

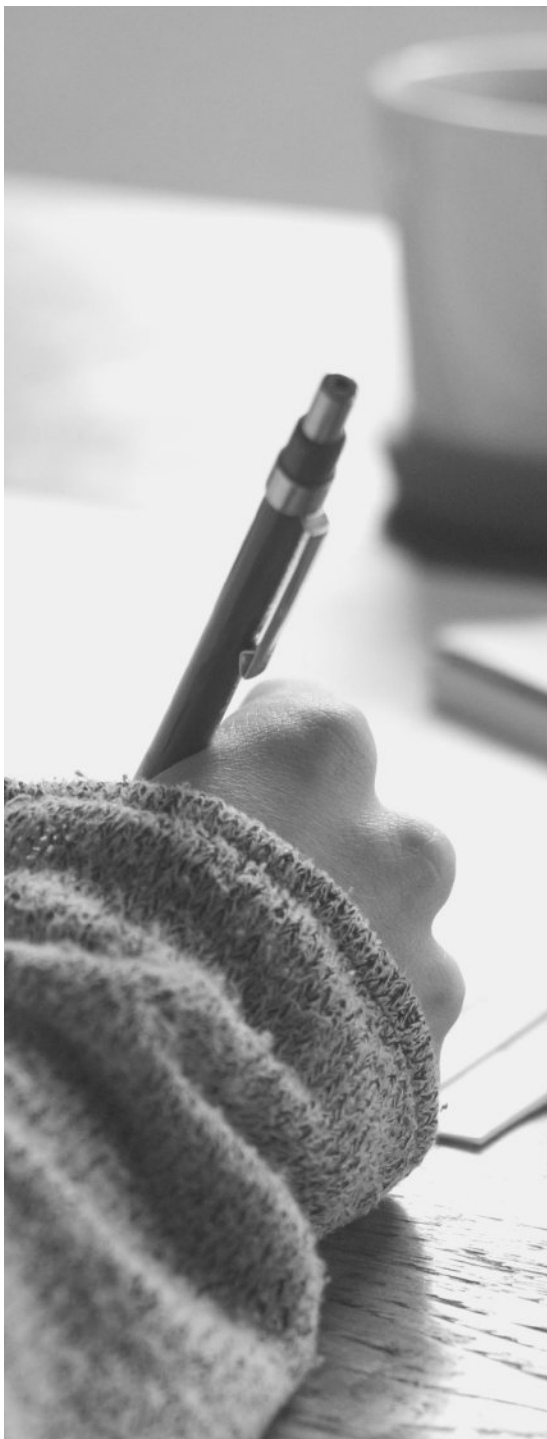


HR COACH
AUSTRALASIA
people • perform • profit

CULTIVATING MANAGEMENT CULTURE

WHITE PAPER

CULTURE AND PERFORMANCE



Every business wants to be a high performer - and every business owner is looking for the magic bullet that will make it happen. There are no shortage of quick - fix solutions in the market to make businesses appear high performing, and there are also no shortage of business failures as a result of these quick - fix solutions. If the business solutions were easy, we would all get them right all of the time - but it's just not that easy.

Last year, HR Coach's research identified what separates high performing businesses from the pack. It looked at the data of more than 700 small to medium Australasian businesses who had completed a valid and reliable business assessment. The numbers were then analysed across a range of cross-referenced measures to ensure that the real anchors and gems could be found.

This year, the data forced the analysis to go deeper, specifically on business culture (including the behaviour of the business owner) as this ultimately drives employee culture, and subsequently, business performance.

This White Paper is ideal if:

- You are a business owner who wants your business to stay or become a high performing business;
- You are part of a management team looking for ways to make your business more effective and successful; or
- You are a professional who wants to genuinely understand the Australasian management culture drivers to lift business performance.

