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Building a High-Performance Culture:

KEY LESSONS FROM TOP CULTURES FOR 2017

CONTENTS

INTRO

We're all curious about how other companies prioritize and achieve the goals they set when it comes to company culture. But we're especially curious about how best in class organizations do it. CultureIQ is here to share a peek inside some high-performance cultures and provide considerations to help transform your culture into a competitive advantage.

In collaboration with Entrepreneur, CultureIQ polled 28,371 employees at 340 companies of different sizes, industries, products, and services to evaluate their company culture. Through the data collected, CultureIQ determined which elements of culture are most important to these organizations and where they focus to create high-performing cultures. The data also provides insight into what stands out most for the companies that made the Top Company Cultures list.

The data set for this study is distinctly helpful because it features self-selecting companies that performed higher within the scoring metrics, putting a magnifying glass on what is happening within these cultures. The result is a series of insights that will help organizations across industries and sizes discover their own opportunities for culture change and effective culture management.

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ABOUT TOP COMPANY CULTURES

Top Company Cultures is a program in partnership with Entrepreneur, in which we surveyed companies across the U.S. and across industries to produce the Top Company Cultures list.

The rankings for all companies were determined using CultureIQ's methodology for measuring high-performance cultures. Employees at each company received a survey of multiple-choice questions. The answers were used to assess a company's strength across 10 core qualities of culture: *Collaboration*, *Innovation*, *Agility*, *Communication*, *Support*, *Wellness*, *Mission and Value Alignment*, *Work Environment*, *Responsibility* and *Performance Focus.*[1]

These quality strength scores, along with the employee Net Promoter Score were combined to create a cumulative CultureIQ Score. The companies with the highest CultureIQ Scores became the Top Company Cultures list in ranking order.[2]

[1] https://www.entrepreneur.com/article/289218
[2] To be considered for the ranking, a company must have at least 25 employees, have been founded before Jan. 1, 2015, and be headquartered in the U.S. For franchises, only the corporate employees were surveyed. For a company to qualify, the survey response rate had to be high enough to ensure that it was a representative sample of the company. Our methods ensure that the combined score is accurate to within 3 points with 90% confidence.
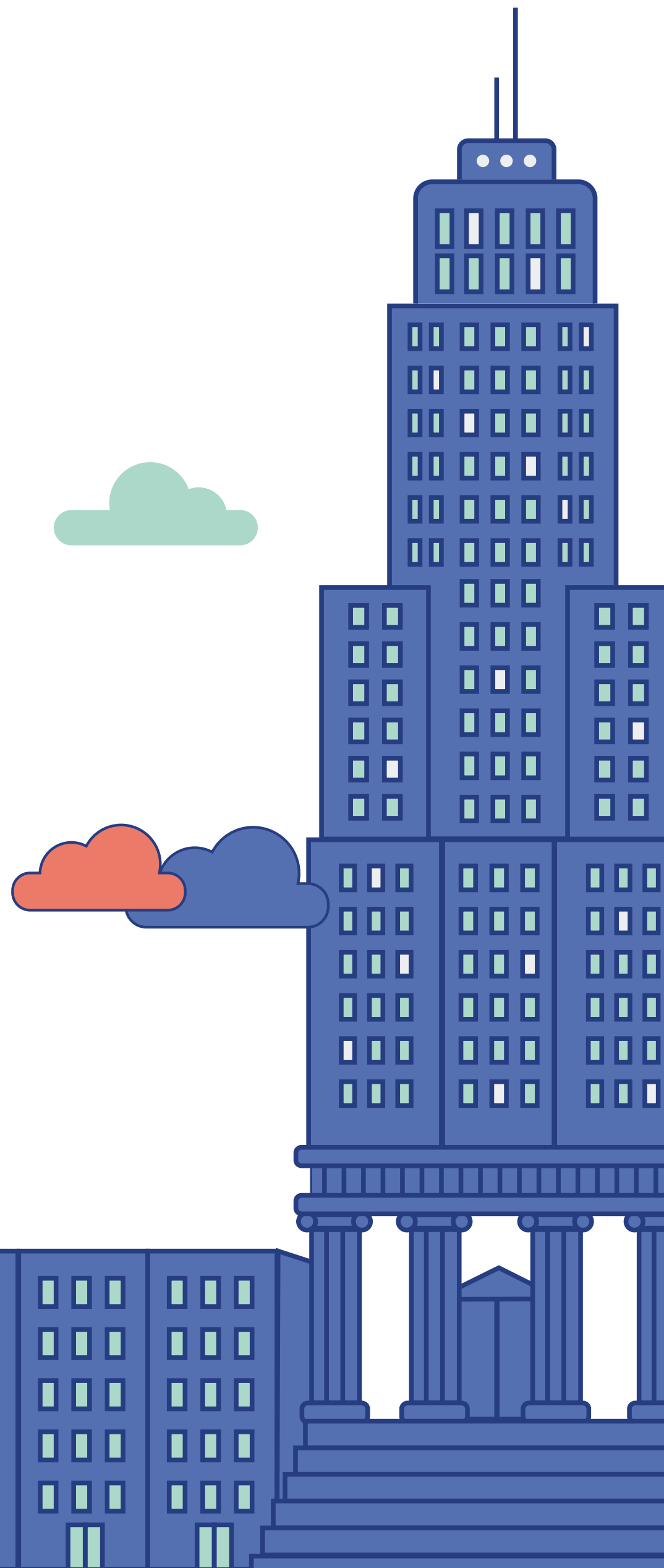
GLOSSARY OF TERMS

CultureIQ Benchmarks - Score benchmarks based on all CultureIQ data as of January 2017.

CultureIQ Score - A metric that indicates the overall strength of a company's culture on a scale of 0 to 100. A CultureIQ Score is calculated by combining the average of the 10 quality strength scores (below) with the eNPS (below).

Culture Qualities - Ten measurable qualities common to high-performance companies, including: *Collaboration*, *Innovation*, *Agility*, *Communication*, *Support*, *Wellness*, *Mission and Value Alignment*, *Work Environment*, *Responsibility* and *Performance Focus*.

Employee Net Promoter Score (eNPS) - An internal employee culture measurement tool based on Bain & Company, Satmetrix Systems, Inc., and Fred Reichheld's Net Promoter Score. The eNPS measures employee loyalty and engagement by organizing employees into promoters, passives, and detractors with the question "How likely are you to recommend this company as a place to work?" [3]

Quality Strength Scores - On a scale of 0 to 100, quality strength scores refer to the strength of a given culture quality in an organization. They are calculated by taking the percentage of employees that chose "strong" or "very strong" when asked to rate the quality in their company.

Winners and Non-Winners - Winners are the top 50 Top Company Cultures companies with the highest scores in each size category (under 50, 50-99, and 100+ employees). Non-winners (or non-winning companies) are the remaining program applicants.

[3] https://cultureiq.com/employee-net-promoter-score/

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LEARNING FROM WINNING COMPANY CULTURES

At CultureIQ, we believe that a critical component of business success (culture or otherwise) is focus. We work with clients to help them understand what cultural elements matter most to their people and business strategy in an effort to facilitate such focus.

With this in mind, the first section of this report centers around what separates the winning cultures (the top 50 companies with the highest scores in each size category) from the rest of the list applicants. This data also provides insights on what winning cultures are focusing on and excelling in compared to other organizations, which in turn, can provide direction for your organizational culture efforts.

WINNING CULTURES KEY FINDINGS SUMMARY

1

Winning and non-winning organizations have the same top and bottom scoring qualities.

Overall, companies included in this study rank highest in *Work Environment* and *Collaboration* and lowest in *Wellness* and *Communication*. Since all applicants in the Top Company Cultures program, regardless of whether or not they made the list, were high-performing cultures, this indicates which cultural elements are strongest across high-performing cultures.

2

***Work Environment*, *Support* and *Mission and Value Alignment* are what matter most to employees at companies with high-performing cultures.**

While all qualities impact eNPS, the driver analysis indicates that these three qualities have the greatest impact on eNPS. Given limited resources available for culture change, addressing one of these three areas can lead to the greatest increase in eNPS.
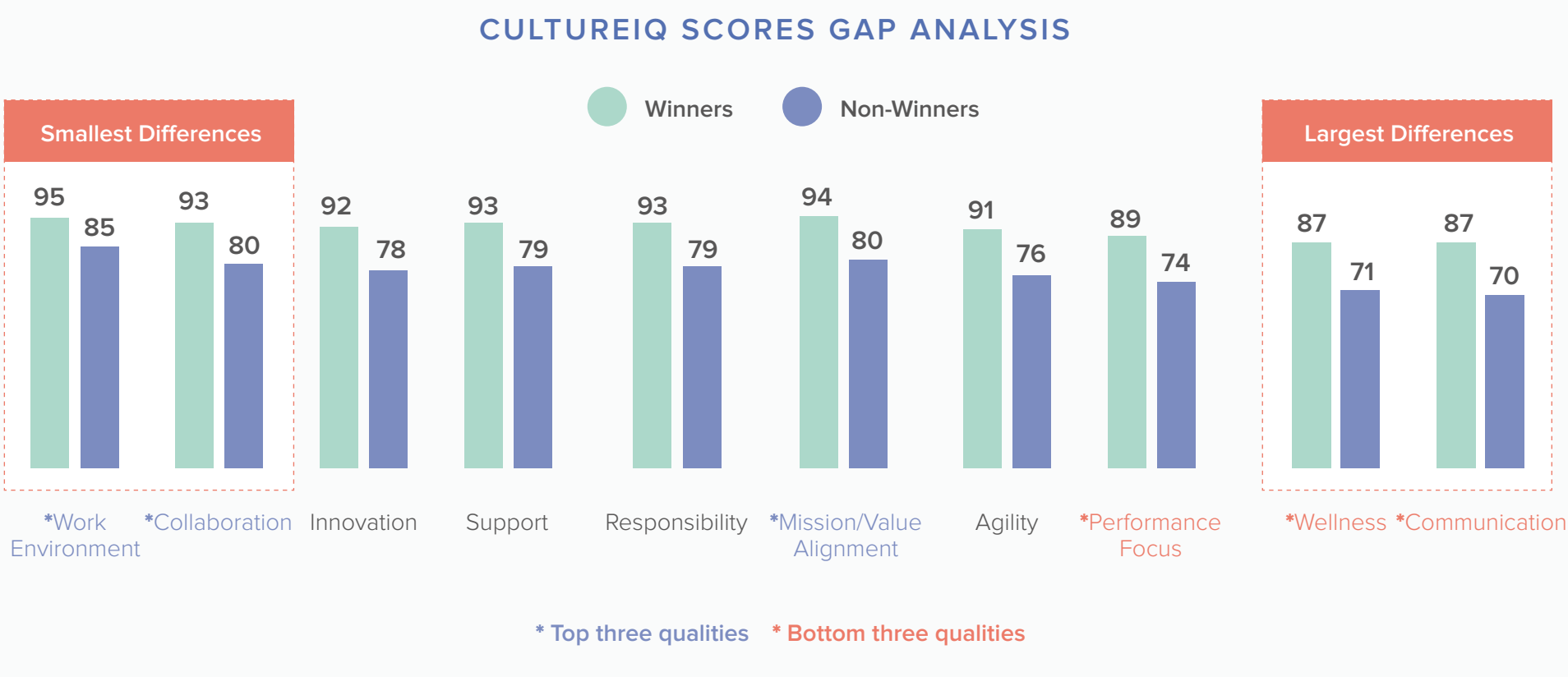
3

In winning cultures, leadership is a key differentiator.

