

Kogi

CORPORATE CULTURE

KEY DRIVER OF SUCCESS



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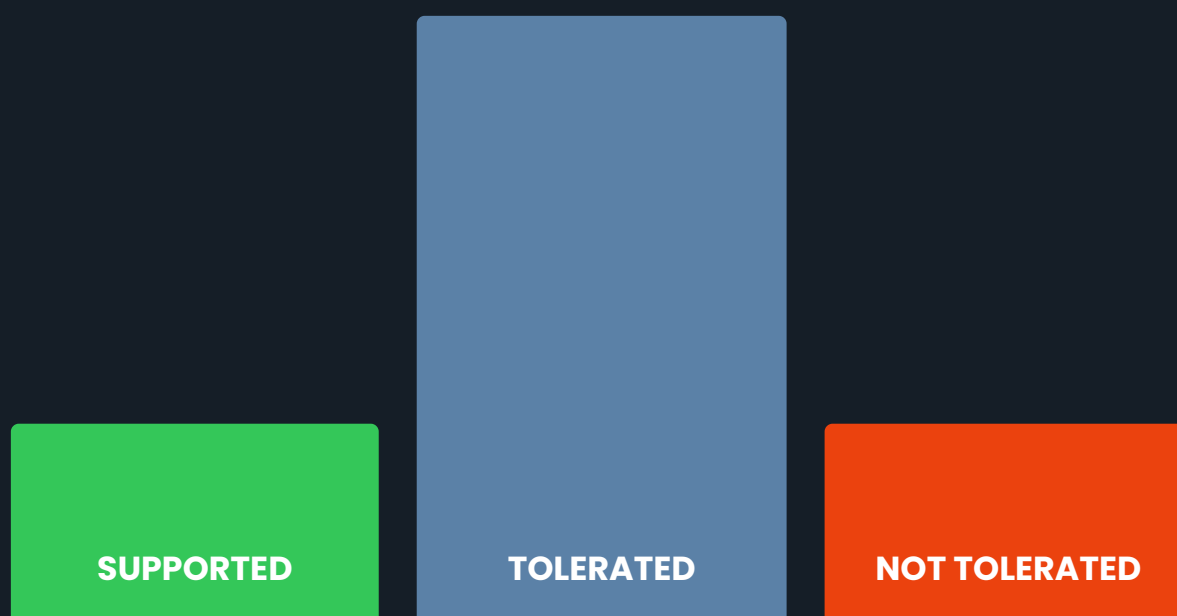
1. Introduction to corporate culture

Corporate culture isn't about whether a company offers meal vouchers or not, and it isn't about dutifully waving values-branded banners along with whatever popular decision the company's leadership just made.

Corporate culture isn't even employee engagement, which it's sometimes mistaken for, even though it can significantly support employee engagement. And corporate culture isn't the atmosphere in which company events get organized.

Corporate culture is, above all, a set of behaviors, that an organization wants, supports, tolerates, or, on the other hand, judges unacceptable. Corporate culture is the pattern of behavior that every employee at the company adopts. And corporate culture shows up visibly, because it's shaped by recognizable behaviors and rituals that repeat at varying frequency.

A WEAK CORPORATE CULTURE HAS HIGH TOLERANCE FOR EMPLOYEE BEHAVIOR



Most organizations avoid consistently either supporting or actively rejecting specific behaviors. Behavior that doesn't conflict with the law, or isn't extreme in some other way, often ends up tolerated within organizations. Any behavior tolerated over the long term sends the group a signal that it's acceptable within the culture. And that's how it becomes an integral part of it.

Every culture has the ability to reward employees who behave in line with its actual values. When employees act against those values, they either face feedback, or their behavior gets tolerated. Either way, a signal goes out through the company about what is, and isn't, acceptable.

1. Introduction to corporate culture

A STRONG CORPORATE CULTURE SUPPORTS MORE AND TOLERATES LESS



Even though it might seem unpopular, our experience shows that companies with a strong, clearly defined corporate culture are, in many respects, less tolerant than those with a weak one. They invest more energy both in encouraging and in stamping out specific behaviors, and in doing so, reinforce a particular type of corporate culture.

