Organisational Culture

Microsoft is incredibly well-known the world over. Its founders, Paul Allen and Bill Gates, launched Microsoft in April 1975, leveraging their technical expertise to seize an opportunity that they identified in the market. Their work has fundamentally and positively influenced the wide-scale use and accessibility of personal computing globally. Additionally, the incredible growth of their company from its humble beginnings created an estimated three billionaires and 12,000 millionaires from within its employee base alone. Yet Microsoft's reputation for innovation and market leadership did not last. Companies such as Apple and Google have challenged their position. The revenue from Apple's iPhone alone now exceeds Microsoft's revenue across all its product lines [47].

Many analysts cite culture as the main reason for this decline. Over time, Microsoft lost the dynamic and innovative culture that nurtured its success and made it the employer of choice for many talented and highly-skilled individuals for a long period of time. It has been reported in recent times that new ideas have been bogged down in procedure, bureaucracy, in-fighting and the drive for profit above all else. In particular, its use of the infamous management system called 'stack ranking' has been cited as a major destroyer of Microsoft's culture. In this system, each business unit had to declare its employees' performance across set categories within pre-defined percentage allocations, such as a fixed 20% of team members being allocated as top performers irrespective of how good any of them were. This crippled their culture, resulting in internal competitive behaviour and the avoidance of pursuing risky ideas for the sake of innovation and competing in the marketplace.

The take-away from Microsoft's tough lesson on culture is an important one for SMEs. Even with an abundance of cash flow reserves and market dominance, if a company does not have the right culture to enable it to succeed and grow even the most successful company – small or large – will eventually stumble over its own inability to move forward. Just as in the case of Apple, Amazon and Google, Microsoft started as an SME operating from a garage and grew into one of the most successful companies in the world. While Microsoft will no doubt find a way to improve its results and overcome this challenge, changing a negative culture is a tough task.

Enterprise governance focuses on creating a culture for the SME that supports success and momentum across the entire enterprise. With studies showing the clear correlation between culture and high performance, it is not a 'nice to have' aspect of governance, but an absolute essential ingredient of an effective board [48]. Culture does not develop overnight and, therefore, SMEs must focus on the development of their culture over a long-term period. This focus starts with the board culture required to ensure that the rules of the game are understood and that these rules maximise the calibre of value creation, accountability, interaction and engagement within the board. By the board driving this leadership role, an effective organisational culture is directly interconnected and can filter through management to every employee and across all aspects of the enterprise.

> *Culture eats strategy for breakfast.*
>
> ***Peter Drucker, Renowned Business and Management Expert***

Defining culture

Organisational culture refers to the collective behaviour of all the people within an enterprise. It includes the language and tone used by team members, their beliefs, the symbols and motifs that are important and often become part of branding, organisational habits, and even the unspoken yet powerful norms or 'how we do things around here'. Booz & Company defines organisational culture through these insightful keywords [48]:

> 'Self-sustaining' because culture has inertia – without a really strong and persistent force, it won't change its course; 'patterns' because it is the ingrained, repetitive elements that make up culture; 'behaving' because what people feel, think, and believe is reflected in – and shaped by – their daily behaviours; 'feeling, thinking, and believing' because both the emotional as well as the rational side matter.

Culture is therefore largely driven by the values held by team members. These core values are the guiding principles that people use consciously and subconsciously to make decisions and determine priorities. They are the fundamental beliefs that determine who someone is as a person and, in turn, what the collective identity of a company is. Unless specifically defined, organisational values become a blend of the personal values of its team members – positively or negatively. Dominant and common values therefore form the backbone of the culture, even if those values are not consciously understood or formally supported or recorded. The more unified and commonly-shared those core values are, the more powerful the culture becomes. While a business is still small it might attract those who resonate with the unexpressed values of the founders. As the business grows and the team expands, it becomes all too easy to dilute the culture unless the company's leadership specifically defines and focuses on it.