Leaders are responsible for role-modeling the mission, values and positive behaviors within an organization. Employees at companies with winning cultures showed significantly high scores in survey statements related directly to leadership confidence, caring, and listening.

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GAP ANALYSIS: STRENGTHS AND OPPORTUNITIES
Scores: Culture Qualities

CULTUREIQ SCORES GAP ANALYSIS

Winners   Non-Winners

Smallest Differences

| 95 | 93 | 92 | 93 | 93 | 94 | 91 | 89 | 87 | 87 |
| 85 | 80 | 78 | 79 | 79 | 80 | 76 | 74 | 71 | 70 |

Largest Differences

*Work Environment   *Collaboration   Innovation   Support   Responsibility   *Mission/Value Alignment   Agility   *Performance Focus   *Wellness   *Communication

* Top three qualities   *** Bottom three qualities**

Interestingly, winning and non-winning organizations list the same top and bottom scoring qualities:

• **Highest Culture Quality Scores:** *Work Environment, Collaboration,* and *Mission and Value Alignment*

• **Lowest Culture Quality Scores:** P*erformance Focus, Wellness,* and *Communication*

This may indicate that leading organizations tend to focus more on *Work Environment, Collaboration,* and *Mission and Value Alignment*. It could also mean that *Performance Focus, Wellness,* and *Communication* are more challenging cultural qualities, regardless of how strong your culture is.

The scores shown in our data reflect the percent of employees' responses for "Strong" and "Very Strong"; however, employees' responses in winning companies skew more heavily towards "Very Strong" across the qualities-- about 20% higher per quality. This shows us that in winning companies, not only are there more individuals who believe that these qualities are strong, but these individuals also believe that the quality is stronger in their organization.
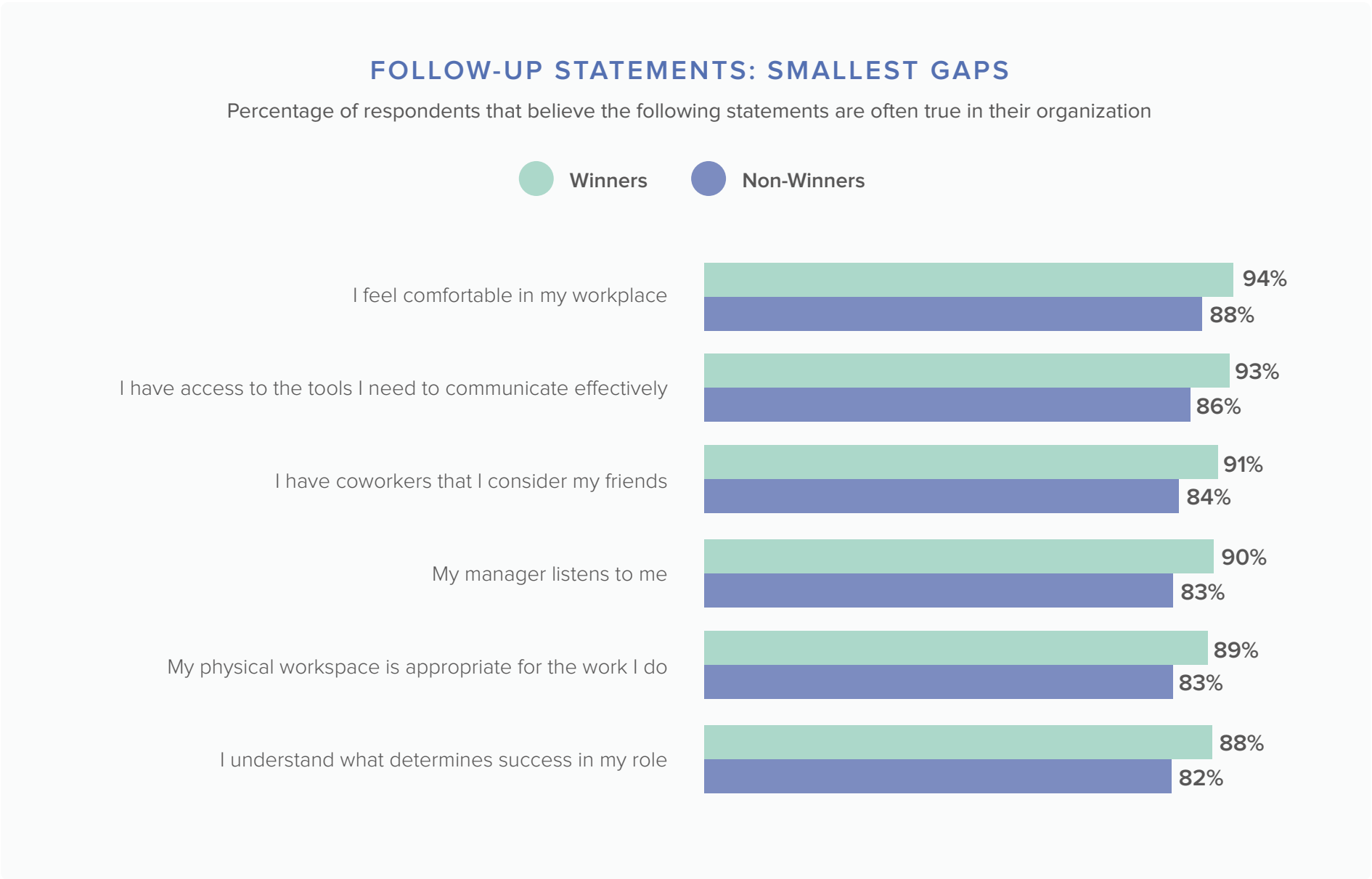
If you haven't already, assess how employees perceive these cultural qualities in your company. Based on the results, this might indicate a need to invest additional resources into your workplace, your hiring processes, or your inter-departmental interactions.

The best solution will inevitably vary by company, and possibly even department. Therefore, it's important to gain an accurate understanding of your team and its unique needs.

To assess your company's performance in these cultural qualities, start a conversation about culture and collect feedback from your teams. If you have fewer than 50 employees, begin by talking directly to individuals. You can also use a "start, stop, continue" (What should we start doing, stop doing, and continue doing?) exercise to collect useable data. Once organizations reach about 50 employees, a survey tool will enable you to effectively gather, aggregate, and analyze everyone's input while preserving employee anonymity.

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Follow-Up Statements: Culture Behaviors and Norms

As part of this study, survey respondents were asked to select follow-up statements to the culture qualities that are "often true" within their organizations. The following section reveals greater granularity to the individual behaviors and norms present in winning versus non-winning organizations.[4]

FOLLOW-UP STATEMENTS: SMALLEST GAPS

Percentage of respondents that believe the following statements are often true in their organization

● Winners　　● Non-Winners

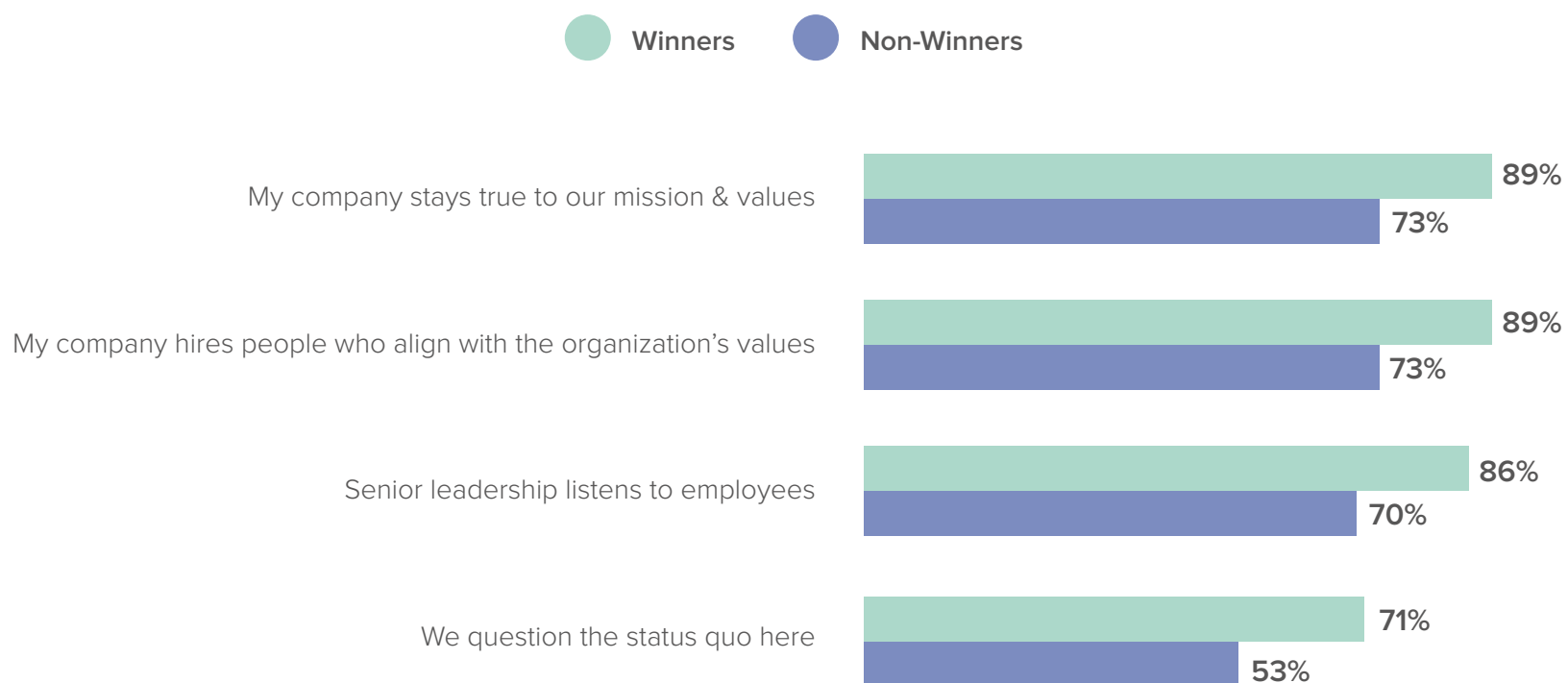| Statement	Winners	Non-Winners
I feel comfortable in my workplace	94%	88%
I have access to the tools I need to communicate effectively	93%	86%
I have coworkers that I consider my friends	91%	84%
My manager listens to me	90%	83%
My physical workspace is appropriate for the work I do	89%	83%
I understand what determines success in my role	88%	82%

When examining the follow-up statements that received the most similar ratings in winning and non-winning organizations, we see the same pattern reflected in the overall culture quality scores: *Work Environment* and *Collaboration* are the most alike.

