

CULTURE REPORT: IT'S TIME TO THRIVE

The logo for 'fit' is located in the top right corner. It consists of the lowercase letters 'fit' in a bold, red, sans-serif font, enclosed within a white speech bubble shape with a grey drop shadow.

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QUICK FACTS

- + Culturally rich organizations experience significantly less employee turnover
- + Only 15% of employees feel engaged with their work throughout the world
- + Ethnically diverse companies are 35% more likely to outperform their competitors
- + Millennials will comprise 75% of the workforce by 2025 and authentic Corporate Social Responsibility (CSR) is an important factor in their selection of an employer

FOSTERING RICH COMPANY CULTURES

With unemployment declining and stable GDP growth, the [economic outlook](#) for 2018 is bright, but the talent market will be tight. Maintaining relevance and growth will require today's companies to successfully navigate an inherently complex and increasingly competitive marketplace. The new year will bring with it a new wave of talent churn and many leaders will come to realize the important role culture plays in their ability to [attract and retain](#) high-quality talent. Financial and productivity indicators will continue to be top of mind for executive leadership teams, but the top performing companies of the year will be those who place strategic emphasis on, and measure progress towards, fostering rich company cultures.

“Culture eats strategy for breakfast.”

~ Peter Drucker

Company culture is [comprised of](#) “the pervasive values, beliefs and attitudes that characterize a company and guide its practices.” Ultimately, company culture acts as a brand in the marketplace, and should comprise the essence or heart of the company. More and more, employees and job seekers are [looking for alignment](#) of their own values, beliefs and attitudes with those of the company, and there are three core areas or initiatives a company can focus on developing, and communicating about regularly, to boost their potential for greater success in the coming year: 1) Enriching and engaging people; 2) Investing in diversity and inclusion; and 3) Embracing social responsibility.

ENGAGING & ENRICHING PEOPLE

Confronted with a [growing skills gap](#) and the costly threat of talent attrition, more employers are investing heavily in training and development programs than ever before, and the benefits are very real. For example, one [reputable study](#) found that 84% of employees at top performing companies received the training they needed, as opposed to only 16% at the worst performing ones. It also showed that employees are 12 times more likely to consider leaving their current company when they feel they cannot achieve their career goals, and this number jumps to nearly 30 times more likely for new hires. People enjoy feeling engaged in their work and when individuals and teams are trained appropriately they are more likely to thrive in their environment, leading to increased productivity and substantial savings for the organization. Sadly, many companies are struggling to successfully engage their workforce. A recent report on the [state of the global workforce](#) uncovered a significant problem, with only 15% of employees reporting feeling engaged in their work. There is a very real need for all employees, regardless of their skill level, to feel engaged, enabled and energized in their work. With this realization, executives are bringing in external consultants and hiring specialized leadership talent, skilled in learning and development, to build out and implement strategic initiatives with the aim of engaging and enriching their people. This translates into an undeniable [competitive edge](#), with companies experiencing operating margins up to 3 times higher than their competitors, simply because they are choosing to place an emphasis on people development.

INVESTING IN DIVERSITY & INCLUSION

Diversity, in both thought and background, is a key driver for improving problem solving, innovation and decision-making. A 2015 [McKinsey study](#) found a strong link between diversity and performance. According to their research, gender-diverse companies are 15% more likely to outperform competitors, while ethnically diverse companies are 35% more likely to outperform competitors. They also found that in the US, for every 10 percent increase in racial and ethnic diversity on the senior executive team, earnings before interest and taxes (EBIT) rise nearly 1% percent. With this profitability factor, it's no surprise that leadership in approximately 35% of companies have substantial [ramp up plans](#) for investments in diversity initiatives. While there is still significant work to be done, many of today's top-performing companies are reaping the rewards, both socially and monetarily, by building and executing strategic sourcing plans that identify and attract diverse talent.



EMBRACING SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has become a topic of increasing importance as many employees and customers are looking for ways in which companies take care of the environment and give back to their communities. [Millennials](#) are particularly interested in philanthropic initiatives, and considering that they will comprise [75% of the workforce by 2025](#), it makes great sense for companies to make CSR a strategic focus. That said, Millennials will also want to be sure that a company is [being authentic](#) in what it communicates about its CSR efforts – 76% will do the personal research to assess how an organization follows through on its words. Several companies have begun releasing annual CSR reports, which outline specific and measurable ways they have been contributing to the community in a socially responsible way. Whether it be through a formal program, or simply encouraging and providing time for employees to engage in service opportunities of their own or those that are company sponsored, the benefits of a purposeful CSR effort are wide-ranging. One study even showed that encouraging CSR can also increase an employee's [creative involvement](#), as they begin to find new ways of doing things around the office to cut waste and increase efficiencies. In the end, [doing good feels good](#) and it creates opportunities for collaboration and comradery outside of the normalcy of the day-to-day work in which employees are involved.



About the Firm and the Author

Here in [The fit Practice](#) at [McDermott & Bull](#), we believe in [enriching and inspiring the lives of all we serve](#) and work directly with organizations who are, or aspire to be, culturally rich and values driven. We love attracting and securing top leadership for our clients and have developed a comprehensive approach to executive search that provides optimal outcomes, by [ensuring functional, cultural and personal fit](#). Our firm provides both retained and interim executive search services for public and private companies in a variety of industries and functions, in all segments of human capital, to align talent strategies with business strategies. [Let's talk!](#)



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