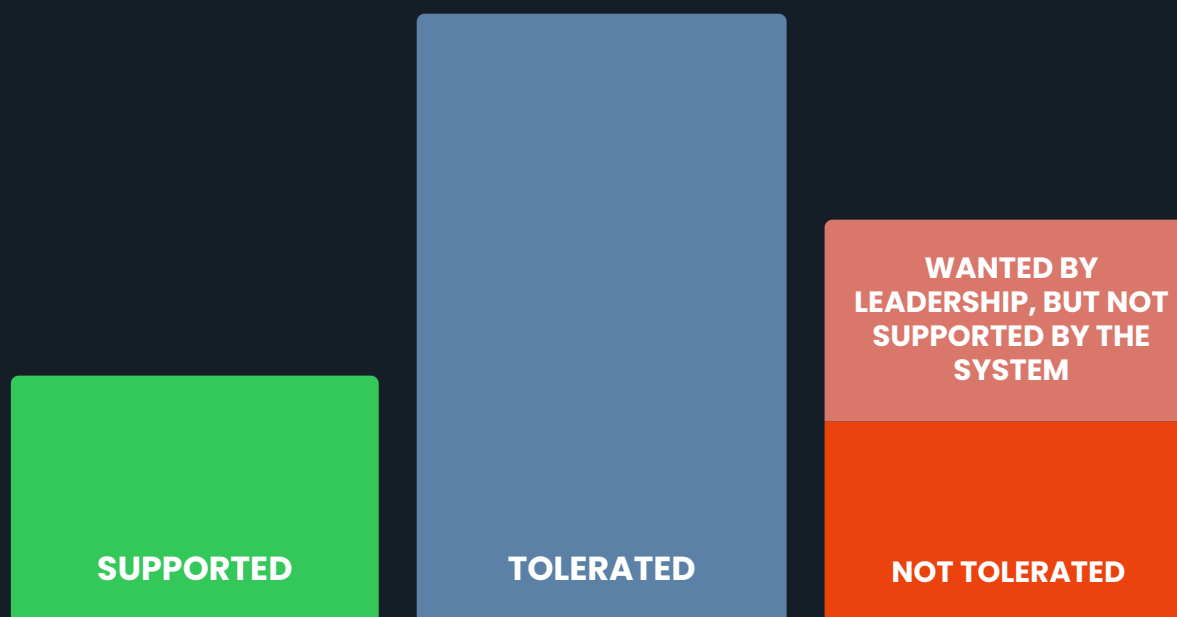
When working on corporate culture, it's easy to forget how much influence the internal environment has on employees' repeated behavior — an environment made up of internal systems like employee evaluation and compensation, performance management, or career succession.

That's why, at Kogi CON, we always start a corporate culture transformation with an analysis of the internal environment.

1. Introduction to corporate culture

An organization's internal systems are often exactly what prevents employees from behaving in line with its stated strategy.

INTERNAL SYSTEMS OFTEN GET IN THE WAY OF THE DESIRED BEHAVIOR



When it comes to an organization's top leadership, what shapes the surrounding environment is mainly what leadership actually does — not what it says or declares, but how it behaves. Employees pay close attention to what leadership focuses on most, how it spends its time, and how it prioritizes or uses resources. For example, the real quality of relationships among top leadership shapes the quality of collaboration across every department.

1. Introduction to corporate culture

AN ORGANIZATION'S LEADERSHIP CREATES CULTURE THROUGH WHAT IT ACTUALLY DOES



No culture forms or changes overnight. It's like a worn path that people discover without anyone needing to show or explain it to them. They subconsciously start walking it, because it takes the least effort. In this context, people often describe a kind of blindness that keeps you from seeing and noticing corporate culture once you've been part of it for a while. Someone new joining the organization, or coming from outside, can usually perceive it far more clearly.