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[4] These follow-up statements provide additional context and do not affect the quality strength score.
Based on additional analysis, we do know that the follow-up statements relate most highly to their corresponding culture quality.

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FOLLOW-UP STATEMENTS LARGEST GAPS

Percentage of respondents that believe the following statements are often true in their organization

● Winners   ● Non-Winners

My company stays true to our mission & values
89%
73%

My company hires people who align with the organization's values
89%
73%

Senior leadership listens to employees
86%
70%

We question the status quo here
71%
53%

The follow-up statements with the largest gaps, however, do not necessarily align with *Work Environment* and *Collaboration*. Two of these statements map to the *Mission and Value Alignment* quality, one to *Communication*, and one to *Agility.*

The above chart indicates that winning cultures show greater commitment to their organizational mission and values. This points to the need for leaders to embody and champion the company's mission and values throughout the organization. In addition, the data shows that employees who perceive that leaders listen to employees also have a positive view of the overall culture. Together, these findings demonstrate the important role of leadership in living the organization's mission and values each day and in actively listening to employees.

The largest gap exists for the statement "We question the status quo here." This statement encompasses a few cultural aspects of an organization. First, it points to the overall feeling of continuous improvement. In organizations that question the status quo, leaders must promote behaviors that drive creativity and innovation, such as taking risks, learning from mistakes, and adapting to opportunities as they arise. Second, this also links to "senior leadership listens to employees," as many valuable ideas for improvement are sourced from those closest to the work or process - in other words, the employees.

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WHAT MATTERS MOST TO EMPLOYEES IN WINNING COMPANIES

The gap analysis in the previous section sheds some interesting light on what winning companies do particularly well, but it doesn't tell the full story. To paint a more comprehensive picture, we ran a driver analysis to understand what cultural qualities matter most to employees and thereby drive engagement at these companies. The below section explains our approach and findings.

DRIVER ANALYSIS - LINEAR REGRESSION
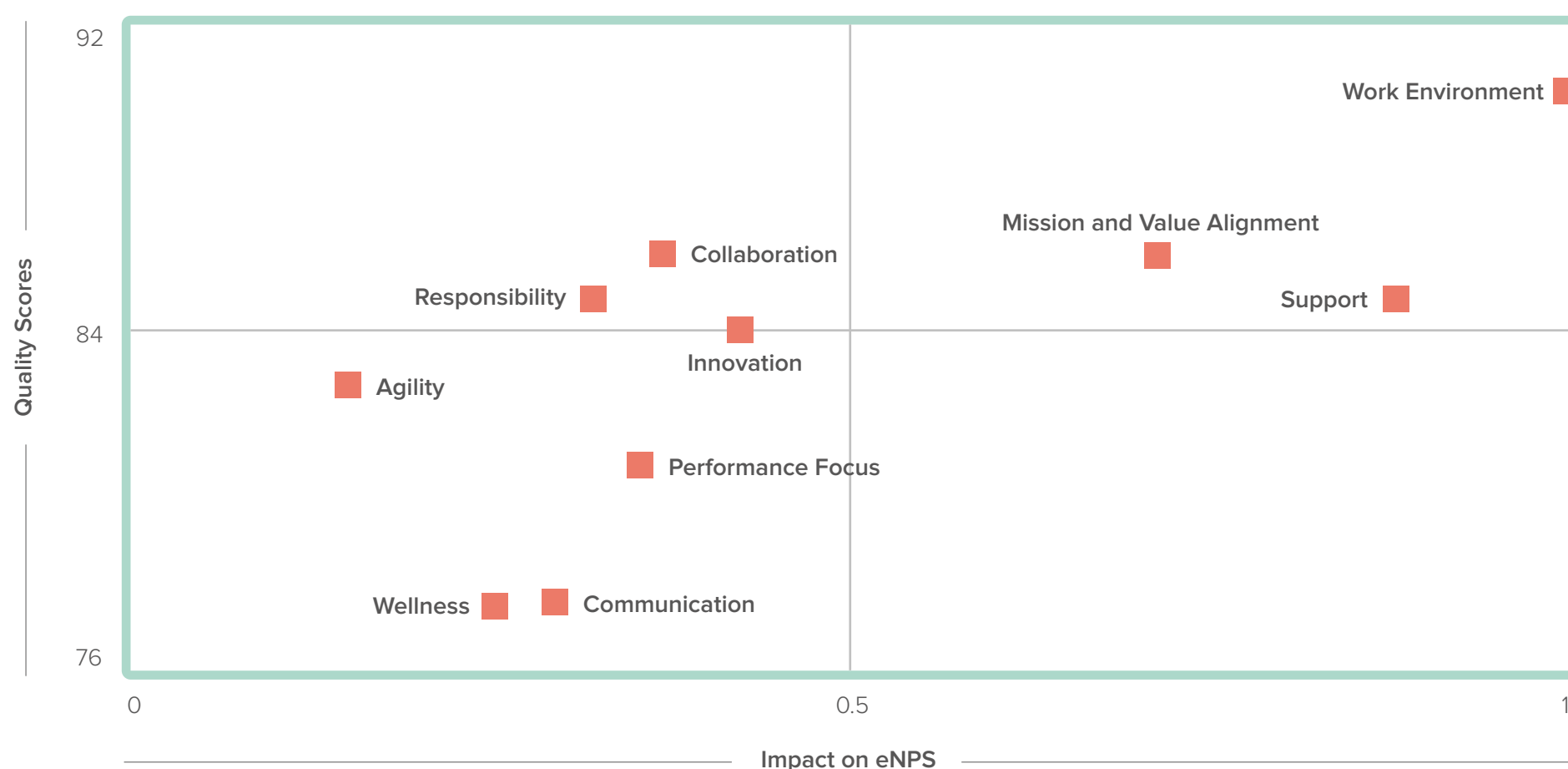
For this report, we used the employee Net Promoter Score (eNPS) as an overall engagement metric. Using a linear regression driver analysis, a company is able to identify culture qualities that have the greatest impact on their employees' engagement. The analysis for the Top Company Cultures aggregate data shows what qualities are most impactful across this entire set of companies.

While all 10 culture qualities impact eNPS, the driver analysis indicates that *Work Environment*, *Support*, and *Mission and Value Alignment* are the qualities with the greatest impact on eNPS across this data set. This finding is consistent not only across winning and non-winning companies, but also with the 2015 Top Company Cultures program results.[5]

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[5] https://www.entrepreneur.com/article/252776

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Here are the definitions of the top three drivers:

Work Environment: A company with a great work environment has a safe workplace where people have the resources to be effective in their work.

Support: In a company with great support, people provide each other with the resources and guidance they need to be successful, and are confident in company leadership.

Mission and Value Alignment: In a company with mission and value alignment, people know, understand, and believe in the company's mission and values.

The regression coefficients are displayed on a relative basis, so this chart shows that *Work Environment* is most important, *Support* has about 88% of the impact on eNPS as *Work Environment*, *Mission and Value Alignment* has about 71% of the impact, and so on. A break occurs between *Mission and Value Alignment* and the other seven culture qualities, meaning that digging into the top three drivers provides insight into what behaviors and norms a company should consider most when planning culture initiatives.

> Notably, the top three drivers in this analysis are also among the top scoring qualities for these organizations. This demonstrates that the best companies focus on what matters most to their employees. Whether your culture is already strong, or you are embarking on a culture change journey, time and resources are limited. Therefore, it is always critical to understand what is most important to your people and prioritize accordingly. The driver analysis is particularly useful because it provides direction on where to focus.

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THE IMPORTANCE OF LEADERSHIP IN DRIVING A WINNING CULTURE

When we look at the results of both the driver analysis and the gap analysis, leadership emerges as a key differentiator for winning companies. This next section looks more closely at the follow-up statements on the survey related to leadership and what learnings we can glean from winning cultures.

SUPPORT

In a company with great **support**, people provide each other with the resources and guidance they need to be successful, and are confident in company leadership.

How would you rate your company's **support**?

Winners
93

Non-Winners
79
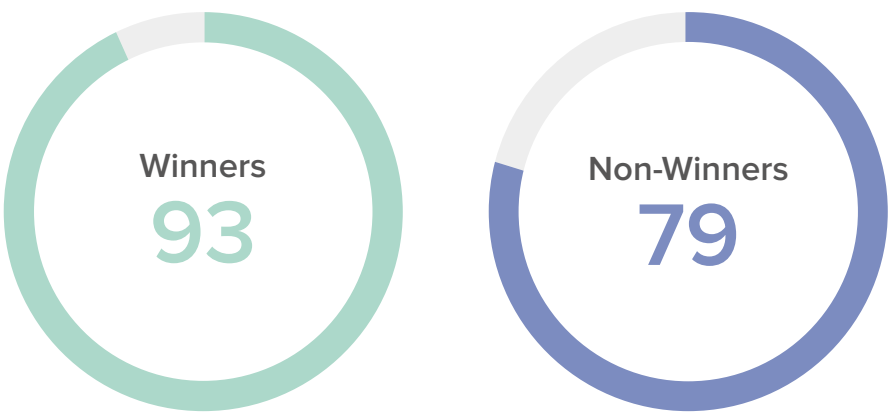
SUPPORT FOLLOW-UP STATEMENTS

Percentage of respondents that believe the following statements are often true in their organization

● Winners   ● Non-Winners

	Winners	Non-Winners
I am confident in my manager	87%	80%
I am confident in my company's leadership team	90%	75%
Leadership cares about me	84%	70%
My company offers me opportunities to learn new things	90%	78%

