Culture impacts returns

ALEXANDRA ECONOMOU

WORKPLACE culture can have a significant impact on a company's bottom line, says Leed Consulting principal Diarmid Lee.

Mr Lee said a poor workplace culture could also impact on employee engagement and the ability to retain and attract staff.

Leed Consulting followed the Denison Organisational Cultural Model – created by US-based researcher Daniel Denison – to help businesses implement cultural change. "There are only four companies in Australia qualified to use this model," Mr Lee said.

"It's a tool to generate data about what's going on with an organisation, which is then used by businesses for thoughtful discussion."

Research by Denison found firms with a high-performance work culture had 15 per cent sales growth in one year, compared with those with a poor performance culture whose sales rose just 0.1 per cent.

Mr Lee said the Denison model focused on four major areas: a company's mission, its adaptability, its consistency and how it engaged and involved its workforce.

It had been used by companies such as Coca-Cola, NASA and Deutsche Bank.

Mr Lee said many businesses did not fully realise the potential of their staff. "Businesses often actually have the people they need, but it's about developing them in the right way to deliver the strategic plan for the firm," he said.

"You might have a range of people who are quite capable and innovative but you don't have systems, practices or the culture that encourages people to be up front about their abilities.

"It's really about saying are you leveraging the potential and talent you have within your organisation and achieving the maximum return on that?"

Another problematic area was the divide between managers and leaders and other employees. "If you have got disengaged employees that's one sign your culture isn't right," he said.

"Another issue is if you have got a mentality where teams within your organisation are almost competing against each other."

Mr Lee was introduced to the Denison model while working for a consulting group in the UK – a role he took when the global financial crisis hit in 2008.

"We saw very different responses to the GFC," he said.

"Some organisations were sticking their heads in the sand, saying they would cut all training and development until the GFC ends.

"Others were saying the market is going to be more competitive and more aggressive so we need to be upskilling and investing."