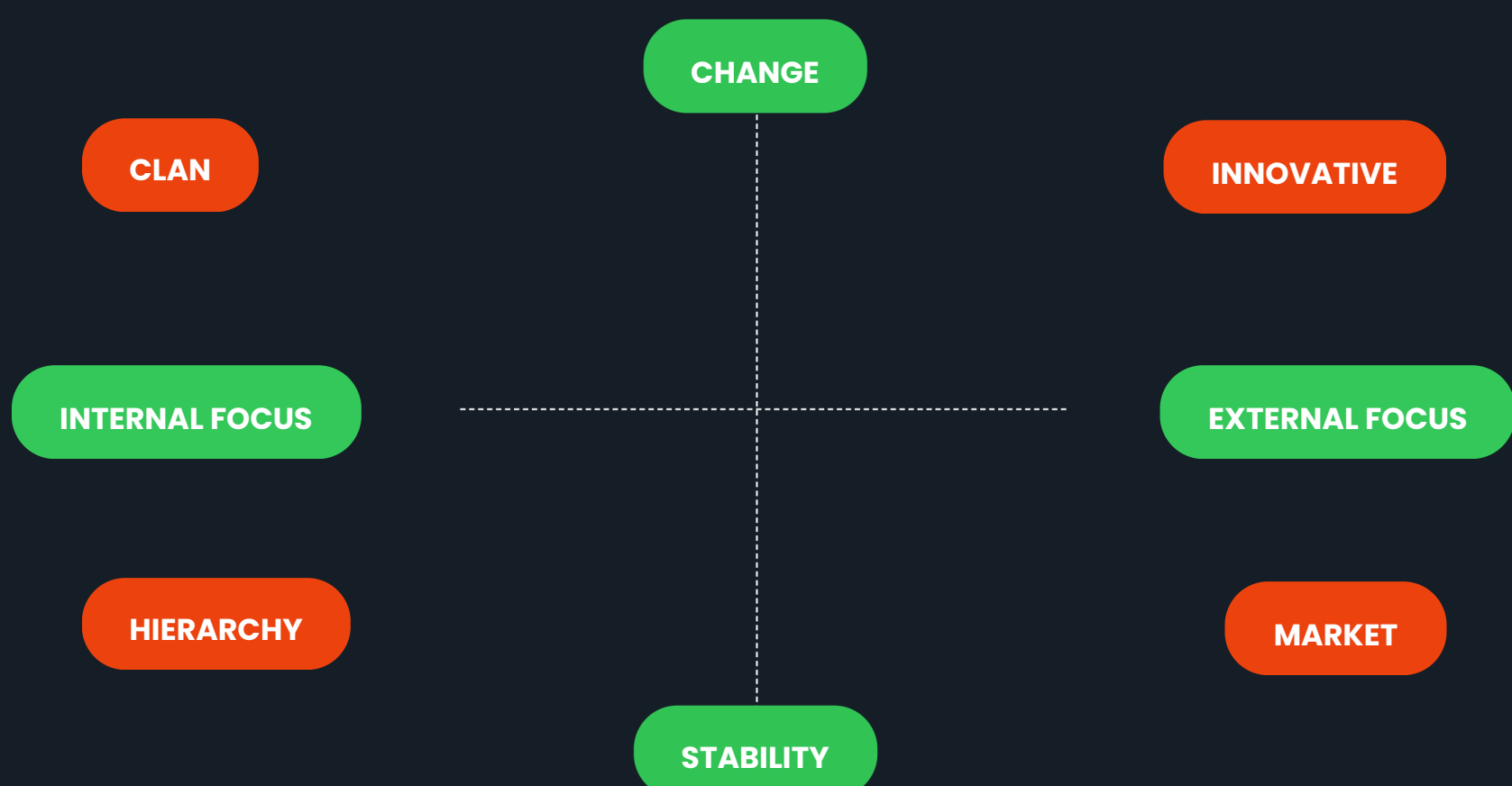
When organizations manage to clarify what culture they actually want, build an environment that supports the desired behavior, and have leadership consistently lead by example, people will understand what it takes to be a successful member of that organization. Once that's clear to them, they're free to decide whether they want to be part of that culture or leave. Either way, the organization's corporate culture gets stronger, and becomes a place with a higher level of effectiveness, engagement, and collaboration.

2. Competing corporate cultures

Even though it might seem unpopular, our experience shows that companies with a strong, clearly defined corporate culture are, in many respects, less tolerant than those with a weak one. They invest more energy both in encouraging and in stamping out specific behaviors, and in doing so, reinforce a particular type of corporate culture.

Every organization can be characterized by a natural conflict between two value systems: **Change vs. Stability** and **External vs. Internal** focus.