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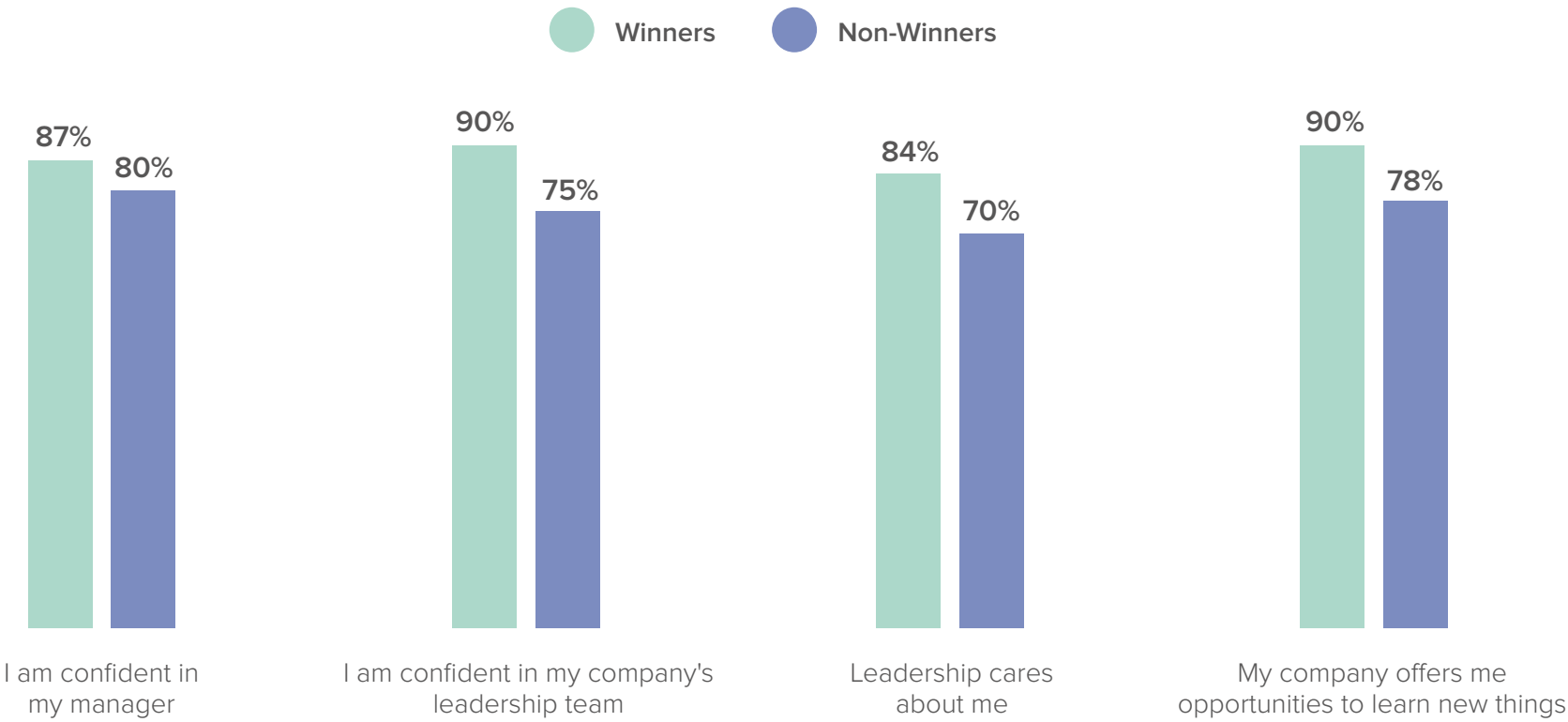
Taking a closer look at the follow-up statements for the *Support* quality, we see that the relationship with leadership is the biggest differentiator for winning cultures, specifically confidence in leadership and the belief that leadership cares about employees.

In the findings from the gap analysis, winning companies proved to have more success at aligning everyday behaviors with organizational values and at listening to employees. This points to two opportunities for senior leaders looking to positively influence their culture: first, ensure organizational values are not just words on a wall; and second, take every opportunity possible to listen to your people and implement actions based on their insights. The former links directly to a top driver, *Mission and Value Alignment*. The latter relates to both *Support* (a top driver) and *Communication*, the weakest scoring quality and largest quality gap between winning and non-winning organizations.

Making your mission and values more than words on a wall:

Bringing your mission and values to life starts with the behaviors of leaders, especially those most senior. Leaders have to model the values daily and consistently in all of their interactions. A company's values must become the language by which leaders communicate with employees. A good place to start is by aligning performance management and recognition processes with a company's stated mission and values. If you aren't intentional about this process, performance incentives can often work against the behaviors the organization wants to encourage. For example, ratings systems highly based on individual actions and responsibilities can push against teamwork. With this in mind, more and more companies are relying on other types of assessments, such as 360 reviews, to assess performance and drive team development.

Actively listening to employees:

Great organizations listen to their employees and take action based on what they hear. This usually shows up in two ways. First, organizations have robust programs for collecting ongoing employee feedback and measuring engagement and culture, such as anonymous surveys, suggestion boxes, and focus groups. They then use this feedback to make informed, data-driven decisions that impact hiring, retention, productivity, and customer service. Second, the employee voice is considered a crucial resource for innovation. For example, there are processes in place for the employees closest to the customer to provide insights on new product features or for production workers to suggest enhancements to operations procedures.

Overall, this data confirms that there is a clear relationship between how employees perceive leadership within their company and how employees rate their company's overall culture. If your organization is looking to make positive changes to its culture, you should consider the status of this relationship and any opportunities to strengthen it.

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LEARNING FROM TOP CULTURES

Now that we have looked at what differentiates the best in class organizations, the following section considers the data set as a whole. We analyzed the data by employee and company demographic information to surface patterns that could point to larger trends in the workforce. These findings can help you plan for the future, according to the make up of your organization.

Top Cultures Key Findings Summary

1

Women rated culture lower than men. Across all culture qualities, women consistently rated culture performance lower than men, but age did not have a significant impact on cultures scores.

2

Employees of different tenure, job type, and level experience culture differently. Employee sentiment varies by tenure, job type (i.e. salaried or hourly), and level. Employees with greater tenure may begin to assess their company culture more critically and tend to give lower ratings than their newer colleagues. Those with salaried jobs and higher level positions rated culture more positively, possibly due to greater stability, autonomy, and accountability.

3

As companies increase in size, their culture scores decrease. Large companies face unique culture challenges because of their size and complexity. Small organizations tend to have stronger cultures but face the challenge of staying consistent and true to their values as they grow.

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EMPLOYEE SENTIMENT BY GENDER AND AGE

Across all culture qualities, women consistently rated company culture lower than men.
Alternatively, employee age did not have a significant impact on culture scores.

QUALITY SCORES BY GENDER

● Male   ● Female

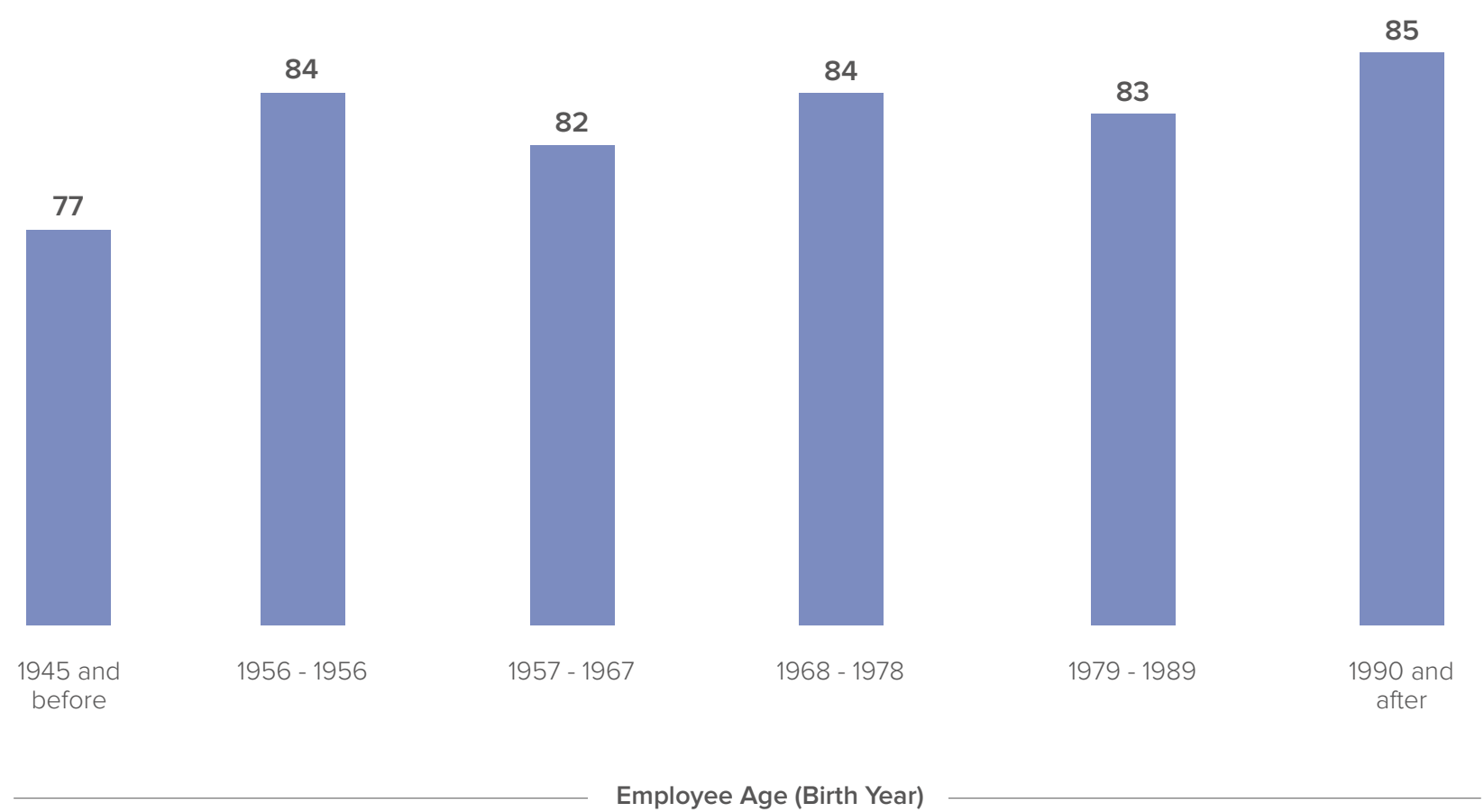| Quality	Male	Female
Support	89	85
Responsibility	89	85
Performance Focus	85	81
Communication	82	77
Wellness	81	77
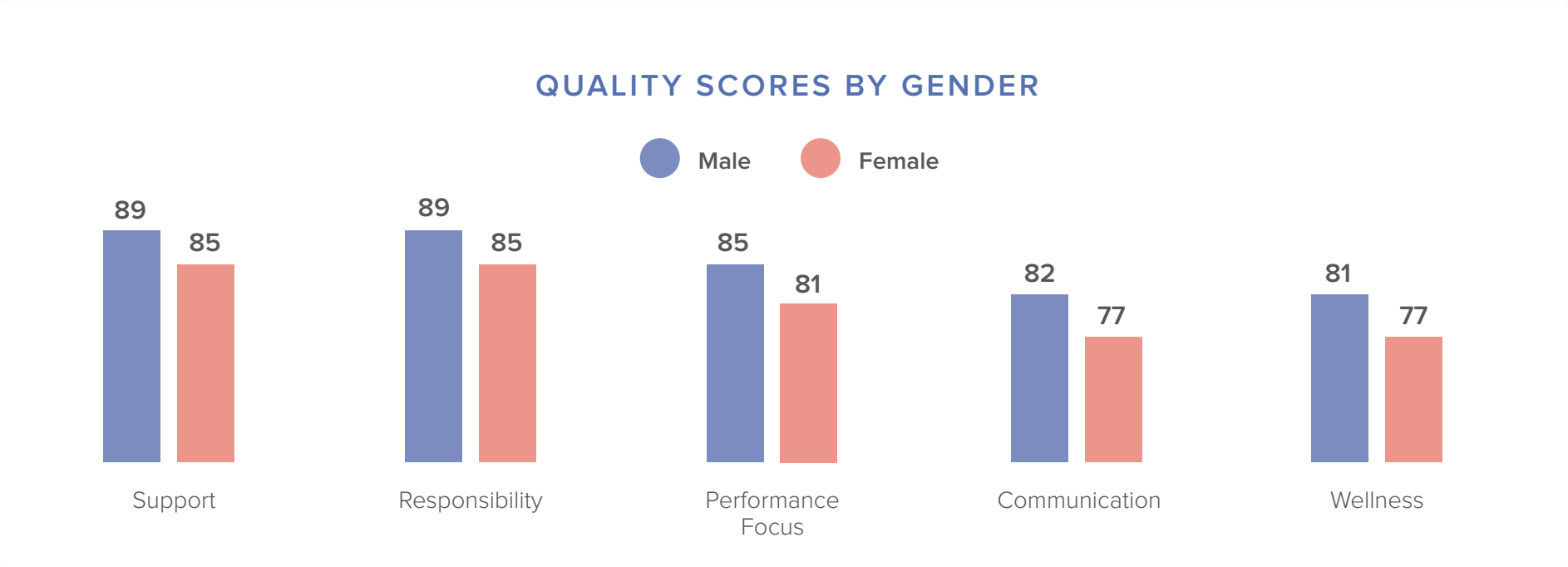
When culture quality ratings were analyzed by gender, women scored their culture less favorably than men, showing a three point gap in the overall CultureIQ Score.[6] In non-winning companies, women rated three qualities five or more points lower than how men rated them. These qualities include *Communication* (-6), *Support* (-5), and *Performance Focus* (-5). This gap shrinks for winning companies: *Communication* (-2), *Support* (-1), *Performance Focus* (-1). Additionally, in winning companies, women gave higher ratings to *Innovation* (+2) and *Mission and Value Alignment* (+1).