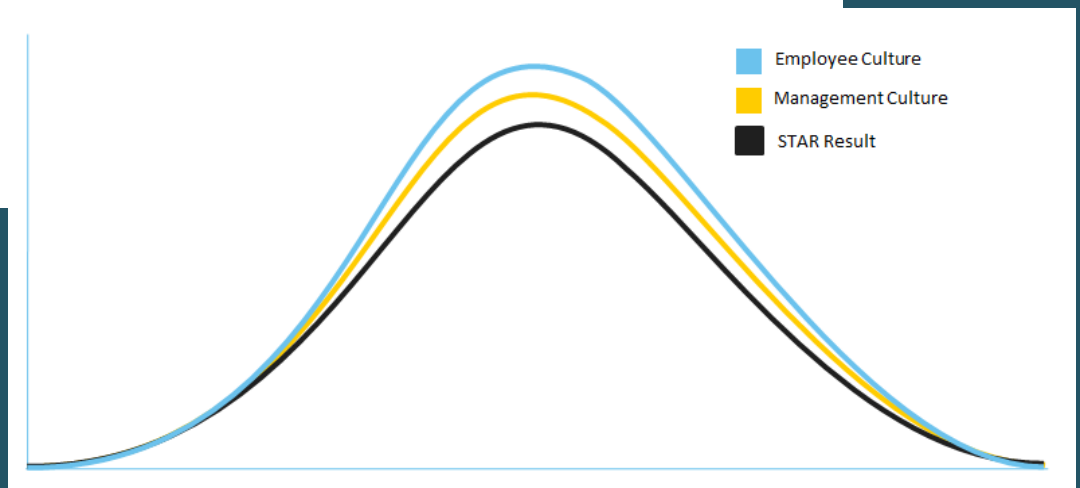
Culture drives performance.

Intuitively, we know that culture drives performance. We can all identify businesses that have a 'good' culture and those that have a 'bad' culture - and this assessment is often based on single points of interaction with people from a business. i.e the behaviour of anyone/everyone in a business who we deal with, helps us to assess the culture of that business.

HR Coach also knows from its own work with more than 4,000 small to medium enterprises (SME's) in the market over the last 14 years, that most business owners and managers struggle to identify or articulate what their core cultural drivers are for their business. More disturbingly, they also can't tell whether their own cultural drivers actually help or hinder their business's performance and/or success.

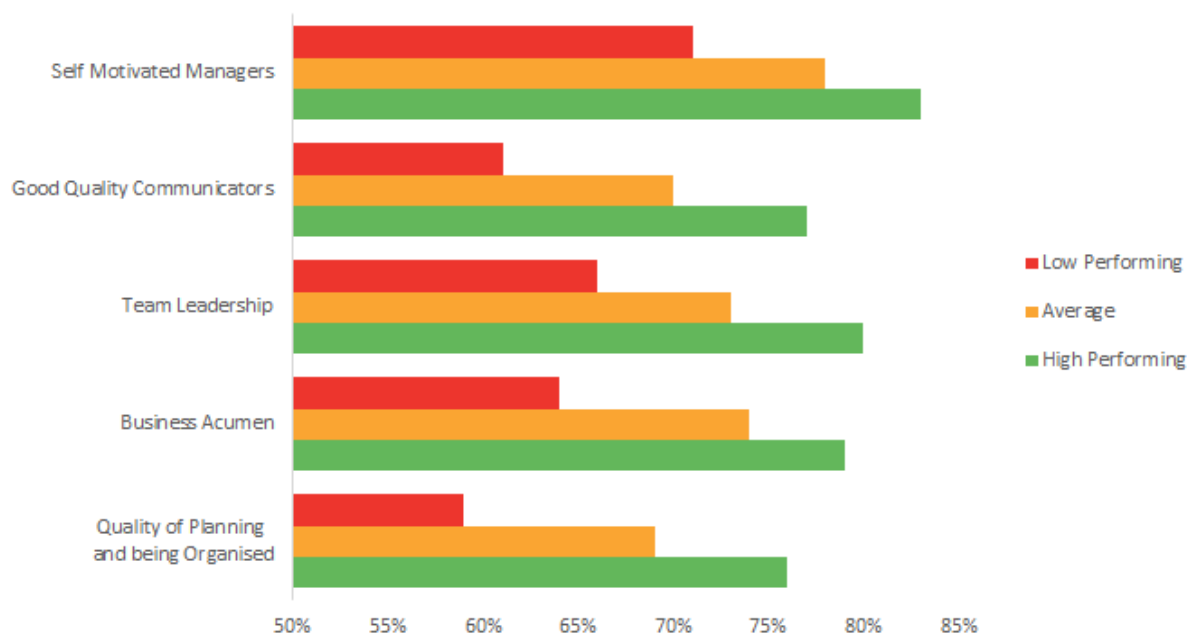
HR Coach has been researching the culture drivers of SME's since 2003 and have identified that there are some key management culture drivers and employee culture drivers that are relevant to all businesses. The latest research has now identified how significant these culture drivers are for company performance - and help to realise where businesses need to invest time and effort if they are seeking to lift their company performance.

