**Culture Is A Company’s Single Most Powerful Advantage. Here’s Why**

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There are very few factors that contribute more to business success than culture. Although it is sometimes difficult to draw boundaries around the notion of culture in organizations, it remains widely associated with business performance by practitioners, consultants, and researchers. Culture has many dimensions, including practices, symbols, norms, rituals, ceremonies, beliefs, and values. Simply put, organizational culture can be defined as the patterns of thinking and behaving that are recognized mainly and espoused. However, at the heart of culture is the issue of core values, says [Dr Yemisi Bolade-Ogunfodun](https://www.henley.ac.uk/people/yemisi-bolade-ogunfodun), a Lecturer and Programme Director at [Henley Business School](https://www.henley.ac.uk/).

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Most organizations tend to be vocal about their ‘core values,’ displaying them on websites and social media pages as well as other publications such as annual reports. The unspoken assumption behind this is that these values are defined by top management, and organizational members are expected to adopt them. However, the reality is that employees come into organizations with inherited conceptions and worldviews, at the center of which are embedded values that have become a part of their identity. As a result, organizations can be seen as sites of cultural diversity. Therefore, managing and retaining productive employees constitutes one of the critical challenges for business leaders, Bolade-Ogunfodun continues.

Today’s market is hyper-competitive, and employees expect a lot more from the companies they work for. Employee expectations are closely tied to their values. When employers deliver on these expectations, they see more loyal and productive employees, which in turn improves business outcomes and propels company growth. Companies with strong cultures have seen a 4x [increase in revenue growth](https://cultureiq.com/blog/company-culture-employee-engagement-statistics/). Furthermore, companies that have appeared on Fortune’s annual 100 Best Companies to Work For list also see higher average annual returns, with cumulative returns as [high as 495%](https://www.cfo.com/people/2014/04/treat-employees-well-see-stock-price-soar/) instead of 170% (Russel 3000) and 156% (S&P 500).

Culture has proven to be even more fundamental to business success over the past year as the coronavirus impacted nearly every major industry and halted the momentum of many companies. “The moment of truth for many organizations has been revealed in how employers express the culture in supportive attitudes to employees, in initiatives developed to cushion the adverse effects of the pandemic and in living out their core values; in other words, “walking the talk,” argues Bolade-Ogunfodun. Just three months before COVID-19 hit, Sprout Social leaped to become a publicly traded company, marking the first Chicago-based IPO in nearly five years. This gave Sprout the capital and momentum to build on its success while differentiating itself in the social media software space.

The onset of the pandemic forced many organizations to rethink their strategies and operations as a whole. Sprout’s newly-public team adapted quickly and provided employees and customers with the tools and resources needed to flourish through the uncertainty. One year later, Sprout has proven the value of social for brands through turbulent times and grown revenue as a result.

**[Here’s Why Leaders Don’t Want To Support Remote Working](https://www.forbes.com/sites/benjaminlaker/2020/06/24/heres-why-leaders-dont-want-to-support-remote-working/)**

This success was not a fluke or stroke of luck but was built on the foundation of a strong culture cultivated over the past decade. That culture — centered around communication, accountability, and care — energized the team to push through difficult circumstances and come together to drive one another and the business forward. It proved to be the company’s single most powerful advantage.

**Values Make Businesses Better**

A strong corporate culture is not something that can be built overnight. Indeed, developing corporate culture requires strong leadership and employee buy-in. Strong leadership is necessary to communicate the vision of the organization’s core values and identity and inspire engagement with this vision. Effective communication implies that business leaders feel the pulse of their employees and are open to the value they bring. This type of engagement with employees to co-develop culture should be intentional, and organizations need to develop and invest in it over time. In turn, culture will define the people and the work they do every day—fueling organizations as they grow and face new challenges.

At the same time, organizations’ values should guide a business and culture and strive to make the business better. This means that in conceiving core values, “attention should be paid to how companies see their relationships with key stakeholders including employees, customers, shareholders, and the wider society,” argues Bolade-Ogunfodun. Company values are not just words to believe in—they are standards to live by. “When values become embedded in employees, they, in turn, carry the “DNA” of the company and become a powerful force for change,” she says. Instead of turning to consultants or outsiders to inform these values, look towards the team at large to incorporate the diverse voices and perspectives that make up the entire organization.

An example of this is prioritizing diversity, equity, and inclusion (DEI). Today’s organizations can create a better world by improving the communities where their people work and live. DEI is not only an essential aspect of company values but a contributor to company performance. Research shows that companies with racial, gender and ethnic diversity are more likely to surpass peers, and gender diversity on executive teams is correlated to [above-average profitability](https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity). Beyond diversity, “inclusion is the next step to living our company values. An inclusive workplace communicates that each employee is valued and that their voices and contributions matter. Furthermore, being intentional about supporting employees with what they need to thrive and perform at their best means that companies are also paying attention to equity in the workplace”, Bolade-Ogunfodun argues.

At Sprout Social, DEI is a company-wide effort. Everyone from senior executives to individual contributors is involved in ensuring a range of perspectives is represented in decision-making across the business. The team has dedicated significant time to serve communities, raise money for organizations fighting social and racial injustice and take action to further their ongoing DEI efforts. Together, these values continue to guide Sprout’s business while giving the company a cultural north star.

**Your Most Important Asset: People**

The past year has made it clear why companies should care about their people and prioritize the health and well-being of their teams, families, and communities. Sprout has always made people a top priority. The leadership team moved quickly to relieve pressure wherever they could and have maintained their commitment to providing employees with the support they need. Sprout has also been mindful about addressing new concerns as a distributed team, such as childcare, workspace equipment, and burnout. This assistance has helped transition employees into remote work so that everyone is empowered to perform at their best and achieve their goals.

And this translates into customer success as well. When people are supported at work, they can understand customers’ challenges and commit to solving complex problems.

**Culture as the bedrock of success**

The importance of culture can’t be emphasized enough. When things run smoothly, culture can be a force multiplier. And when a strong culture supports employees, they will rise to the challenge and operate at new levels of performance, even in the face of adversity. They will continuously show up and deliver for each other and all their stakeholders.

Creating a strong culture is a journey, not a destination—you may not get everything right, but continued focus, investment, and iteration will progress. As businesses continue to adapt and refocus their efforts for 2021, the foundation of a strong culture will position companies for future growth and success.