The reasons behind these differences are not entirely clear from the data, but interestingly, the data does not appear to be associated with the number of women in leadership roles. In winning companies, men respondents outnumber women at the director and executive levels at a ratio of 2.2 to 1, while at non-winning companies the ratio is 1.8 to 1. This may mean that the "winning" strategy isn't simply about creating opportunities for women leaders. It is also about ensuring that those promoted to leadership have the right training and skills to create a fully inclusive environment.

Given the consistency of this gender gap, consider examining your company's population to uncover opportunities to troubleshoot potential gender disparities. Are you creating an inclusive environment throughout the employee lifecycle? Are there resources that your company can provide to better support all gender groups, such as mentorship programs, flexible workplace policies, or employee resources groups? Again, the solution should come from the unique needs of your employee base. The first step is to ask.

[6] Survey respondents had the option to select "Neither female nor male."
The sample size for this group was not large enough to provide accurate and/or representative insights.

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CULTUREIQ SCORE BY EMPLOYEE AGE

Birth Year	Score
1945 and before	77
1956 - 1956	84
1957 - 1967	82
1968 - 1978	84
1979 - 1989	83
1990 and after	85

Employee Age (Birth Year)

In top cultures, employee generation does not seem to be a significant factor in how employees rate culture. CultureIQ Scores for employees born before 1947 were slightly lower than the other survey participants, but otherwise, there was little difference in how different age groups rated their company culture.

Considering the current hype within corporate circles regarding the supposedly unique attributes of the Millennial generation, these results indicate that top companies are successfully addressing the needs of all employees, regardless of generation.

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EMPLOYEE SENTIMENT BY TENURE, JOB TYPE, AND JOB LEVEL

QUALITY SCORES BY TENURE

Greatest differences in sentiment by tenure

- ● Less than 6 mo
- ● 6 mo to 1 yr
- ● 1 yr to 2 yrs
- ● 2 yrs to 5 yrs
- ● 5 yrs to 10 yrs
- ● More than 10 yrs

Agility
89 | 86 | 81 | 81 | 82 | 76

Communication
88 | 81 | 75 | 74 | 75 | 75

Performance Focus
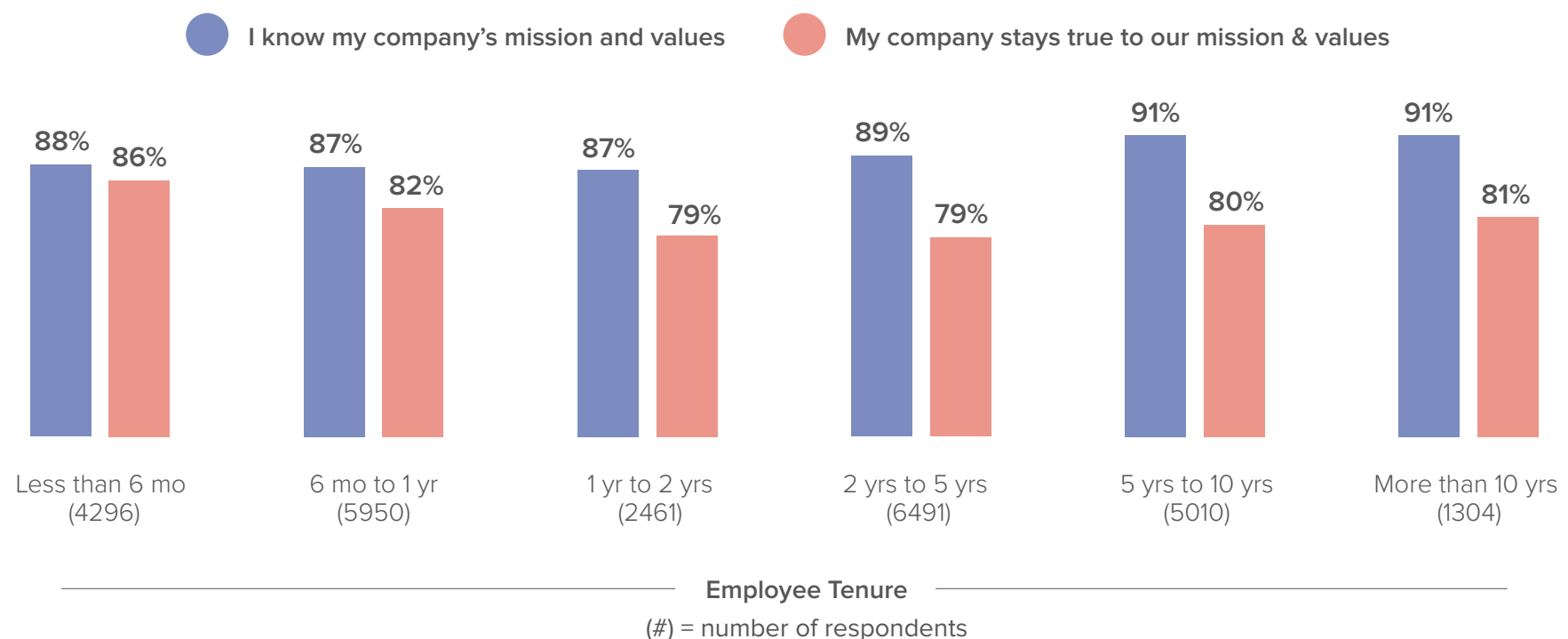90 | 83 | 78 | 79 | 79 | 76
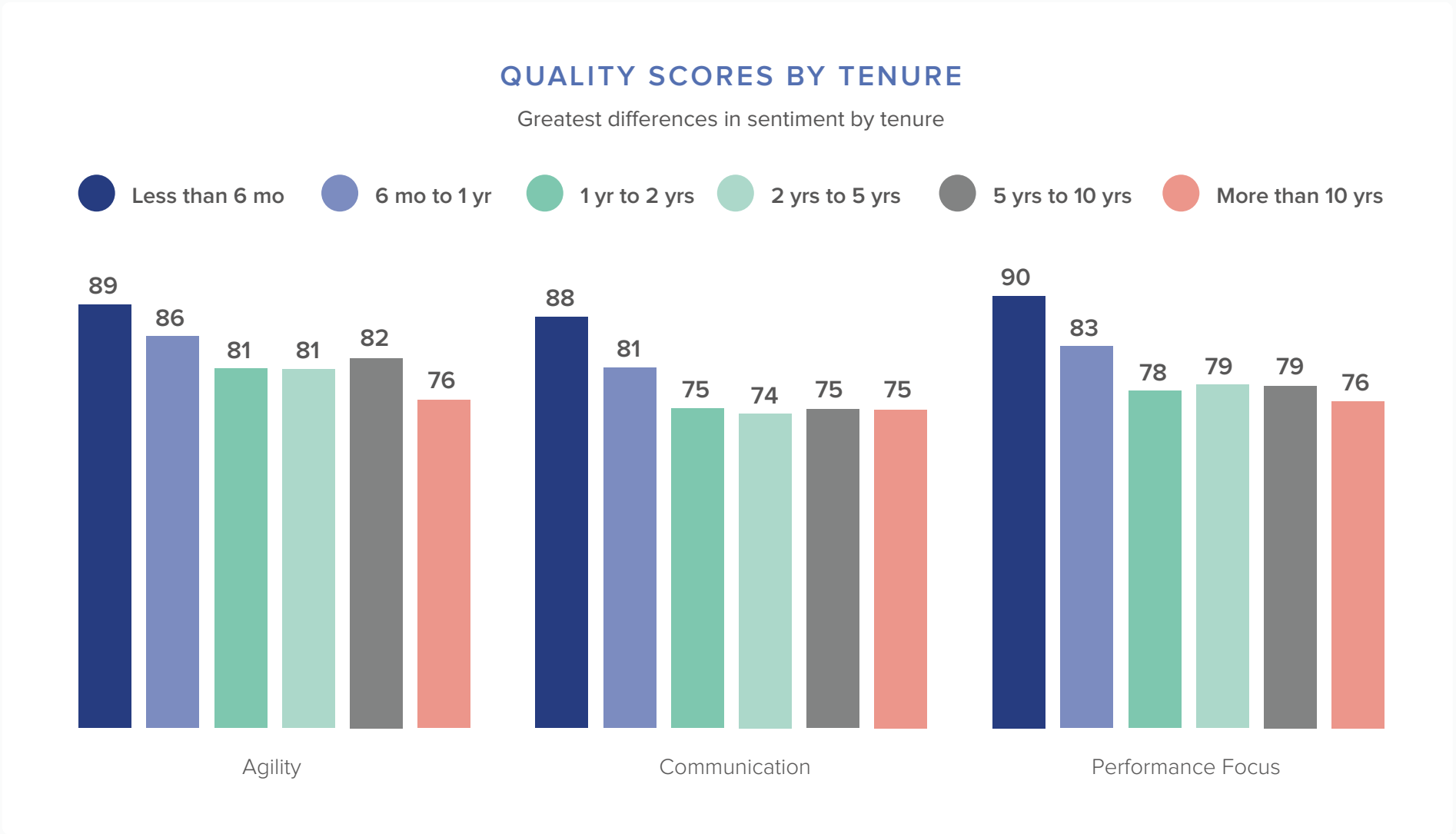
While all quality scores decline after one year's tenure, employees' assessment of their organization's *Agility*, *Communication*, and *Performance Focus* drops most significantly.

