



CULTUREWISE LEARNING SERIES

CEOs: Expect These Returns on your Culture Investment

5 Significant Dividends

“What’s the ROI?” It’s the first question most CEOs have when contemplating a business expense. Before spending money to enhance their enterprise, they want to evaluate the potential efficiency or profitability.

Leaders can usually forecast the return on investment (ROI) for concrete expenses, such as additional facilities, equipment, or software. To determine its viability, they divide an investment’s projected net profit by its cost.

But when measuring something intangible, like [company culture](#), the ROI formula lacks the scope to assess the whole picture. The standard calculation doesn’t offer a way to quantify the sometimes subtle but important ways that culture can enhance every aspect of a business.



ROI: Redefined for Company Culture

A company’s culture, defined by the behavioral norms of its workforce, is relayed in every process, interaction, decision, and action employees take. Business leaders who have invested in their culture, and consciously work on it, will tell you the ROI is evident in how their people perform every day.

Here are five ways a robust company culture makes a noticeable difference in an organization—and all of them affect the bottom line.

1. Higher Retention and Engagement
2. Winning More Business
3. Attracting Top Talent
4. Conflict Reduction
5. Improved Performance

1. RETENTION and ENGAGEMENT



Companies with high turnover contend with continuous recruitment and training costs. An unstable workforce also leads to slower production, lack of continuity, errors, and slumping morale—all of which drain profit. After companies spend time and money hiring people and bringing them up to speed, it’s critical to keep these good employees in the fold.

To reinforce retention, leaders must strengthen the connection that staff members have with the organization.

The best way to build [employee engagement](#) is to make work more satisfying by helping people thrive in their jobs.

A vibrant company culture creates a workplace environment where people can reach their full potential and excel. Employees feel purposeful and proud of what they do because they are equipped to succeed. A supportive culture provides:

- Understanding of company goals and the value of individuals' roles
- Clarity about expectations
- Supportive, motivational management and training
- Meaningful acknowledgment for achievements
- An emphasis on collaboration, communication, and transparency
- A respectful atmosphere in which diverse perspectives are encouraged and appreciated

Research shows that these qualities are of great value to employees. For example, a 2020 Gallop study [lists company culture as one of the main factors influencing workforce retention](#). And happy, fulfilled employees not only stay on board; they become brand ambassadors.

2. WINNING MORE BUSINESS

Business leaders go to great lengths to perfect their products, services, or delivery options to gain a competitive advantage. But these are things that marketplace opponents can easily copy.

Exceptional company culture is the sole differentiator that competitors can't duplicate.

A culture initiative helps leaders define and coach the behaviors that drive success. When team members consistently practice those behaviors, the organization will outshine its rivals in many ways. Employees operating within a strong culture will be unmatched in their ability to:

- Honor commitments
- Provide exceptional service
- Deliver results
- Be resourceful
- Demonstrate integrity
- Produce with quality
- Focus on accuracy and precision



Behaviors like these resonate with customers as they consider doing business with companies that offer similar products and services. Thus, culture often tips the balance in the purchase decision.

3. ATTRACTING TALENT

A company with a dynamic culture is a magnet for talented recruits who will be assets to the team. [Yet only 31 percent of HR leaders say their culture makes them sufficiently competitive](#). For the other 69 percent, filling key positions is a constant struggle.

That's because smart job seekers aren't attracted to a company that defines its culture with values posted on its website or creative perks for staff. Instead, they are looking for a work atmosphere where they can flourish and have a meaningful career.

Only a strategically designed culture initiative can deliver this option. **A strong culture provides a platform for personal as well as organizational success—an appealing equation for top candidates.**

When culture is promoted in the recruiting process, job seekers know upfront if their work ethic aligns with an organization's prioritized behaviors. And employers have a valuable metric to assess the best fits for their company, which helps them weed out people who could erode the culture.

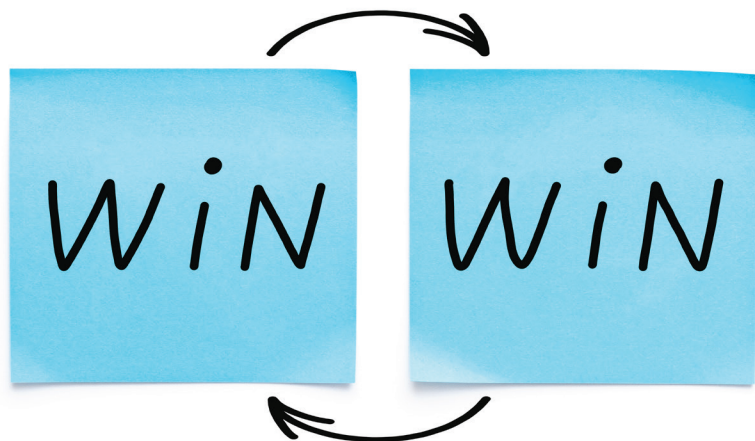
4. CONFLICT REDUCTION

Whenever people work together, occasional discord is inevitable. **What sets one organization apart from another is the way staff members respond to conflict when it happens.**

The disagreements and resentments that arise at work often bubble up over a clash of egos or finger-pointing when something goes wrong. And people frequently clash when someone misconstrues a comment or assumes negative intent behind a coworker's actions.