In SMEs, these values are often strongly influenced by the value system of the founders, shareholder-managers or executives. Whether this is a good thing or not depends entirely on the values those individuals hold. It is often the case that, initially, the founders' personal values and organisational values are one and the same and, over time, the organisation's values deviate from the founders' either in a positive or negative direction. Tony Hsieh (pronounced Shay) of Zappos.com, who is well-known as a global leader in core values and culture thinking, is a great example of this evolutionary process. While there is a similarity between his personal values and that of Zappos.com, there are differences too:

Tony Hsieh's Personal Values [49]	Zappos.com's Company Values [50]
1. Participate creatively in something that requires more than just you alone to succeed; the whole is always greater than the sum of its parts 2. Seek out tribal (level) connectedness; this is where the spiritual resides 3. Live with passion 4. Have vision 5. Only when you are totally free can you be the best of yourself 6. Fight inertia – seek meaning in every activity 7. Meet and treat people with the philosophy of PLUR (Peace Love Unity Respect) 8. Experience matters more than things	1. Deliver WOW through service 2. Embrace and drive change 3. Create fun and a little weirdness 4. Be adventurous, creative, and open-minded 5. Pursue growth and learning 6. Build open and honest relationships with communication 7. Build a positive team and family spirit 8. Do more with less 9. Be passionate and determined 10. Be humble

Developing clear core values that are aligned with the strategic direction is critical to the success of any enterprise and creates a guidance system that mobilises and unifies its team. Many world-class leaders, such as Tony Hsieh, emphatically declare that clear organisational values and an aligned culture are the only things that really matter. Everything else flows from it. As seen in the Microsoft example, even successful companies can lose their grip on the culture required for success. In many ways, SMEs that work pro-actively with values and culture have a significant advantage over large companies that do not. For a growing company, it is important to remember that it is much more difficult to change an existing culture than it is to establish a new one. In being proactive and investing conscious and ongoing effort into developing a culture that supports the strategic direction of the enterprise, there is a massive opportunity to leapfrog the competition and drive sustainable growth. The earlier your company starts to focus on culture, the greater the value you will be able to create and sustain as a result.

Core values and culture-building activities should be embedded in every aspect of the business, and should reflect the culture on the ground. It is also important to remember that a culture takes time and effort to evolve. It is much wiser to work with the strengths of the existing culture at the same time as promoting key behaviours that are aligned with the desired culture. In working to achieve this, tools that facilitate culture evolution include:

- Branding and marketing materials
- Recruitment processes
- Performance reviews and enhancement
- Reward mechanisms
- Values and culture champions
- Internal communication and marketing activities
- Product and service design and development principles
- Team-building activities
- Supplier, stakeholder and client selection

While organisational culture describes the behaviour of the enterprise as a whole, board culture is the way that the board behaves and the way that its members interact with each other and with shareholders, other stakeholders, the management team and the rest of the business. In particular, this relates to how effective a board is in holding management to account and how it inculcates a culture of performance, and accountability for that performance. The board and organisational culture are interconnected and interdependent, yet they each require their own focus and attention in order to support enterprise governance. This is especially the case for SMEs that are implementing a foundation of governance, where the organisational culture has most likely not been defined and a board culture is yet to be built.

> “*Culture is the heartbeat of an organisation and provides life-force energy to the strategy and purpose. Without culture, the strategy remains a skeleton framework that does not inspire people to act. We make the fatal assumption that culture requires little attention and focus, perhaps hoping that it will naturally develop and maintain itself. Give culture a voice on the board agenda, thereby ensuring it receives continuous attention, discussion and focus.*”
>
> ***Kerstin Jatho, Sirdar Accredited Mentor, Executive Coach and Organisational Culture Specialist***

The impact of governance on culture

The responsibility for both the culture of the board and the organisation as a whole sits squarely with the board.

In terms of board culture, the board must define the rules that it governs itself by and ensure those rules are documented in its board charter. As explained in Chapter 6, the board charter defines the role and responsibilities of the board and the charter should include these self-governing principles. It is not enough just to have the board's values written down and approved – the board must actually live those values in every aspect of its activity and engagement, internally and externally.

Commonly-held board values include trust, the duty of care, respect, candour, professionalism, diligence and commitment. The board should strive to promote the sustainable growth of the company, and to be a high-performance team that holds itself and the management team accountable for enterprise performance and conformance. Directors must hold each other accountable to operate in alignment with these principles, taking action should one of the directors not be aligned.