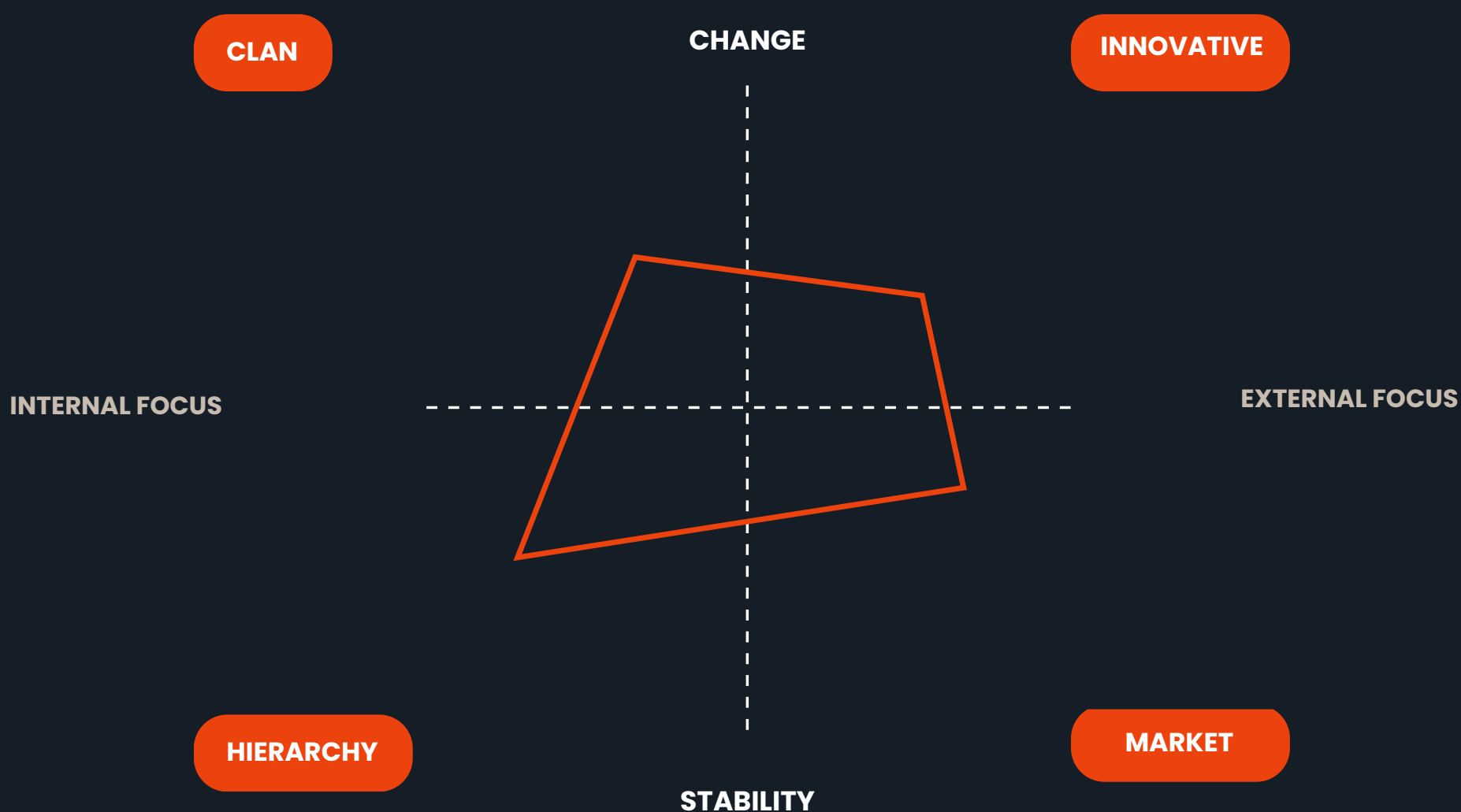
We call this mutual conflict the competition of cultures.



2. Competing corporate cultures

If we map these conflicts onto a graph, we get 4 basic culture archetypes that distinguish organizations at the level of individuals, internal environment, approach to change, and outputs themselves.