So let's look at what the numbers tell us about management and employee culture.



Focusing on 234 Australasian Businesses Since 2015

- There was a 17% gap between low and high performing businesses in terms of strategic alignment and company performance.
- There was a similar 17% gap in management culture results between low and high performing businesses - which indicates that if businesses want to improve their strategic alignment and performance, they need to lift management culture/performance.
- Workplace culture results trended consistently above management culture results, i.e. Some teams work well, despite their managers - but great team results only exist when there are great managers.
- Lifting manager and employee culture results will improve labour performance and return in the business, while reducing wastage and turnover.
- Employers in high performing businesses are 29% more satisfied with the strategic alignment and performance of their business, showing that there is a positive exponential return for businesses if they can get the management culture right.
- Business owners need to lead by example in changing and improving the management culture of the business, as it is core to the sustainability and profitability of their business.



MANAGEMENT CULTURE COUNTS!

The Australasian research shows that there are significant gaps between high and low performing businesses (as shown in the graph above) on the following specific areas.

- Self Motivation (Low Performing 71% v High Performing 83%)
- Good Quality Communicators (Low Performing 61% v High Performing 77%)
- Team Leadership (Low Performing 66% v High Performing 80%)
- Business Acumen (Low Performing 64% v High Performing 79%)
- Quality of Planning and Being Organised (Low Performing 59% v High Performing 76%)

MEASURES IN DETAIL

Lets look at each of these measures in more detail.

Self Motivation

Most managers are self-motivated, consistent with their own natural management style. Many managers would benefit from understanding what their own management style is, and what the style is of other managers and or business owners that they work with - as these need to be complimentary rather than competitive to maximise positive outcomes for the business.

Being self-motivated is a key culture driver for managers, as managers frequently determine the priorities and resource allocation for the business to achieve its strategic outcomes. However, some managers are so self-motivated (moving at such a fast pace) and are so focused on leading from the front, that they can often find themselves way out in front, with no one behind. They can then find themselves having to do all of the work/tasks while getting frustrated that they are the only ones working hard for the business. If you find yourself in this situation, you need to reduce your speed and allocate time and effort to create an environment that motivates other people in your team to do the work/tasks.

Good Quality Communicators

Managers need to improve their questioning, listening, reflecting and communication skills, and reduce their directing/demanding communication skills. Learning how to build a coaching connection (openness/commitment/trust) with every communication event/task has been demonstrated to improve communication outcomes every time.

By improving their questioning and listening skills, managers will find that they don't know everything about everything, reflecting the complexity and reality of business these days. If managers can improve their communication outcomes, it will lead to improved decision making and leadership performance, which are other core culture measures of management.

