Creating a Culture of Excellence

It means something different for every company, but for all of them the key to success is the same: the person at the top.

By Jason Daley – Entrepreneur Magazine – March 2010

Ever since Tom Peters introduced the word excellence into the business world, companies have been madly scrambling after it. His 1982 book, *In Search of Excellence*, spawned a whole industry of excellence--management gurus and cultural consultants invading the workplace with formulas for total quality control, going from good to great, breaking all the rules, getting things done, busting e-myths and moving cheese.

But in the end, it turns out the quest for excellence is a little like stopping smoking--there are hundreds of plans, but in reality none of them work very well, at least without a strong commitment from the top. According to research by IBM and others, between 60 and 90 percent of organizational change initiatives fall flat. It's no wonder. Making the changes that lead to excellence is not an overnight pursuit--it's a long process that often means rewiring a company's fundamental DNA.

That's something Atlanta audit firm Porter Keadle Moore learned early on. In 1995, PKM was a typical stuffy auditing firm, with dark wood paneling, a command-and-control system and overworked employees. When Phil Moore and his colleagues split up, though, Moore decided to make the new incarnation of PKM very different. "At that point in time, we wanted to have a firm that had a culture that embodied our hearts and minds," he says.

Fifteen years and countless initiatives later, PKM is Atlanta's top accounting firm, with a 98 percent positive rating, 11 percent turnover rate and awards for being one of America's psychologically healthiest workplaces.

How did PKM do it? Its approach to excellence isn't off-the-wall. In fact, PKM has followed fairly conventional strategies to make it to the top. It's just that it has implemented those extremely well, stayed focused and learned that managing people is the key. PKM also had the essential element in place with Moore: The chief motivator of change in an entrepreneur-led company is the leadership.

"The willingness and desire to make personal changes themselves will radiate out in the business," says Peter Bregman, a corporate culture consultant and author of *Point B: A Short Guide to Leading a Big Change*. "A corporate culture is incredibly strongly linked to a leader's personality."

Change begins with asking what you want your company to do and what your company could be. The greatest skill that PKM has developed is its ability to harness the ideas and wisdom of its employees and apply them to that grand vision. "We've created a continuous feedback culture," says Debbie Sessions, a partner and COO who helped launch a program that trains employees in the art of feedback. "We're getting and giving new ideas on a daily basis."

We took a close look at PKM and at the most current research and thinking on corporate culture. We can't promise instant success. No one can. We can't give you the zeal to make it happen. You have to have that yourself. But we can give you the tools to create your own culture of excellence.

Make a Plan--and Stick With It

Pursuing excellence is unique for each company that reaches for it, but almost all of them have trouble figuring out if they're hitting their goals. Sometimes, even knowing what constitutes excellence can be a stumbling block.

Rick Maurer is an advocate of detailed benchmarking. Before starting a change initiative, some of which span many years, he advises sitting down and deciding what excellence looks like for your company. What does an excellent manufacturing process look like? What is good customer service? As your changes take hold, consult those benchmarks and see if your changes are moving you in the right direction. Here's how:

- **Create a master document.** Spell out exactly what excellence means. Be as detailed as possible and set up reasonable timelines and benchmarks.

- **Survey your customers.** Studies show long paper questionnaires are often ignored. Instead, pull aside a few customers and personally ask them two or three specific questions.

- **Get outside help.** Whether it's a heavy-hitting consultant such as Gallup or McKinsey & Co. or a local management coach, they can help identify problems you can't see yourself.

- **Talk with the neighbors.** Find some local businesses you hope to emulate and learn what they're doing right and use them as benchmarks to measure your progress.

- **Survey employees anonymously.** One of PKM's secrets is an in-depth biannual employee survey that asks detailed questions. Creating a climate in which employees can express criticism without worry is essential. PKM also holds an NCAA bracket-style competition to get all employees thinking and innovating on one another's ideas. Besides leading to improvements on the technical side of the audit business, the game results in lots of small cost-saving changes, such as closing the offices between Christmas and New Year's.

Motivation

COO Debbie Sessions is in charge of employee engagement, the fine art of keeping the 85 people at PKM motivated and even excited when they come to work each morning. For her, engagement means creating a fun office atmosphere to counter the often stressful and technical workload and to promote a happy work/life balance, strategies that have been shown to increase productivity and employee loyalty.

"There's absolutely a financial benefit to employee engagement," she says. "Clients aren't happy if we have turnover, and it costs twice as much to train new associates every year."

Employers often think money is the key to motivating employees, but research shows it only works in the short term and other things keep employees happy and productive over the long run. "Our notion of

recognition tends to be antiquated," says Bob Nelson, an incentive specialist and author of *Keeping Up in a Down Economy*. "In this new generation, flexibility and time are more important rewards."

Here is what he suggests:

- Make days off, long lunches or customized work schedules rewards for meeting new goals.