Board culture includes how the board members interact with each other in the process of making decisions. As an example, an independent director of an SME is likely at some point to be called upon for a teleconference or urgent round-robin to

The board is responsible for ensuring that:

- There is clarity on the organisation's culture, values and beliefs
- The culture and values of the organisation are demonstrated by the board, which sets the appropriate tone for the organisation to follow
- The board creates a culture for itself to operate by, in terms of the governance process of the organisation
- The board's conduct is characterised by trust, respect, candour, professionalism, accountability, diligence and commitment
- The organisation has developed a culture of accountability for performance

facilitate the decision-making process as the company develops its governance structure. Independent directors must understand this and support the process, while also attempting to develop management's foresight and understanding of the value of giving the board sufficient warning. Board culture also relates to whether directors make it easier or more difficult for management to engage with them. Directors of SMEs must understand the need to walk the journey of implementing governance in an SME with the founder, shareholder, chief executive or manager, and that this requires a particular type of board culture. This includes both the development of the practical board process and guiding the emotional journey that shareholder-managers and executive directors walk in implementing this process. In the SME environment, a traditional corporate culture will simply not suffice. In fact, this perception of the corporate board culture discourages many SME and privately-held company shareholder-managers from utilising the governance process as a performance enhancement tool in their own companies.

It is important to develop a culture of accountability for performance. For this to occur, directors must be able to address conflict while adhering to board values. There is a tendency within SMEs to avoid conflict, sweeping the issues under the carpet for a later, and normally undefined, date. These points of conflict frequently relate to non-delivery within the business by an executive or team member who is also a shareholder, spouse, friend or family member. When conflict is not addressed a critical opportunity may be lost or a key risk not resolved, and the longer it is left unresolved the more damaging the impact will be. This damage translates directly into a financial impact for the company and, in turn, on shareholder value creation.

While many executive or conflicted directors and shareholder-managers may turn a blind eye to the financial and non-financial impact of ignoring culture, the significance of this impact cannot be ignored by independent directors. Their independence brings immense value to the table, particularly when combined with an emphasis on addressing these culture issues. It is important that all directors address conflict and utilise their communication skills to lead an open discussion that transforms conflict into creative opportunity. Avoiding the 'elephant in the room' is not a core value of a competent director, whether the director is independent, non-executive or executive.

From a governance perspective, an important facet of culture relates to ethical leadership and instilling an ethical culture across the enterprise. To achieve this aim the board must ensure that all its activities and decisions are based on an ethical foundation and that formalised approaches to ethics management are built into its operations. There is a well-known saying of dubious scientific accuracy: the fish rots from the head. If the board is not the custodian for ethical leadership across the enterprise, the entire business will lose its grasp on an ethical culture. Enron, mentioned in Chapter 2, is a great example of how that kind of story ends.

In terms of organisational culture, the board is responsible for ensuring that the core values of the enterprise are defined and that the entire business is aligned with those values. Management is then responsible for implementing culture development activities that will build the most effective culture, and for monitoring the success of these initiatives. At the same time, the development of culture should not and does not happen in isolation and behind closed doors – the entire team should be involved in living the core values so that they reflect deeply, widely and consistently across the enterprise.

> *I've seen how a culture is defined by two types of mistakes that leaders make when holding people accountable. The 'hard mistake' is when you hold someone accountable even when they don't have the means and abilities to get the job done. A 'soft mistake' is when despite them having all the means and abilities you don't have the courage to hold people accountable. Due to the fear of making hard mistakes, leaders continue to make soft mistakes, which before you know it, will decimate a high-performance, accountability culture.*
>
> ***Daniel Hatfield, Chief Executive of Edge Growth***

The momentum of cultural alignment

The development of the board and organisational culture occur both cyclically and on a day-to-day basis. In companies that have matured their approach to this issue, an audit of organisational culture should occur on an annual basis and management should present the findings to the board. In alignment with the board expedition calendar, the board would then explore the role of culture as part of its theme and strategic focus for that meeting, using the inputs provided by management. The board can then determine what the enterprise needs to focus on to align with its values and culture. The board should also review itself annually as part of the board evaluation, as discussed in Chapter 14. This review provides insight into how the board has fared in its culture development and where improvements should be made.

The core values and cultural alignment should also be reflected in the chief executive's board papers for each board meeting. It should include commentary on the state of the current culture and how planned culture development and alignment activities are progressing and delivering results. Such feedback supports the board to address concerns regarding culture wherever they might arise. For example, if a company acquires another enterprise a key update in the chief executive's board report would relate to how effectively the target company's employees are integrating into the company's overall culture. Each business will have different culture issues or requirements that must be focused on, and like all governance-related matters, they need constant attention.

The board should constantly monitor whether the enterprise's performance reflects its culture, and whether the board culture is championing a positive correlation between the two. Every board meeting creates the opportunity to determine, develop and refine the board culture. This culture can also be seen and developed through the way that directors prioritise governance issues, especially when management needs a round-robin decision, an emergency board meeting or a piece of advice. By extension, this culture can be observed in the way that management engages with the board and how management responds to board queries.