Data from these companies indicates that over time, employees begin to assess their culture more stringently. It's possible that during the "honeymoon period" of employment, new employees are either unaware of organizational intricacies or give their companies the benefit of the doubt. After some time, however, they may have more exposure to how the company operates, and develop a less favorable impression.

If you manage a team of employees with varied tenure, carefully consider whether or not employee engagement seems to increase or decrease over time. Track how the perception of company culture evolves over an employee's tenure and implement programs targeting the different stages of the employee lifecycle, such as leadership rotations, sabbatical leave, and mentorship programs.

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MISSION AND VALUE ALIGNMENT BY TENURE

Percentage of respondents that believe the following statements are often true in their organization

● I know my company's mission and values　　● My company stays true to our mission & values

Less than 6 mo (4296)	6 mo to 1 yr (5950)	1 yr to 2 yrs (2461)	2 yrs to 5 yrs (6491)	5 yrs to 10 yrs (5010)	More than 10 yrs (1304)
88% / 86%	87% / 82%	87% / 79%	89% / 79%	91% / 80%	91% / 81%

Employee Tenure
(#) = number of respondents

Over time, we observe an upward trend in the number of employees who are familiar with their company's values. However, there is a downward trend in the number of employees who believe the company actually stays true to those values.

> The data indicates that employees at top performing cultures appear to more deeply understand a company's mission over time, which is supported by rising levels of mission and values awareness among more tenured employees. However, the data also indicates that as employees better understand the company's mission, they also appear to see how the company is failing to live up to that mission. Soliciting regular feedback from more tenured employees may help your organization uncover opportunities to improve *Mission and Value Alignment* company-wide. You can also consider developing more values-based programming, such as incorporating your mission and values in recognition initiatives, hiring processes, performance management, and team-building activities.
>
> It's also worth noting that how connected employees feel to a company's mission and values is a top contributing factor to employee retention.[7] Employees at all levels of an organization are motivated by understanding how their work makes a larger impact. A deeper understanding of your employees' perception of *Mission and Value Alignment* within your culture will allow you to focus on and highlight why their work matters to drive engagement.

[7] "The Purpose-Driven Professional", Deloitte,
https://dupress.deloitte.com/dup-us-en/topics/corporate-responsibility/harnessing-impact-of-corporate-social-responsibility-on-talent.html
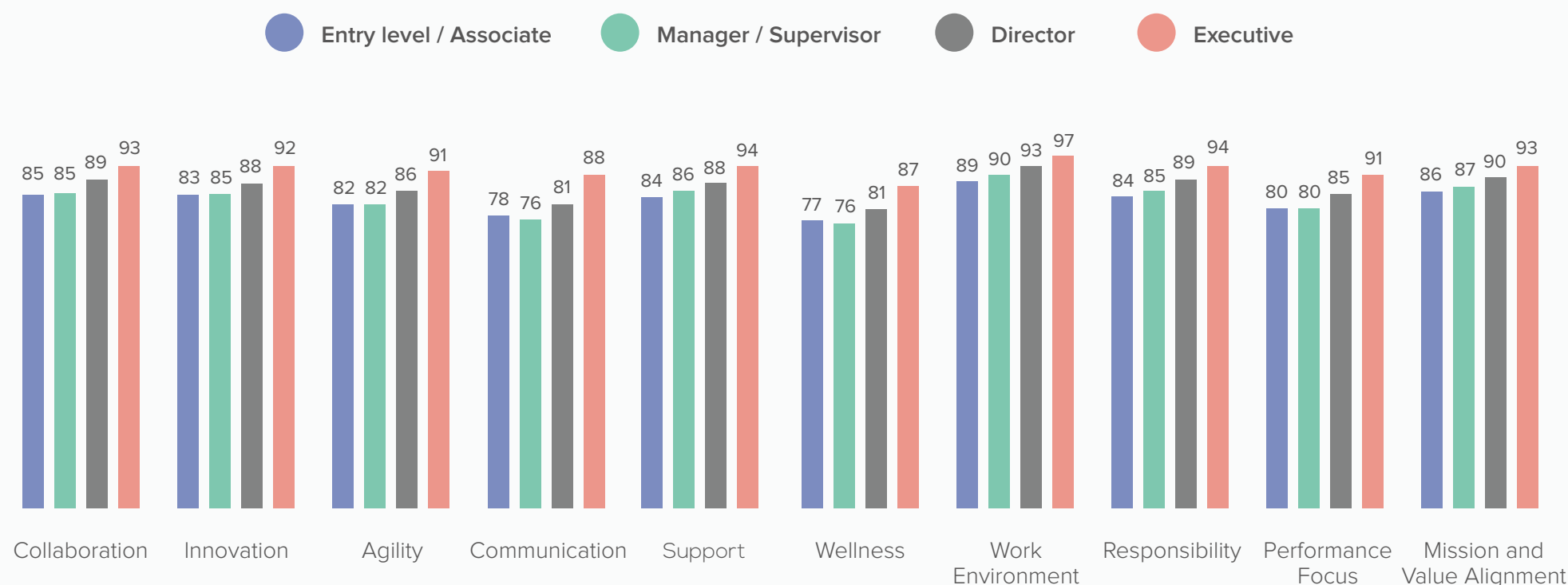
QUALITY SCORES BY EMPLOYEE TYPE

Greatest differences in sentiment by employee type

● Salaried   ● Hourly

	Collaboration	Innovation	Performance Focus
Salaried	87	85	81
Hourly	78	76	73

Employee type (i.e., hourly or salaried) also has an impact on employee ratings of culture qualities, particularly in regards to a company's *Collaboration*, *Innovation*, and *Performance Focus*.

Such a consistent, significant gap indicates that even at top performing companies, salaried and hourly employees have different experiences at work. If you employ hourly employees, consider what processes you have in place to support their access to coworkers, advancement of ideas, and ability to see the results of the work they do. Even if they aren't permanent employees, they have the ability to impact your company's overall culture.
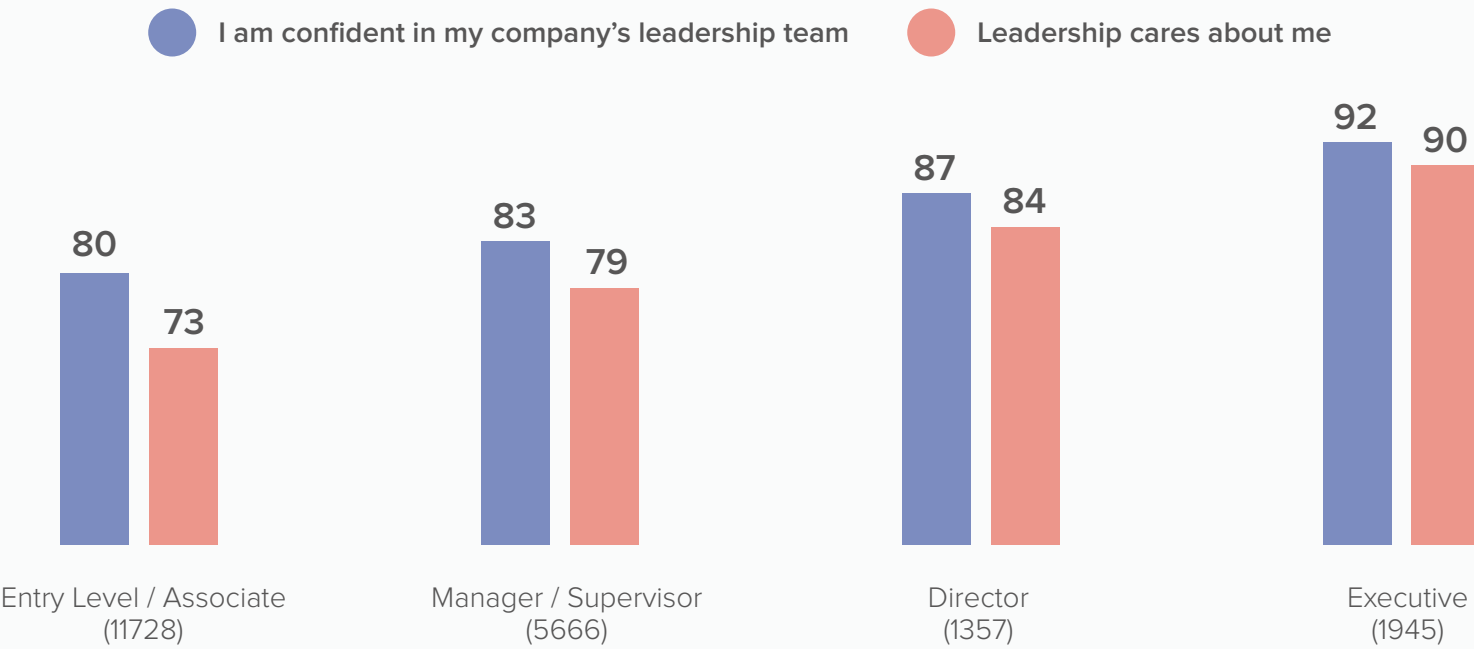
CULTURE QUALITIES BY LEVEL

- **Entry level / Associate**
- **Manager / Supervisor**
- **Director**
- **Executive**

Collaboration: 85, 85, 89, 93
Innovation: 83, 85, 88, 92
Agility: 82, 82, 86, 91
Communication: 78, 76, 81, 88
Support: 84, 86, 88, 94
Wellness: 77, 76, 81, 87
Work Environment: 89, 90, 93, 97
Responsibility: 84, 85, 89, 94
Performance Focus: 80, 80, 85, 91
Mission and Value Alignment: 86, 87, 90, 93

Although quality scores appear to decrease amongst more tenured employees, the scores increase with employee level. Employees at the director and executive level rate all 10 culture qualities higher than employees at the entry and associate level or manager and supervisor level, sometimes with a difference of as much as 10 points.