Whether they're petty or substantial, disputes can be an enormous drain on a workforce. When they occur, people typically retreat into a defensive, self-preservation mode, and their focus shifts away from what's best for the company.

Contentious attitudes are often contagious, and a workplace filled with friction can be costly. Conflict resolution often requires a lengthy process, and it may not be effective. Meanwhile, precious resources are being wasted.



But a healthy culture provides leaders with a better coaching platform. It offers a unified approach to addressing problems, which reduces the potential for drama as things are sorted out. A team operating within a supportive culture has the tools to constructively view, discuss, and diffuse conflicts before they escalate. Then they can redirect their energy toward overall goals and healthier relationships.

A culture structured to foster positive and productive behaviors is an invaluable asset. It provides emotional ROI that helps everyone stay on track to push the company ahead.

5. IMPROVED PERFORMANCE

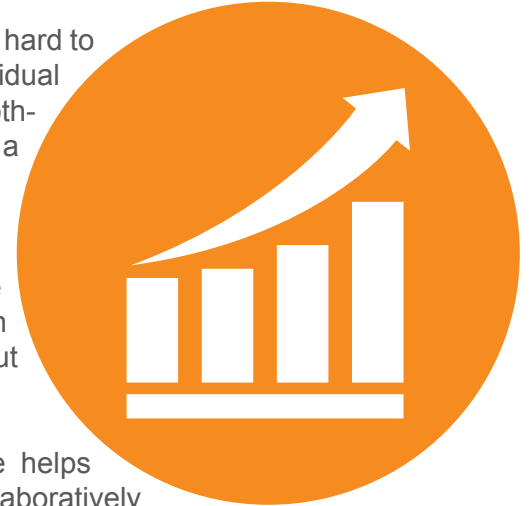
No matter how skilled and driven a company's employees are, they're wasting potential if they aren't joining forces to hit organizational goals.

As noted earlier, culture increases employee engagement. It's not hard to connect the dots between vested workers and outstanding individual output. But strong company culture heightens performance in another critical way—it gives talented people the means to excel as a team.

A sports organization doesn't clinch a championship because its leaders signed a group of superstars. They win the ultimate prize because their high-achieving players work as a unit to notch win after win. That doesn't mean individual efforts aren't cheered, but teamwork is what makes those stand-out performances count.

The same premise holds with a workforce. A synergic culture helps employees understand and embrace the concept that working collaboratively has a far greater impact than isolated solo efforts. Moreover, it has the power to galvanize employees into a championship team that consistently outperforms the competition.

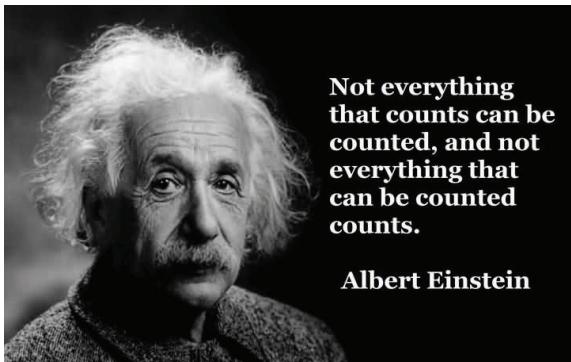
Coworkers who equate company success with personal success derive greater job satisfaction and lift the entire organization.



THE BOTTOM LINE

These are just five of the areas in which a high-performing culture significantly contributes to the financial health of an organization—none of them fit into a black-and-white ROI calculation.

A program designed to build and sustain a strong organizational culture is one of the most meaningful investments a business leader can make. Even if they can't isolate the variables, their companies will exhibit greater productivity, lower turnover, and higher profitability.



The ROI will be evident every day in how their employees work together and treat customers, the pride they take in the quality of their work, and the passion they demonstrate for their jobs.

At CultureWise, we offer a complete operating system for culture that has the potential to improve every facet of an organization. [Contact us](#) to learn more about this innovative program that has helped companies across North America become more successful.