- Praise is difficult for many managers, but Nelson says acknowledging good work--face-to-face, via e-mail or in a newsletter--lets employees know they're on the right track and creates more loyalty than you think.

- Office-wide rewards build teams and shake employees out of their ruts--and are usually cheaper than parties or cash bonuses. Think about a spa day or an afternoon baseball game.

- Reward productivity, not long hours. Encourage employees to get their work done quickly.

- Promote good health. Setting up a company gym membership or wellness plan, or even providing healthy snacks in the break room, can lead to more alert, engaged employees.

- Promote a strong work/life balance. At PKM, the top management makes a point to leave the office at 5 p.m. and take time off for personal events.

Productivity

Developing a thoroughly engaged, motivated workforce is the surest route to productivity, but it takes time. So it's a good idea to aim for some quick boosts in the meantime.

The first one is simply stepping back: Micromanagement is a huge problem for entrepreneurs because of their strong personalities and personal stakes. "Entrepreneurs are often worried about revenues," consultant Bregman says. "So they start micromanaging. It can lead to personal conflicts, especially in small companies where the politics are much starker." That makes employees more likely to disengage and possibly even quit--and that's not productive.

You should also:

- **Explain every change.** A streamlined workflow might make perfect sense to you, but don't assume your employees will get it. Schedule an in-depth meeting or training each time you alter your business. It will help alleviate fear and resistance.

- **Get people on board.** Those new systems will be worthless if employees don't use them. One of PKM's most successful strategies is creating competitions. When the company recently switched from weekly to daily time tracking, it set up a contest: The team with the highest compliance rate after 10 weeks won a fully funded happy hour, and a drawing of top compliers had a $250 cash prize. The result: More than half the firm had 100 percent compliance within 10 weeks.

- **Give them freedom when it comes to the web.** Employees who check personal e-mail, watch YouTube or peek at Facebook are almost 10 percent more productive than those whose access is blocked, mainly because the frequent, small breaks help them to regain their concentration.

Gear

Investing money and training in a few key pieces of equipment can help your office stay organized, reduce stress and get more work done. And in most offices, nothing is more key than its server. A server, or at least a shared hard drive, should be what keeps people connected. Problem is, most people ignore the public space or clutter it with ancient documents.

"Unless there is a mandate from the top down, many employees save documents on their hard drives instead of the server," says Laura Leist, founder of Eliminate Chaos. "When they leave the organization those documents might be lost. Or, while they're still employed, other workers aren't aware that the projects exist." That means a lot of wasted or duplicated effort. Institute a uniform naming and filing system to help the company navigate what is often an under-used repository of information. Then consider:

- **Syncable calendars.** They are found in most office software suites or can be used online free through Google. In one company Leist worked with, employees wasted hours every week walking office to office, scheduling meetings.

- **Instant messages.** They speed the flow of information.

- **Meeting software.** If you have employees in the field or in other cities, you can save travel expenses by using Go To Meeting, Skype or other new, affordable web conferencing software.

- **Paper management.** A good document scanner to digitize files costs less than $1,000. If paper filing is a must, schedule regular times to clean out and organize filing.

Environment

Creating a culture in which people can do their best work sometimes means retooling the physical office. Here's what we know about making your headquarters productivity-friendly.

- **Provide quiet spaces.** Creative thinkers often need solitude, so be sure there are enclosed offices or temporary spaces available where they can block out distractions.

- **Have informal gathering spots.** Employers often see water-cooler chats and break-time conversations as wasted productivity, but they're actually some of the main conduits of office communication and innovation, especially between departments. Make sure there are spaces that encourage interoffice networking.

- **Keep employees comfortable.** A controversial 2004 study showed that keeping an office at 77 degrees versus 68 degrees made employees 46 percent more productive. While the science might be questionable, the underlying idea is not. Comfortable employees are more productive.

- **Bring in an ergonomics consultant** to help determine what each employee needs. It might be as simple as a better keyboard or adjusting a chair a couple of inches.

Three Steps to Take Now

Rick Maurer, author of the soon-to-be published Beyond the Wall of Resistance: Why 70% of All Changes

Fail--and What to Do About It, offers some key advice on engaging your employees in the pursuit of excellence.

1. **Some people will always be suspicious of change.** Ignore them. If you put your attention on converting the 5 percent who aren't going along, you're missing opportunities with the other 95 percent.

2. **Employees need the same fire in their bellies as their leader when it comes to change.** Hold meetings on implementing your plans and really let employees engage in the discussion. They need to walk out saying, "I contributed something."

3. **Give employees room to create change.** They're often busy enough; when extra assignments add stress, they're more likely to fail. An employer needs to ask, "What support do you need to make this project happen? What can we take off your plate to help? What money or access do you need?" The leader needs the guts to say, "Spend 70 percent of your time on this project and let other things slide." Otherwise, change projects don't get done.