SUPPORT BY LEVEL

Percentage of respondents that believe the following statements are often true in their organization

- **I am confident in my company's leadership team**
- **Leadership cares about me**

Entry Level / Associate (11728): 80, 73
Manager / Supervisor (5666): 83, 79
Director (1357): 87, 84
Executive (1945): 92, 90

Level
(#) = number of respondents

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Employees at the director and executive level also rate a company's *Support* higher than employees at the entry and associate level or manager and supervisor level.
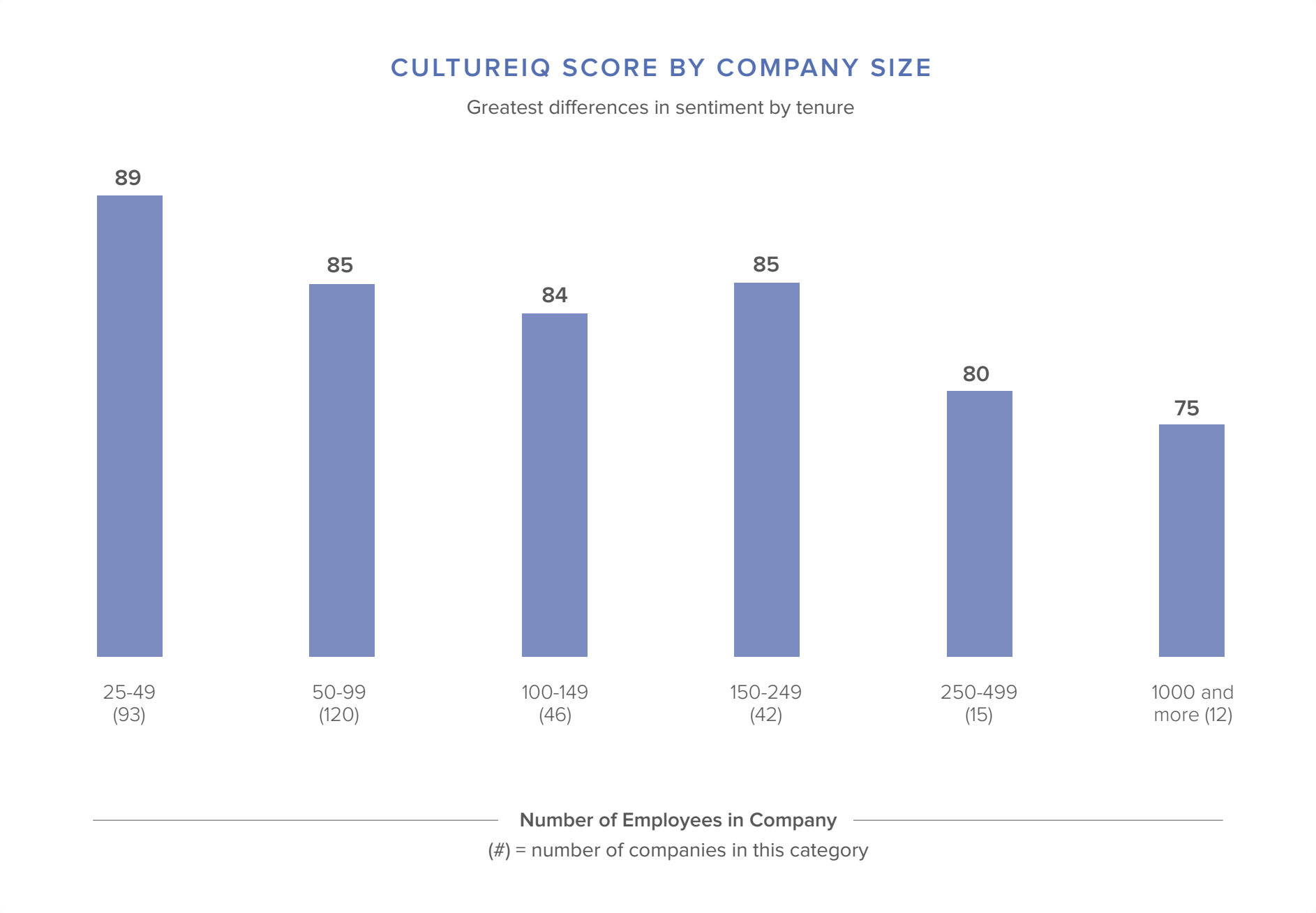
It makes sense that high-level employees will rate your company more positively -- after all, employees in high-level positions tend to have a wider range of employment options and leadership opportunities that allow greater authority and autonomy within the organization.

However, when there is a significant disparity between how the executive team views the company culture and how the lower-level employees experience the culture, it can indicate a skewed perception of reality. High-level employees may be overlooking issues and concerns that don't affect them directly, leaving lower-level employees to face unnecessarily prohibitive challenges. Also, research indicates that employees' relationships with their direct manager is key to job satisfaction.[8] Therefore, it's critical for executive teams to empower front-line managers in order for those managers to foster great culture on their teams.

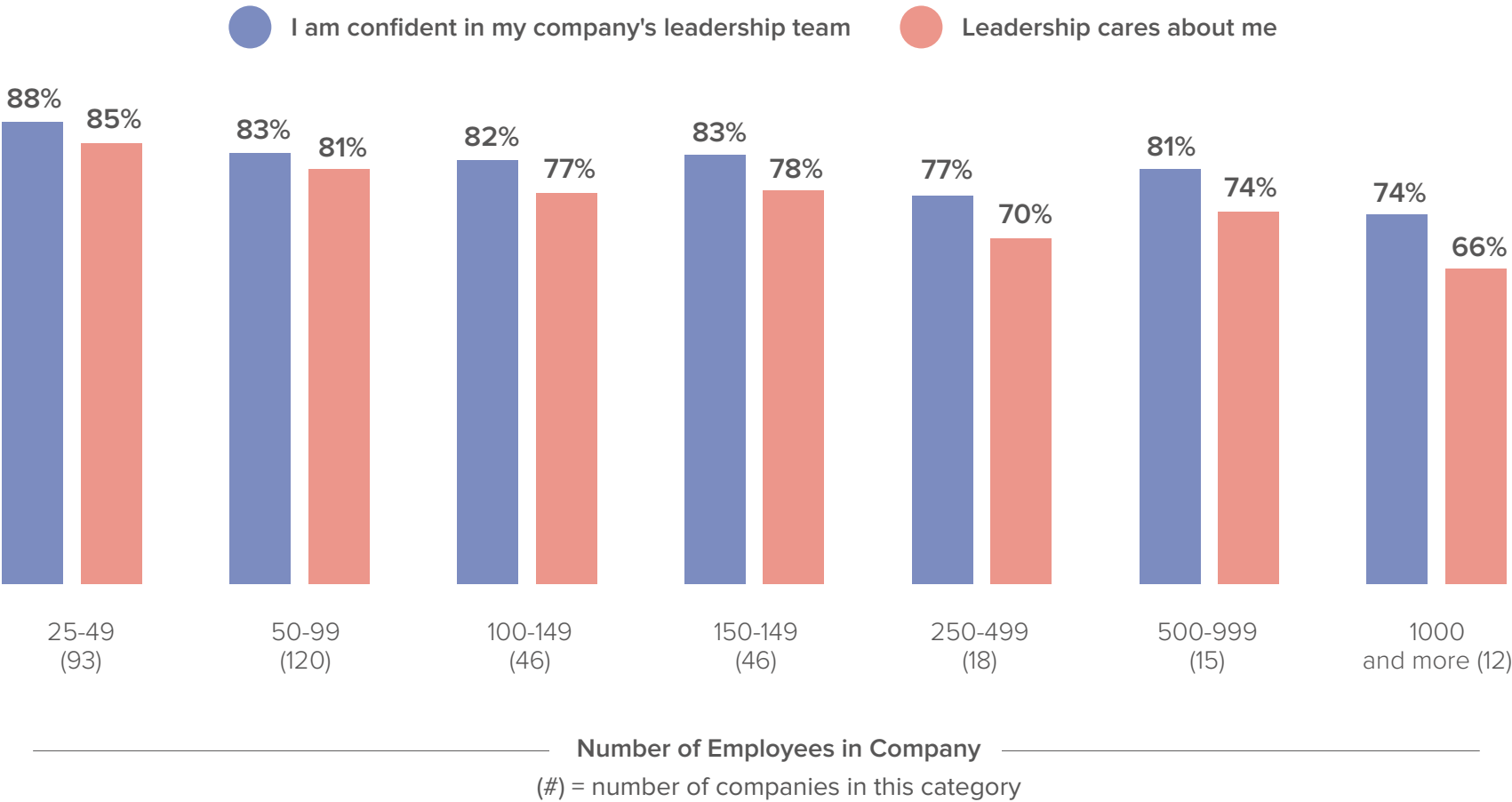[8] "Why Good Managers Are So Rare," Harvard Business Review,
https://hbr.org/2014/03/why-good-managers-are-so-rare

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EMPLOYEE SENTIMENT BY COMPANY SIZE

CULTUREIQ SCORE BY COMPANY SIZE

Greatest differences in sentiment by tenure

89	85	84	85	80	75
25-49 (93)	50-99 (120)	100-149 (46)	150-249 (42)	250-499 (15)	1000 and more (12)

Number of Employees in Company

(#) = number of companies in this category

Company size affects how employees feel about their company's culture overall, as well as how employees rate a company's *Support*, *Mission and Value Alignment*, and *Innovation*, as the following graphs detail.

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SUPPORT BY COMPANY SIZE

Percentage of respondents that believe the following statements are often true in their organization

● I am confident in my company's leadership team   ● Leadership cares about me

	25-49 (93)	50-99 (120)	100-149 (46)	150-149 (46)	250-499 (18)	500-999 (15)	1000 and more (12)
I am confident in my company's leadership team	88%	83%	82%	83%	77%	81%	74%
Leadership cares about me	85%	81%	77%	78%	70%	74%	66%

―――― **Number of Employees in Company** ――――
(#) = number of companies in this category

The gap between feeling confident in leadership and feeling cared about by leadership also widens as company size increases.
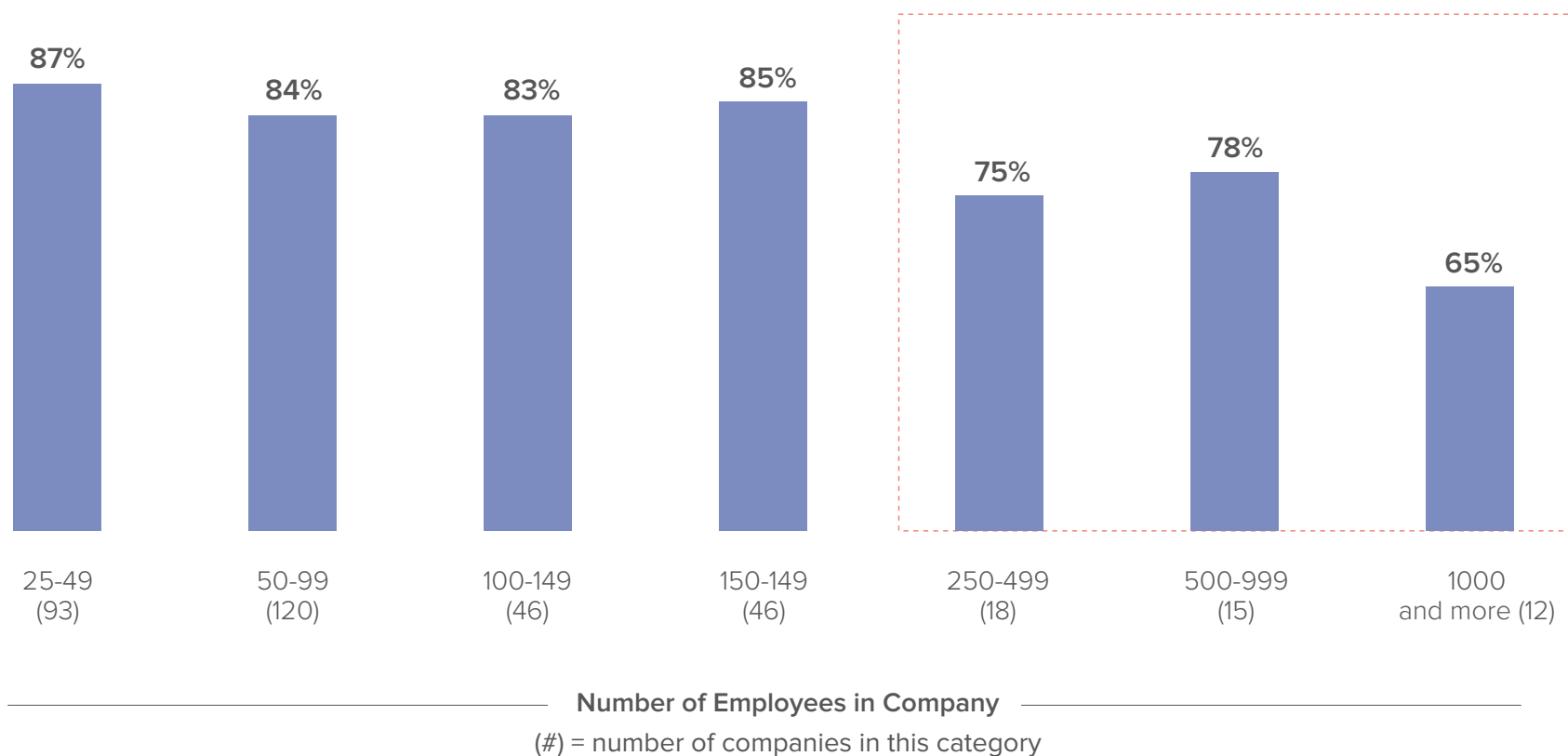
These results indicate that, even within top performing cultures, large organizations struggle with making employees feel supported and heard at lower levels of tenure and roles. As the data demonstrates, a key opportunity for a company to improve its overall culture may be to direct attention to efforts that narrow the gap between leadership's intention for company culture and how employees are experiencing the day-to-day.