Team Leadership

Managers are expected to provide ongoing leadership to their teams, which is becoming more and more challenging for many reasons. There are now four generations in the workforce, the labour market has high levels of mobility, customers are becoming more demanding and cost-conscious, and technology and competition are changing regularly. In this environment of ongoing and significant change, leadership styles have to adapt to respond more effectively to the challenges - and one size/style does not work for all.

Managers need to understand their own natural leadership style and then learn to modify it to be more effective across all of the environments that they face.

Businesses don't make decisions; people do, and leadership styles have to change to improve the speed and quality of decision making across and throughout every business by improving the leadership of people.

4

*Generations in the
Workforce*

ALL

*leadership styles have
to grow and adapt*

Business Acumen

Managers make decisions every day that have a financial impact on a business. The allocation of resources, the prioritising of work tasks, and the focus on quality and customer service all have a cost and potential return - while rework, missed deadlines and wastage all have a negative cost on a business.

Managers need to communicate and explain the constraints that impact their decision making, so that their work teams are better informed and motivated to propose and support solutions that will deliver a better outcome for the business. Communication is again core to Manager's being able to demonstrate their business acumen and arrive at solutions that ensure sustainability and profitability of the business.

Quality of Planning and Being Organised

This measure is the one that Manager's score worst on, primarily because it requires good performance on all other measures to be able to demonstrate to the team that the Manager has a good plan and is organised - as all managers are operating in a changing environment. Being organised and getting team members to buy into the plan requires good time management skills, in addition to the other Manager culture measures.

Review Your Business

Where does your business sit? Is it high performing, average or a business that has significant opportunities to improve?



We know the key interface that aligns activity with strategy is the management team which is why their effectiveness is so critical. Business owners have a view or goal and they typically work through their managers with the assumption their managers pass this down to their teams. Unfortunately, this doesn't happen in all businesses. Managers are the key turning point for activity to be converted into strategic reality!

Management Effectiveness Matters

If the management team doesn't work effectively then someone has to fill the performance gap. If it's the business owner filling this performance gap, their focus inevitably becomes daily management and not growing or working on their business. If owners are filling gaps rather than lifting the performance of their management team, you may see a downward spiral. As a starting point a few questions to pose on the efficiency of your management team might be;

1. Do they work as a team?
2. Are they aligned to the strategic direction?
3. Does each manager understand their management style?

If the answer is no, consider programs to ensure managers understand their own strengths and challenges around vision/alignment and execution.

THE VARIED CULTURE

As you've discovered by now, culture is pivotal to a business's success for alignment and profitability. Management and Employee culture are critical to strategic alignment in any business. Cultural change starts with management and these are the ones who need to lead and demonstrate change in the day to day activities.

As a starting point a few questions to pose on varied culture within your organisation could be;

1. Have you measured your business culture, benchmarked to Australasian SME's and appropriate research for validity?
2. Do your business' owners/managers lead culture alignment?
3. Do you assess performance on culture drivers on a regular basis?
4. Do all sections in the business, internally and externally, demonstrate similar and aligned culture drivers?



WHERE TO FROM HERE

The most recent research shows that 5 key anchoring measures separate the management culture of high performing businesses from other businesses in the market.

Here are the Keys to Improve or Demonstrate a Management Culture Consistent with High Performing Businesses:

Management Culture Measures	Solutions that Work
Self Motivated Managers	The DiSC Management program is a good, valid and reliable program to provide self-awareness to Managers, while also educating Managers on how to direct and delegate, create environments that are motivating for their team members, develop others and manage up and sideways.
Good Quality Communicators	Managers need to improve their questioning, listening, reflecting and communicating skills. Learning how to build a coaching connection with every communication event/task has been demonstrated to lift the quality of communication outcomes. Reference 'Coaching Connection' model - HR Coach. Review '5 Effective Conversations' model - HR Coach.
Team Leadership	The DiSC Work of Leaders program is designed to help managers understand their strengths and challenges in the areas of Vision/Alignment/Execution. Managers in Australasia often seem to be poor in the 'Alignment' category - which links back to other manager culture measures. Assessing and developing Emotional Intelligence (EQ) will also help to improve this measure, and other management culture measures.
Business Acumen	Manager's need to better understand the cost drivers in a business, including the cost of doing nothing or the cost of micro-managing at the expense of achieving tactical or strategic outcomes for the business. Reducing waste and rework and achieving more from the human resources within the business may significantly add to the profitability and sustainability of the business.
Quality of Planning and Being Organised	Managers need to better understand their own needs, the needs of their team, customers and the business and merge that understanding to improve the quality of planning. The Manager/Coach/Mentor Program could provide Managers with some structure and process to improve this outcome.

