly programs open to all employees to learn and grow. The company also had a very generous plan for ongoing education to reward employees who took it upon themselves to enhance their skills. Like this CEO, develop opportunities within your company to allow employees to use, communicate, and "live" your culture every day.

Now back to the lobby. Please, please, make what people first see when they enter your building (or office or store or website) consistent with your culture. Remember your first date? Didn't you want to make a good impression? You might think about this in terms of customers, but it matters for your employees too. Make sure everything you communicate both visually and verbally is aligned with your culture. Daily reinforcement contributes to employees feeling satisfied with their jobs—more so than money.

Communicating Your Intentional Culture to Your Customers

Though more and more initial contact occurs online, often the first human interaction you have with your customers is through the people who answer your phones. It's the rare business that never has phone contact with customers, so pay attention to this aspect of your company. One of the companies I work with changed their receptionist's title to "Director of First Impressions." (We'll talk more about titles in Chapter Four, so don't run out and change everyone's title before you read at least that far.) Not only did that change make the receptionist feel valued, it let the customers know that they too were very important to the firm. When your employees feel important, they take their jobs more seriously and they are more likely to communicate the company's values to the outside world. So think about what your first impression is communicating. When you get trapped in the automated voicemail loop, how important do you feel to the company on the other end of the phone? I feel like they don't want to talk to me, but I'll bet nine times out of ten they have a mission and vision statement on the wall that says otherwise.

I'm guessing you didn't scrimp on your website. Does it really cost that much more to have a friendly voice answer the phone? Probably not when you do a full cost-analysis—the number of customers you keep happy will more than pay the cost of a friendly greeting when someone calls. Now, assuming you have a person to answer the phone and your three words are "hungry, humble, and smart," what would that person have to do to communicate that culture? My guess is: pick up

the phone quickly (smart), know exactly what to say (smart), be gracious when customers are upset (humble), and try to get customers to the right person to have their needs met quickly (hungry). Make sure your phone is being answered by someone who represents your culture, or you'll be judged based on theirs.

One of my clients owns a special effects equipment manufacturing company. They are a group of very friendly, creative people. They answer the phone by saying, "Thank you for calling CITC, where cool stuff is show tough!" How can you not help but smile when you hear this? Answering the phone this way tells the caller that these people are fun and creative, and that they appreciate the call. In other words, the greeting clearly reflects the company's culture.

Your marketing materials should also reflect your culture. Most marketing people could take a company that was "hungry, humble, and smart" and weave that culture into any product line from its packaging to its advertising. (If they don't start with your culture, you really need a different marketing company.) What you wouldn't want to see is an ad campaign that was misaligned with the company culture. Most products and services are available from several companies, but most cultures are unique.

Knowing that your culture is your most significant opportunity to differentiate your company from your competitors, make sure yours shows in your marketing materials and most importantly on your website. If your website frustrates your customers and potential customers, inevitably they are going to wonder how your company is going to take care of their business. We've all had the experience of going to a website only to encounter the "under construction" or "down for maintenance" banner, or links and tabs that go nowhere. Or the site is so difficult to navigate you can't possibly find what you're looking for in one or two clicks. Or how about my personal favorite: when you can't find a phone number. That just screams, "Don't call me!" If you prefer that people contact you via email (which is fine), make sure someone responds within twenty-four hours. If you don't, it says volumes about what your culture is and how you'll treat that customer in the future, if you get the chance.

Everyone at your firm (your sales people, account managers, service people, etc.) should "touch" the customer in a way that is consistent with your culture. If you hire for culture, you won't have difficulty training this. If you do not, you'll have to make some changes. Every customer interaction is a reflection of your company and you. Make sure every interaction demonstrates the correct image of your company.

Reinforcing Your Intentional Culture

Once you've identified your culture (hopefully with three words that are easy to communicate), you need to reinforce it on a regular basis. You can use your three words to go back and fine tune the final version of your mission, vision, and values statements. Just make sure that the values expressed in those statements are "lived" and felt every day in your company. One person moving against the culture of your organization will cause problems, and, if they are allowed to continue to do so, your aligned people will leave because the organization is not living its intentional culture.