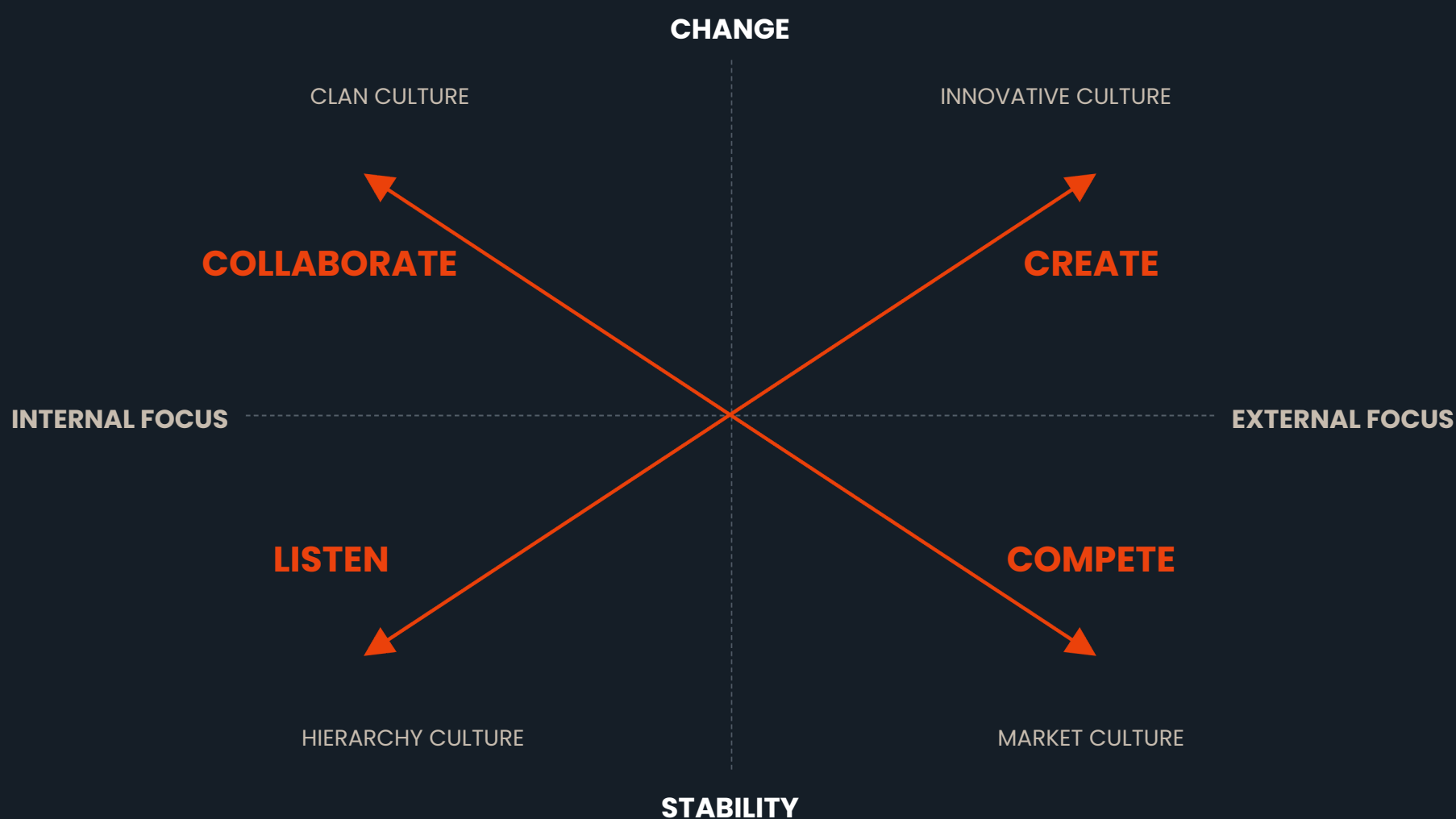
No real organization can exist as an extreme containing only elements of one culture. A corporate culture profile therefore looks like an irregular quadrilateral. Each culture has 2 neighboring cultures that complement it, and one competing culture that it contradicts, which becomes a source of internal conflict and tension within the organization.



In the example shown, we see a company with dominant hierarchy-culture traits. This is a typically hierarchically run organization, focused on predictability, risk elimination, and adherence to standards. Efforts toward change and innovation, on the other hand, become a source of tension and frustration for employees. The process of shaping the dominant culture is usually unmanaged (subconscious).

2. Competing corporate cultures

An organization's internal environment can therefore easily end up in conflict with its strategic intent.



Every day, managers in an organization face questions about how to approach problems, how to allocate resources, how to direct employees, and how to change the internal system.

Each of the dominant cultures is distinguished by:

- 01** The behavior it supports, tolerates, and doesn't tolerate among its employees.
- 02** The people who succeed within it over the long term.
- 03** The mission it actually fulfills in practice (which doesn't have to match the mission articulated by leadership).

2. Competing corporate cultures

Hierarchy (Controlling) corporate culture

The main mission of a hierarchy culture is to make sure things get done correctly.

Risk and mistakes have no place in this kind of environment. That's why hierarchy cultures build internal systems, structures, and control mechanisms designed to eliminate risk. Innovation here happens through incremental improvements to systems, structures, and standards. For employees, the most effective approach is simply to follow these governing structures.

A hierarchy culture is typically organized around its leader, who uses systems to monitor, organize, and control what happens in the company, or in the part they're responsible for. When a problem shows up, a hierarchy culture typically interprets it as a lack of control or a missing process.