Employees feel supported when colleagues help one another, training and professional development are readily available, and it's clear how to access resources and leaders. If you can, invest in these areas so that employees who are new to the company or remain in an entry-level position can gain value from their work and feel appreciated for their contributions. You can also improve *Support* by increasing employees' access to senior leaders through two-way communication vehicles, such as town hall meetings, reinforced open-door policies, newsletters, etc.

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MISSION AND VALUE ALIGNMENT BY COMPANY SIZE

Percentage of respondents that believe the following statements are often true in their organization

🔵 **My company hires people who align with the organization's values**

87%	84%	83%	85%	75%	78%	65%
25-49 (93)	50-99 (120)	100-149 (46)	150-149 (46)	250-499 (18)	500-999 (15)	1000 and more (12)

Number of Employees in Company
(#) = number of companies in this category

Company size also had an impact on whether or not employees feel that their company hires people who align with the organization's values.

A larger company's struggle to hire employees who align with its mission and values could point to two possibilities: first, that it is more difficult to hire for value alignment as a company grows in size; and second, that employees' perception of their coworkers' value alignment declines as a company grows in size.

Both of these scenarios are worth investigating. As a company grows, the demand for new talent increases and recruiters are tasked with filling skill-gaps quickly, prompting hiring to focus more on the technical skills of a candidate versus their cultural fit. To address this challenge, embed the company's mission and values into the recruitment process - include values in job descriptions, on the company's job board, and as part of the interview questions.
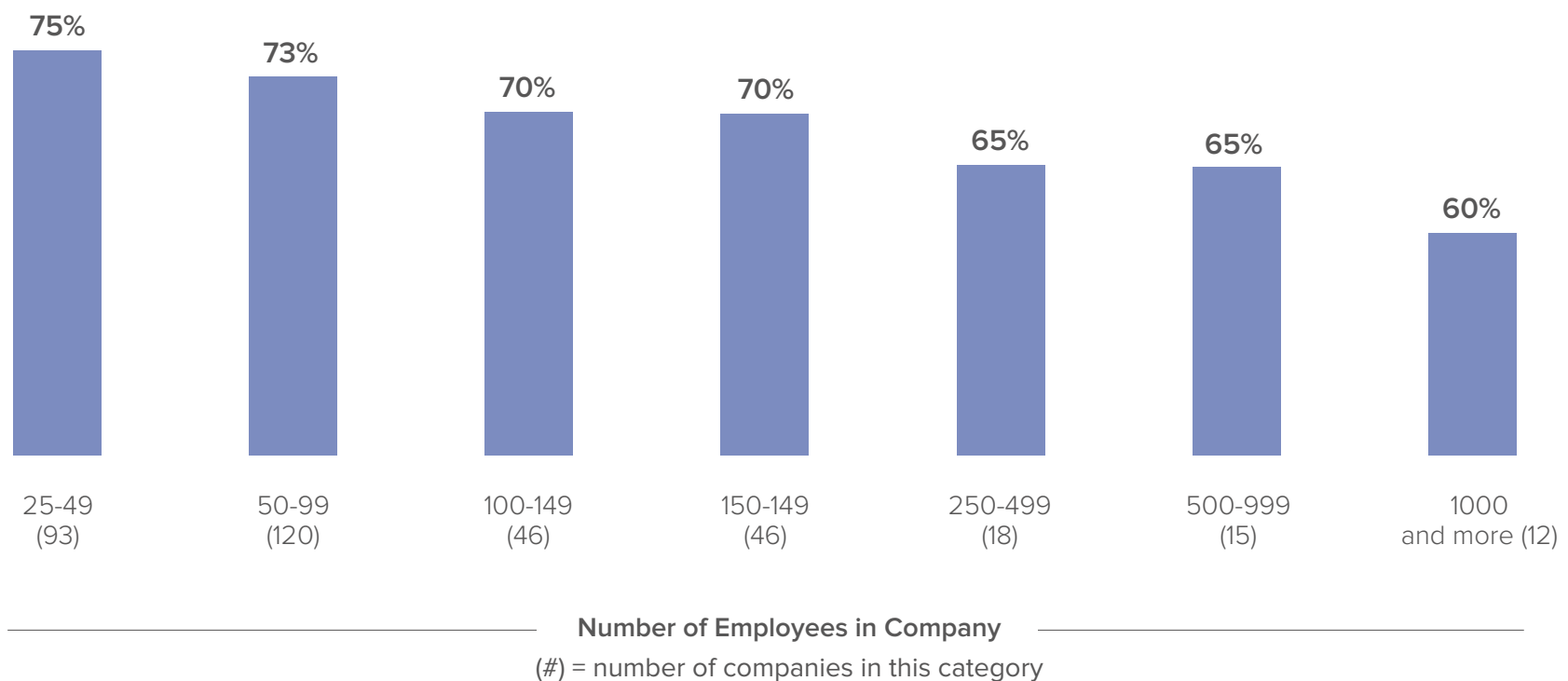
In the second scenario, as companies grow in number of employees, they also tend to expand to multiple locations, both nationally and internationally, and may increase the number of remote workers. When employees can no longer walk across the office to share some news or ask a question, collaboration and communication tools become even more pertinent. Executives, HR, and communications managers must work together to offer ongoing team-building and collaboration opportunities.

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INNOVATION BY COMPANY SIZE

Percentage of respondents that believe the following statements are often true in their organization

● I understand the process for advancing new ideas

75%	73%	70%	70%	65%	65%	60%
25-49 (93)	50-99 (120)	100-149 (46)	150-149 (46)	250-499 (18)	500-999 (15)	1000 and more (12)

Number of Employees in Company
(#) = number of companies in this category

Our data also indicates that an employee's ability to advance new ideas through the organization steadily declines as company size increases.

Related to challenges of collaboration and communication as a company scales, large companies also struggle with *Innovation*. Employees feel more empowered to think creatively when they understand the process for advancing ideas through the organization and when they see these ideas embraced, or at the very least, addressed by leadership. Evaluate your organization's approach to seeking and following up on new ideas and check that employees understand how to share ideas and feel encouraged to do so.

The importance of having a healthy company culture does not decrease in importance as companies grow, it just becomes more complex. This finding is important even for smaller companies positioned for growth, because the culture and its associated behaviors and norms (positive or negative) will only become more pronounced as a company grows. All companies, regardless of their size, can benefit from an intentional approach to culture.

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BUILDING A TOP COMPANY CULTURE IN 2017

Organizational culture is your company's competitive advantage. Two companies can have the same product, service, number of employees, and perks, yet completely different cultures. By evaluating your organization's unique culture, you empower yourself to make informed decisions that can strengthen strategic behaviors in a way that supports long-term business goals. With culture as a competitive advantage, companies can function at a higher level of innovation, productivity, and profitability.

Two integral components of effective culture management are *leadership* and *focus*. While culture is experienced and shaped by everyone, ultimately it is leadership's responsibility to drive the culture with intention. The best way to do so is by focusing on the one or two areas that will drive the greatest impact for your employees. With this in mind, the following key findings from this study shed light on trends that leaders should consider when planning their culture change efforts:

1

Winning and non-winning organizations have the same top and bottom scoring qualities.

Overall, companies included in this study rank highest in *Work Environment* and *Collaboration* and lowest in *Wellness* and *Communication*. Since all applicants to the Top Company Cultures program, regardless of whether they made the list, were high-performing cultures, this indicates which cultural elements are strongest across high-performing cultures.

2

***Work Environment**, **Support** and **Mission and Value Alignment** are what matter most to employees at companies with high-performing cultures.*

While all qualities impact eNPS, the driver analysis indicates that these three qualities have the greatest impact on eNPS. Given limited resources available for culture change, addressing one of these three areas can lead to the greatest increase in eNPS.

3

In winning cultures, leadership is a key differentiator.

Leaders are responsible for role-modeling the mission, values and positive behaviors at an organization. Employees at companies with winning cultures showed significantly higher scores in the follow-up statements related directly to leadership confidence, caring, and listening.

4

Women rated culture lower than men.

Across all culture qualities, women consistently rated culture performance lower than men, but age did not have a significant impact on culture scores.

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5

Employees of different tenure, job type, and level experience culture differently.

Employee sentiment varies by tenure, job type (i.e. salaried or hourly), and level. Employees with greater tenure may begin to assess their company culture more critically and tend to give lower ratings than their newer colleagues. Those with salaried jobs and higher level positions rated culture more positively, possibly due to greater stability, autonomy, and accountability.

6

As companies increase in size, their culture scores decrease.

Large companies face unique culture challenges because of their size and complexity. Small organizations tend to have stronger cultures but face the challenge of staying consistent and true to their values as they grow.

Company culture is not an isolated initiative. It's not a teambuilding event or an awesome benefit that your company offers. Culture is how employees get their work done each day. It's how leadership visibly models positive behaviors. And it's how your company addresses the 10 core qualities found in high-performing organizations.

Culture is an integral driver of your company's performance that is deeply embedded in every company interaction and process, from recruitment and retention to leadership and mission and values. Taking the time to identify and focus on specific opportunities related to culture will lead to lower turnover and higher performance, which in turn, will boost customer satisfaction and loyalty.

In this study, we identified what is special about top-performing company cultures. We also uncovered a few opportunities that may help inform your culture strategy going forward. Armed with these insights, it's now up to you to take a careful look at your company culture and investigate how you can make culture your competitive advantage.

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