A culture of engagement and connection is vital to the on-going development of a board culture. The chairman can facilitate an effective board culture by connecting with the chief executive regularly, even on an informal basis. For example, one of our chairmen phoned a chief executive to wish him well for the New Year. In conversation it was revealed that the chief executive had discovered fraud in the enterprise that negated a significant amount of the year-to-date profit and had spent his entire festive season worrying about what he was going to tell the chairman and the board. Because the chairman took the lead and made contact, it broke through the chief executive's difficulty in taking that step.

Sometimes it is also necessary for the independent directors and the chairman to investigate what is really going on if they feel that management is not telling the whole story.

Furthermore, it is the responsibility of every director to be the champion of the board culture and the overall core values. Any director, whether executive or non-executive, should remain vigilant to the behaviour of their fellow directors, and hold those directors accountable to the values that they should demonstrate. One of our chairmen reported that an independent director was simply not contributing at a board level and seemed preoccupied and distant. The chairman sat down with the director and asked the simple question: what is going on? It transpired that the director was having significant personal challenges which made it difficult to focus and participate at board meetings. Talking through the issues with the chairman created the opportunity to address the performance issue and the reasons therefore. It also deepened the personal connection between the director and the chairman and demonstrated the values of that board's culture. In the next board meeting there was a complete about-turn in the director's level of engagement and participation, largely due to someone having taken the time to express concern. Issues should be addressed as they arise to release any blockages that might otherwise impede the board's effectiveness and momentum, rather than waiting for some future evaluation period to resolve them.

> *This impact of culture on company performance has not yet been statistically proven, nor has the impact of good board governance on company performance been directly linked to corporate culture. But the Center for Corporate Change believes there is a very strong indirect link at least between culture and company performance. Therefore, the board of any progressive company will want to take a keen interest in the culture of that company. This interest by the board is not to usurp or interfere with the proper role of management in the area of corporate culture, but it is to ensure that the proper culture is set and implemented.*
>
> ***The Center for Corporate Change*** [51]

Values development, implementation and measurement

There are many tools that support the determination, implementation and measurement of organisational culture. If there are no formalised core values, this is a powerful place to start. This involves clarifying the principles that should drive the enterprise and its team, along with the behaviours that demonstrate the extent to which those values are being lived on a daily basis.

When we embarked on this process at Sirdar we made sure that we engaged everyone within our company. We created an online survey campaign that used creative questions and a fictional mascot to indirectly glean team members' insights so as to understand their core values and what they saw as the core values of the enterprise. Once the survey campaign was completed, we were able to evaluate the common themes and keywords that were most prevalent in the responses. By grouping and refining these keywords we were able to identify eight core values, along with three behaviours that would demonstrate each value. These values and behaviours were depicted graphically using one of our most important culture symbols – the compass. We use the Sirdar Values Compass in every aspect of what we do and how we engage with each other, with our clients and with our stakeholders. The positive results have been staggering. This is just one example of the creative, engaging and simple way that values can be defined and agreed upon.

The effective implementation and ongoing measurement of organisational values and culture is critical. Besides the board charter and the annual board meeting theme focused on culture as defined by the board expedition calendar, the board should also create an ethics risk profile, or an assessment of ethics risks and opportunities, and the code of conduct, which should ideally encapsulate both the aspirational core values and the behaviours that guide the team to align with those values [52]. Tools used to measure culture include 360° reviews, performance enhancement activities, culture surveys, values-based interviews with potential employees and stakeholders, and exit interviews. All these approaches aim to get a sense of what the culture on the ground really is, tracking that culture over time and measuring the alignment of values within the enterprise. In a small SME, organisational culture may be qualitatively and informally measured by the chairman or the board from the feedback received from the chief executive. In a much larger business, measurement might involve a formalised annual audit of culture along with structured tools. Over time, as the sophistication of the governance implementation deepens, a human capital board committee may facilitate many of the board's activities related to values and culture development.