Every dominant culture has its strengths and weaknesses. A hierarchy culture makes it possible to maintain high quality and organize large groups of people into functioning wholes. Its weakness is the gradual growth of bureaucracy, and the resulting loss of employee motivation. In overgrown hierarchy cultures, employees often feel they have to do things without anyone really knowing their exact purpose, or who's responsible for them.

Organizations that need more structure and order today typically adopt various software tools for monitoring work processes, and invest heavily in planning.

They try to break existing problems down into the smallest possible parts and understand every detail. They run regular audits to catch deviations from mandated procedures and performance standards.

Example: The regulated banking sector

2. Competing corporate cultures

Market (Competitive) corporate culture

As the name suggests, a market culture differs from a hierarchy culture in its sheer drive.

Its mission isn't necessarily to always do things right, but above all to do them fast. To that end, a market culture places heavy emphasis on what's currently happening in the market, closely tracks every move the competition makes, and tries to respond to even the smallest change as fast as possible. The goal is to stay a step ahead of the competition in the customer's eyes, win market share, and hit the plan.

A market culture is defined by competitive managers. They're hard-driving people who keep raising the performance bar expected of employees. They set the pace, deliver high output, and reward winners. When a problem shows up, a market culture typically attributes it to insufficient pressure on results.

A market culture has its downsides too. Its primary focus is short-term results and hitting targets. During periods of major transformation in society and the economy, an overgrown market culture can ignore critical external trends and prevent the organization from making deeper transformational changes.

When you and your competitors are all heading toward a cliff, speed is the last thing you need.

When an organization wants to strengthen its market culture, it invests resources in closely tracking trends, and especially every move the competition makes. Employees and customers are regularly asked what they need to perform better or feel more satisfied. A market culture won't hesitate to implement anything that saves even a second of time, a fraction of cost, or earns extra revenue. Market cultures often form strike teams to eliminate problems, along with steering committees with a mandate to make immediate decisions. A market-driven organization rewards high performers well above average, and quickly eliminates initiatives that aren't delivering.

Example: Sales teams

2. Competing corporate cultures

Clan corporate culture

The true opposite of a market culture is a clan culture, which places maximum emphasis on collaboration.

Its mission is long-term change that's sustainable for both people and systems. A clan seeks harmony and getting the most out of every individual's potential. A clan culture emphasizes belonging and a collective approach to problems. The primary goal of a clan culture is developing people, because only when everyone brings out their best can the organization thrive over the long term.

A typical representative of a clan culture may look, at first glance, like an unassuming leader. They don't seek the spotlight, and they try to turn their direct reports into the heroes. They're a patient facilitator of difficult discussions, a mentor, and a builder of devoted teams.

As the name suggests, the clan culture has its archetype deep in ancient human history. Belonging, psychological safety, and trust in a shared future are among the deepest psychological needs people have. Organizations that learn to tap into these motivators achieve remarkable results, whether in sports, business, or special forces units. But an overgrown clan culture has its downsides too. Employees may start focusing on keeping each other comfortable, stop feeling personal responsibility for results, and, out of fear of damaging relationships, stop bringing up difficult topics.

Organizations that want to strengthen a clan culture look for ways to actively involve every employee affected by a change in the design, planning, and implementation process. Employees get room to talk about their views and feelings. Management is constantly and actively looking for honest advice from employees themselves on how to better handle difficult situations. The organization's leaders actively get involved in coaching and mentoring employees, and help them integrate their personal and company goals.

Example: Navy SEALs

2. Competing corporate cultures

Innovative corporate culture

An innovative culture is best described as an open, organic system that minimizes layers of management.

In this culture, relationships, rules, and structures are all thin and temporary. Everything is subordinated to creating an environment that maximally supports change. This is typically where new companies are born, but more and more organizations are looking for ways to create and scale the agile elements of an innovative culture even within large organizations.

A typical representative of an innovative culture is an entrepreneurial innovator and visionary. They have a gift for seeing connections between seemingly unrelated worlds, and regularly feed the people around them fresh ideas that challenge the status quo.

An innovative culture is the true opposite of a hierarchy culture. The systems of these two cultures contradict each other, which is exactly why so many traditional organizations struggle unsuccessfully with agile transformation. Out of the chaos of an innovative culture come revolutionary projects and entirely new industries, but failure and confusion are, in this culture, a basic tool of production.