So, what employee rewards programs do you have to honor those who live your culture in their work? For sales, it's relatively easy: if they sell more, their commission or bonus pay should reflect

that. For internal employees, rewards (such as employee of the month or other recognition awards) should reflect very specific examples of culture success. And, if you're building a team-based culture, recognition should be based on the performance of the whole team, not just an individual.

All of your processes and systems need to stay in alignment with your culture. If your culture exists to treat employees and customers in a humble, smart, and hungry way, for instance, do your processes reflect this? Are there things you are doing that prevent systems from conforming to your culture? Examine how things run in your organization and listen to what your employees and customers have to tell you. If you hear that something is out of alignment from more than one person, chances are they're right. In a "smart" culture, you would encourage them to also have a solution, rather than waiting for you or a manager to fix it for them. Do your employees feel enabled to make something right for a customer? Is that in alignment with what you say your values and culture are?

Think of your company's intentional culture as a highway that has just been paved: The road signs are clear. There is no traffic congestion. Everyone knows which side of the road to drive on. All drivers know which direction they're headed and how to recognize when they get where they're going. Unintentional culture is more like driving on a dirt road, with no signs, and in the wrong kind of vehicle. What are the odds these drivers know where they're going and can actually get there? Is your organization's culture the paved road or the dirt road? Create the road you want or it will be created for you.

Intentional Culture Checklist

- ❒ Describe your Intentional Culture in three words.
- ❒ List at least three ways you'll communicate this to your employees.
- ❒ List at least three ways you'll communicate this to your customers.
- ❒ List the ongoing programs you have to reinforce the culture you've created. Do any of these need to be retooled or retired?
- ❒ Brainstorm several new ways to reinforce your culture.

Recommended Reading

The Art of the Start: The Time-Tested, Battle-Hardened Guide for Anyone Starting Anything, Guy Kawasaki, Portfolio Hardcover, 2004.

The Five Dysfunctions of a Team: A Leadership Fable, Patrick Lencioni, Jossey-Bass, 2002.

The Four Obsessions of the Extraordinary Executive: A Leadership Fable, Patrick Lencioni, Jossey-Bass, 2000.

Putting Together the Entrepreneurial Puzzle
The Ten Pieces Every Business Needs to Succeed

by Mary E. Marshall

The US has a long history of independent thinking, innovation, and creativity—a culture that is evident in an economy largely driven by small businesses and entrepreneurs. Yet, only about half of new businesses survive five years. Lack of practical knowledge about the basics of running a successful business is key. While entrepreneurs often have a dream for a service or product, many lack a comprehensive picture of what it takes to run a business. Given the precarious state of the economy and the significance of small business success, it's as important as it's ever been to support entrepreneurs in developing their practical business knowledge.

Over the course of a career working and consulting with entrepreneurs, Ms. Marshall has compiled a list of the ten most common problems that hamper small business success. *Putting Together the Entrepreneurial Puzzle* is comprised of ten interconnected but freestanding chapters addressing the fundamental areas of business every successful entrepreneur must be prepared to develop and manage. Each chapter takes a nuts-and-bolts approach and includes practical tools for building a successful business or correcting a struggling one:

- Real-life examples from Ms. Marshall's many years working with real entrepreneurs.
- Additional reading resources to increase breadth and depth of knowledge in specific areas.
- Sample worksheets, scripts, interview questions, etc.
- Checklists to help busy CEOs keep track of and accomplish tasks set out in each chapter.

Whether as a gift or a course text, *Putting Together the Entrepreneurial Puzzle* is a must-have reference for entrepreneurs at all stages of growing their businesses.

Available now from Amazon.com in print and Kindle formats.

Find out more about Mary Marshall's services
and follow her blog on leadership development and entrepreneurship:
www. mary-marshall.com.