It is particularly important to consciously develop culture in family businesses. There are three stages of family business development [53]: the first stage is that of the founder; the second stage involves leadership through siblings; and the third stage is what is referred to as the 'cousin configuration'. In the third stage a variety of siblings, cousins and in-laws from different branches of the family can get involved in the business. This stage brings complexity to the governance process due to the diversity of values, behaviours and acceptable norms across this wider family base. While an undefined or tacit culture may suffice in the first two stages, by the third stage it is imperative to clearly define the values and culture for the business in the midst of this diversity. A board can take various approaches to encourage the development of culture in a family business. From a structural perspective, a family assembly can be used to create a platform for the wider family to formally discuss family business issues. A family council then provides a formalised and elected body from the assembly that becomes the primary link between family, board and management. A family constitution or charter can be used to clearly define the values and principles that the family commits to in support of the business, and defines the culture upon which the engagement between the board and family council is based. This kind of approach ensures that the family's needs are met and concerns are addressed, while the board has the space it needs to establish its own culture and develop the organisational culture in alignment with the promise of the enterprise [53].

Whatever tools and approaches are used for values development, implementation and measurement, the consistent and day-to-day application of an ethical and values-focused enterprise is critical. A close collaboration between the board and management, and family if applicable, will promote the creation of an aligned and focused team, built upon a foundation of shared principles and supportive behaviour.

> *The empirical results also proved that there is a positive, direct and significant relationship between cultural values alignment and perceived good governance. This relationship suggests that the more the South African Greek family business members align their cultural values, beliefs and customs with the business, the more perceived good governance will be influenced. The development of fair procedures and rules of good governance ensure that the emotion-based culture family system submits to a professionally orientated family business approach, and that potential conflict between family culture values and the values and goals of the family business is appropriately aligned. After all, perceived good governance should provide for good governance of the business and good governance within the family.*
>
> ***C. Adendorff and C. Boshoff, Authors of 'The Impact of Culture-related Factors on Good Governance in Greek Family Businesses in South Africa'*** [54]

Wearing the director hat

It is widely agreed that Enron's failure was largely due to a collapse in its board culture. Instead of the board culture informing and directing the organisational culture through its engagement with management, the culture of management influenced, if not lead, the culture of the board. What really failed was Enron's board culture of accountability, independence and candid due diligence. The lesson for SME directors is that the conscious and proactive development of a board culture should be a key focus and pre-requisite before any steps are taken to develop and refine an organisational culture. With this foundation in place, the board can move forward and align the enterprise with its promise.

One of the most critical ways that a board can influence and develop organisational culture is through the chief executive who is chosen to lead management and the entire team [51]. On a day-to-day basis, the chief executive has the greatest influence over the activities and behaviours of the team. Behaviours deepen to form habits, and those habits, in turn, drive the enterprise in spite of itself. If the chief executive is a champion of both the board's values and core values of the enterprise, it will be significantly easier for the enterprise to live its values and demonstrate them at every level of the business. The starting point here is for the chief executive to become acutely aware of what his or her own core values are and how they interconnect with the enterprise's values. It might be necessary for the chief executive to embark on training and personal development in this regard, for which there are a myriad of innovative approaches and tools in the marketplace.

Conflict is inevitable in any board, and this is especially so in the case of SMEs where relationships are naturally complex and balancing survival and growth brings its own unique challenges. Directors have to be able to ask the difficult questions and shine the spotlight on issues to be resolved so that actions can be agreed upon for moving the business forward. These questions may relate to many areas including performance, strategic direction or financial viability. It is vital for SME directors to never allow themselves to fall into the trap of saying, "Yes, but they are the shareholders so at the end of the day it is their call". This statement, and variations of it, is often heard in our discussions with independent directors of SMEs and privately-held companies. Even though they can see the issue and understand the importance of addressing it, they are prepared to leave it as is because these directors misunderstand the true role of the shareholder and give the shareholder-manager undue influence on the matter. They forget that being a shareholder does not give the shareholder-manager any veto rights in their management capacity. Independent directors must always remind themselves that shareholders are only one of the stakeholders to whom the company is responsible, and that the directors' sole responsibility is to the company itself. If it is in the best interests of the business to address the unresolved issues, this should occur regardless of a shareholder-manager's opinion on the matter.

The board can also get side-tracked by conflict between shareholders who step into the board room and create confusion between the hats of shareholder, director and manager. Directors would do well to foster a culture that ensures shareholder-managers wear their hats separately and distinctly and keep the shareholder hat out of the board room. In one case, where family shareholder issues were a particular challenge for the board, independent directors worked hard to ensure that shareholder discussions and decisions stayed outside the board room. They referred consistently to shareholders in the third person, even though those shareholders were sitting around the board room table. This reinforced the principle of keeping the three hats separate and distinct, and prevented those shareholders from using the board as a platform for family politics. We find that it is a tactic well worth using.