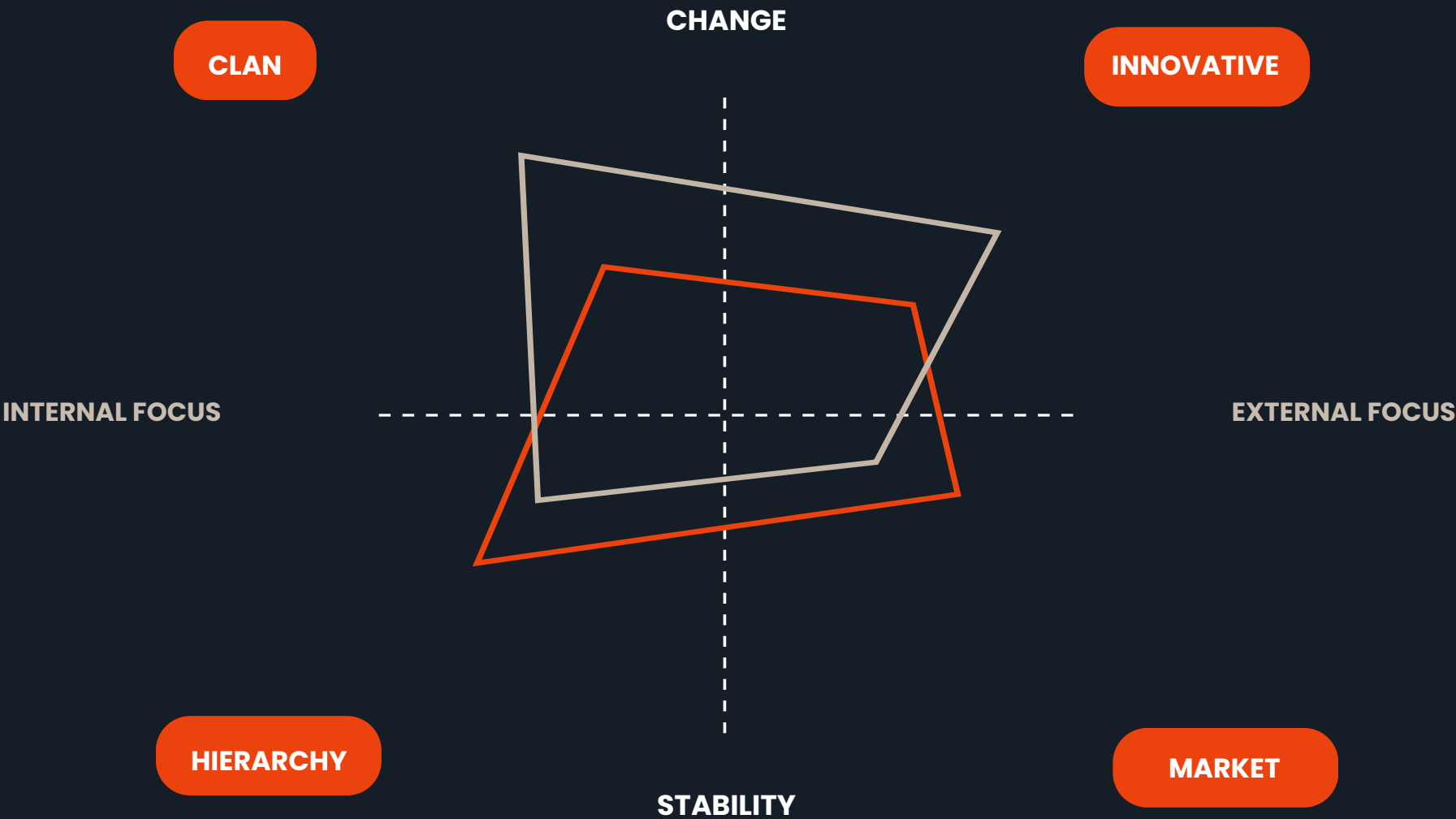
When building an innovative culture, organizations form cross-functional teams and all kinds of gatherings, where employees from different professions exchange ideas and try to surface questions and problems worth a closer look. When approaching problems, quick action is encouraged: try something first, discuss it afterward. The cost of individual experiments gets minimized, in an effort to run them fast and in large numbers. Organizations have to learn to work with risk and failure, and build an environment where employees aren't afraid to fail and openly own up to the results of their experiments.

Example: Rohlík

Every culture can succeed

Depending on the nature of the business, market conditions, and company strategy, each of the dominant cultures can be successful and effective.