The Fusion Culture Assessment can measure this data for any business, and benchmarks the results to Australasian SME's.

FUSION CULTURE ASSESSMENT



The Fusion Culture Program has been developed following the research paper "Cultivating Management Culture", based on data associated with the STAR Workplace Program from 2008-2018.

Throughout this white paper, the underlying message has been clear, culture is a leading indicator for business performance. Understanding how strongly your culture impacts your business, and your bottom line, can help realise the potential of the business.

The process:

1. Conduct the Fusion Culture Survey with your employees.
2. Receive an in depth report based off your results, benchmarked to over 700 Australasian businesses.
3. Work with your HR Coach to create an action plan to address any areas of concern.

How Your Fusion Result is Calculated

This result provides the organisation with an understanding of the willingness of the organisation to make strategy happen. This is an important result to review when looking at future strategy and contribution the workforce wants to make.

Total Fusion Result Calculation

Workplace Culture Rating	75%
Management Culture Rating	75%
Your Fusion Result	75%

Guide to the Workplace and Management Culture Overall Results

This result provides the organisation with an understanding of the willingness of the organisation to make strategy happen. This is an important result to review when looking at future strategy and contribution the workforce wants to make.

Workplace Culture Result

If the results are above 75%, your employees are supportive of your organisation and its strategy. You have capacity to engage your employees to drive your strategy for you. It will be important to share this result with your employees as you talk about your strategy. Review your communication strategies to keep them engaged as an example.

If the results are between 67-74%, your employees are not as engaged they should be and have frustrations working within your business and with each other. Employees may not be disatisfied enough to leave, however the underlying issues will be required to be addressed within 6 months to keep them satisfied long-term.

If the results are below 67%, your employees are disatisfied and are at risk. Review the employee results with your management team and carefully plan a communication plan to respond to the result.

Management Culture Result

If the results are above 75%, your employees are supportive of your organisation and its strategy. You have capacity to engage your employees to drive your strategy for you. It will be important to share this result with your employees as you talk about your strategy. Review your communication strategies to keep them engaged as an example.

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Management Culture Detailed Analysis

Below is a sample of the top 5 indicators for Management Culture in your business. It is important to review these indicators with the Management Culture Detailed Data Report in the Appendix.

Top 5 Indicators

1. Seeks feedback from the team to improve their own performance 89%
2. Puts the interests of the business and the team before themselves 89%
3. Provides me with fair and honest feedback on a regular basis 85%
4. Accepts personal responsibility for their actions and decisions 85%
5. Asks open ended questions to understand issues/tasks that I am familiar with 83%

Top 5 Indicators - Management Culture

Seeks feedback from the team to improve their own performance	89%
Puts the interests of the business and the team before themselves	89%
Provides me with fair and honest feedback on a regular basis	85%
Accepts personal responsibility for their actions and decisions	85%
Asks open ended questions to understand issues/tasks that I am familiar with	83%

Bottom 5 Indicators

Below is a sample of the bottom 5 indicators for Workplace Culture in your business. It is important to review these indicators with the Workplace Culture Detailed Data Report in the Appendix.