A board creates value by sharpening the organisational sword through discussion and debate. To this end the board and the management team need to build their communication skills. In so doing, it becomes much easier to share and receive those tough insights and questions that improve long-term organisational performance.

As much as the executive team needs professional and personal development programmes to develop its competency, so do the non-executive directors. An effective board culture encourages non-executive directors to develop their skills and abilities, including those related to culture and communication, by ensuring that issues or opportunities for growth are always brought to the attention of the relevant director. As such, businesses should also invest in the development of all of their directors to support continuous improvement.

In addressing cultural issues within an enterprise, the board should ascertain both cultural challenges and opportunities. According to Booz & Company, the approach taken to develop the culture depends on the unique nature of that culture [48]. One consideration might be that the culture itself is not in alignment with the changes that have taken place within the business or that should take place through strategic growth. In essence, the actual behaviours in the enterprise lag behind the behaviours that are necessary to deliver the growth and implement the strategies that the board has agreed to. In this case it is worthwhile to identify a few critical behaviours that need adjustment in order to bridge this gap. You will then work within the existing culture, reinforcing positive behaviours in a few crucial areas. For example, if one of the key aspects of the strategy is to improve efficiency and reduce costs, what can you do to incentivise cost-saving and efficiency behaviour? If continuous learning is a critical success factor, what can you do to promote learning behaviour on a day-to-day basis from the board room? In some cases, the culture of the enterprise itself may be the problem and a major overhaul of team behaviour may be required to create alignment. In other cases a business crisis can be the impetus for upheaval and dramatic change. This can often be seen when two companies with different cultures merge. In an SME context, this may arise from a negative culture that has been left unchecked over a long period of time and now necessitates a massive, sustained undertaking to establish the necessary norms and behaviours required to deliver on the company's promise. It is likely that an SME experiencing this type of cultural issue is teetering on the brink of disaster or failure. A board might also realise that the culture of the enterprise presents an opportunity to establish a competitive advantage in the marketplace. Directors are therefore encouraged to not only think about the aspects of culture that are counter-productive, but to also consider the redeeming qualities of the culture that can be focused on and encouraged.

A director should bear in mind that even if an enterprise's values are not clearly identified and documented, that company still has a set of values and a culture that guides it. It is easy for directors new to an SME board to launch into a quest to establish core values with the claim that there is no culture, while not having done enough to understand the values that are inherent in the business as it stands. It has been our observation that independent directors, in particular, can serve on boards for a long time without having any idea of what the core values of the company really are, even when they are clearly defined. The effectiveness of a board that leads an enterprise without understanding the values that drive it is questionable at best.

In the event that a board has the opportunity to redefine the enterprise's core values and culture, the starting point should be the promise of the enterprise and the reason that it exists. The promise sits at the heart of everything that the business does, and the core values extend that promise. The key question to ask would be: what values should the business hold in order to fulfil the promise it has made? What behaviours would demonstrate that the promise is being fulfilled in every aspect of the business? Looking in from the outside, what should you be able to see to know that the promise is being fulfilled? Which behaviours currently align with the enterprise's promise? Which behaviours undermine the promise? It is not necessarily an easy process to get to grips with the values and culture. The clearer the promise, the easier this process will be. We encourage our directors to therefore get to the heart of the enterprise – its promise – and from there define the appropriate values and culture.

It is important to remember that defining and refining your values and culture is not a separate, stand-alone activity. It should be integrated into the other forms of organisational development that are applied. A key tool in this process is the strategy, which can either hinder or help the deepening of the values and the development of an effective culture. A negative culture, or one that is at odds with the strategic direction, can quickly negate the strategic outcomes that the board or management attempt to achieve, irrespective of the amount of resources thrown at it. This means that you have to take the reality of the values and culture into account in strategic planning to ensure that what the enterprise is being asked to achieve through the strategy is indeed supported by the dominant culture that exists at the time. That being said, this also requires a focus on aligning the culture of the enterprise over time to a strategy that creates leadership and pushes the boundaries of the enterprise and not accepting the dominant culture as the status quo around which all activity should be aligned.

As the saying goes: actions speak louder than words. The governance, performance and operational culture of an organisation begin and end with its board. The rest of the enterprise will follow the lead of the values and behaviours that are demonstrated at a board level, and through the board to management. This requires that the board leads by example, ensures that it is positioned as the ultimate authority of the enterprise and aligns the whole team to the principles and promise of that enterprise.