The competing values method is a unique tool that gives management a simple way to analyze and visualize both the current and future state of corporate culture. It helps leadership reach agreement and find direction in what is otherwise a highly complex topic, and offers a single, unified approach to pursuing effectiveness across the whole spectrum of organizational activities.



2. Competing corporate cultures

The moment top leadership reaches agreement on the shape of the target corporate culture and adopts the competing values method into everyday work, it gains a unifying guide for:

- **EMPLOYEE SELECTION**
- **THE CORE COMPETENCY MODEL**
- **PERSONAL DEVELOPMENT (YOUR OWN AND YOUR EMPLOYEES')**
- **THE BEHAVIOR THAT NEEDS TO BE SUPPORTED**
- **THE APPROACH TO BUILDING PROCESSES AND INTERNAL SYSTEMS**
- **COMPENSATION STRATEGY**
- **RESOURCE ALLOCATION**
- **ORGANIZATIONAL DESIGN**
- **THE CONTENT OF KEY RITUALS**
- **THE FORM OF INTERNAL COMMUNICATION**

... and much more.

It's exactly this unified approach from top leadership that ultimately reduces both the number and intensity of internal conflicts employees have to face in their everyday work.

The end result is a significant increase in effectiveness.

3. Ten rules for a successful corporate culture transformation

CHECK EACH BOX BELOW BASED ON WHETHER IT MATCHES WHAT'S HAPPENING AT YOUR COMPANY:



I SEE THIS AT OUR COMPANY



I DON'T SEE THIS AT OUR COMPANY



01

The role of CCO (Chief Culture Officer) can't be delegated, and is always tied to the CEO position. Whether they want it or not, the CEO owns the state of corporate culture in the organization.



02

A corporate culture transformation has to be addressed in connection with the company's strategy for at least the following 3 years. Without a business goal and a clearly defined business problem at the start of a culture transformation project, launching the project is ineffective and, at best, will only increase employee satisfaction.



03

Corporate culture always changes from the top down, and always through the entire management population. The key turning point is middle management. If this layer doesn't understand what the CEO and top management want, corporate culture won't change.



04

Corporate culture gets transformed by changing the internal environment and employees' mindset. The internal environment has to minimize barriers to the desired behavior, and build maximum barriers against unwanted behavior. Mindset defines the current and future identity of the company and its employees.

-  **05** The board / top management first has to reach internal agreement on the target corporate culture, build a transformation plan, and define measurable expressions of it — both internally and toward customers — clear enough to be easily recognized and consistent with the company's services and products. Only then is it possible to move further into the organization.
-  **06** The organization's values / target behavior need to be translated into concrete activities and the language of every team across the whole organization. You need to define wanted and unwanted behavior, as well as behavior that won't be accepted at all. Implementation has to start by defining competency models for key positions, then carrying them through into key processes.
-  **07** A corporate culture transformation program usually runs 3 to 5 years, depending on the gap between the current and target culture. Tangible quick wins, though, tend to arrive within 3 to 6 months.
-  **08** An effective tool for changing corporate culture is selecting, and actively working with, change ambassadors. Choose them from among employees who already display the behavior the target culture requires. Never put out an open call for ambassadors — select them carefully instead.
-  **09** Successfully implementing the target corporate culture depends heavily on properly set-up internal communication. You can't overlook audience segmentation, content, or format. A representative of the internal communication workstream should always be part of the core team running the culture transformation.
-  **10** Transforming corporate culture isn't a one-off project. Actively managing corporate culture should be one of top management's main long-term priorities. The target culture has to be continuously nurtured through role modeling and internal communication.

Kogi CON

At Kogi CON, we're not consultants — we're a group of business professionals. Together, we bring over 100 years of experience leading startups and multinational companies at the top level. We're experts in building corporate culture focused on performance and long-term strategy. We see that only companies with a strong corporate culture run at their full potential. That's why our mission is to move companies in exactly that direction.

Kogi



CEO
on the edge

Listen

*How do CEOs in Czechia
think about
corporate culture?*

**We care more about results and employee engagement than about employee satisfaction.
That's why we decided to build our own methodology for transforming corporate culture.**



We solve a business problem, and we build on data.



We bring experience from financial services, energy, telecommunications, and manufacturing.



We implement leadership models suited to the target corporate culture (competency models, assessment and development centers, mentoring, and more).



We identify and remove barriers within companies' internal environment (strategy, structure, systems, and more).