1. Reflects my thinking and ensures that we are on the same page before progressing 64%
2. Does everything possible to ensure that we meet goals and deadlines 67%
3. Discourses our team is aware of our financial performance 68%
4. Identifies improvement opportunities that have a positive commercial return 68%
5. Ensures that any improvements are aligned with commercial goals of the business 70%

Bottom 5 Indicators - Management Culture

Reflects my thinking and ensures that we are on the same page before progressing	64%
Does everything possible to ensure that we meet goals and deadlines	67%
Discourses our team is aware of our financial performance	68%
Identifies improvement opportunities that have a positive commercial return	68%
Ensures that any improvements are aligned with commercial goals of the business	70%

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Management Culture Sub Report - Longevity

Key Areas	Total	5 Star Index	40 yrs
1. Business Awareness			
Ensures our teams are aware of our financial performance	68%	77%	58%
Identifies improvement opportunities that have a positive commercial return	68%	75%	63%
Implements process/improvement strategies to improve effectiveness	74%	82%	72%
Ensures that any improvements are aligned with commercial goals of the business	70%	83%	67%
Implements business solutions which enhance the commercial outcome	72%	67%	75%
Total	70%	77%	67%
2. Team Motivation			
Does everything possible to ensure that we meet goals and deadlines	67%	75%	58%
Accepts personal responsibility for their actions and decisions	85%	92%	79%
Finds opportunities for improvement, even when experiencing challenges	71%	78%	67%
Creates a motivating environment for people in their team	72%	82%	72%
Seeks by positive example what the time	75%	77%	73%
Total	75%	82%	70%
3. Good Quality Control			
Asks open ended questions to understand issues/tasks that I am familiar with	83%	83%	75%
Listens to my input and asks questions for clarification	73%	57%	72%
Reflects my thinking and ensures that we are on the same page before progressing	64%	62%	58%
Provides me with fair and honest feedback on a regular basis	85%	82%	75%
Asks open ended questions to understand issues/tasks that I am familiar with	75%	72%	77%
Total	76%	69%	72%
4. Team Leadership			
Acts with honesty and integrity and builds trust in the team	80%	82%	75%
Puts the interests of the business and the team before themselves	89%	86%	82%
Provides the work team with a definition of direction and purpose	79%	82%	70%
Works with team members to find practical solution for everyday work challenges	72%	72%	67%
Seeks feedback from the team to improve their own performance	89%	87%	82%
Total	80%	80%	78%
5. Quality of Planning and Being Organised			
Communicates expectations into achievable goals and responsibilities	77%	83%	75%
Puts the interests of the business and the team before themselves	73%	86%	67%
Delivers on promises and commitments that they have made	82%	89%	75%
Keeps team members informed of changes as they surface	72%	72%	67%
Focuses on the right priorities at the time	72%	75%	65%
Total	76%	82%	72%
Total Management Culture	76%	82%	72%

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About HR Coach Australasia

HR Coach consists of an Independent Member Network delivering human resource and strategic alignment solutions to businesses.

HR Coach Australasia works with businesses to establish and maintain the link between People and Business Strategy to improve performance and profitability. HR Coach has researched the Australasian small to medium business sector for the last 20 years. Network members use their patented tools and methodologies to deliver solutions for businesses that are practical, timely and effective every time.

For more information visit: hrcoach.com.au

About the HR Coach Research

Since 2002, the HR Coach has researched growth triggers and constraints on the business sector. Its primary focus is the connectivity between business strategy and employees.

Key research outcomes have included:

- 2002** - Identification of key behaviour matrix for managers and employees
- 2003** - Innovation patent for measurement of organisational capability
- 2004** - Strategic Action Model
- 2008** - Business benchmark series for employer and employee engagement connectivity
- 2010** - HRF101 National Human Resource Framework for Business
- 2013** - Career Monitor Model for Retention
- 2014** - Succession Planning stages for external and internal planning
- 2017** - Performance Feedback Matrix
- 2019** - Fusion Culture Assessment

For More Information Contact:

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