

The Culture of Corporations (and Organizations) ...does it matter?

George Schmid, M.D., M.Sc.

Centers for Disease Control and Prevention
(CDC)

Dushanbe, Tajikistan
gschmid@cdc.gov

Question:

**DO YOU WISH TO INCREASE BY
20-30% THE PERFORMANCE OF
YOUR COMPANY?**

1. IS CULTURE OF ORGANIZATIONS IMPORTANT?

The Six Key Building Blocks of Successful Organizations



“Culture eats strategy for breakfast”*

*An idiom, which means *culture* is far more important than *strategy* for achieving a result

Peter Drucker (America’s most famous management consultant)

2. WHAT IS CULTURE OF ORGANIZATIONS?

Culture of Organizations and Corporations

- ❑ **Not well studied until the 1990's**

Definitions of Culture Differ

- **“Values, beliefs and norms which govern or influence the behaviour of people in organizations”**

The Elements that Make Up a Truly Innovative Company

- ❑ A focused strategy;
- ❑ Deep insight of customers;
- ❑ Great talent...but...
- ❑ **“More important than any of these individual elements is the role played by corporate culture—the organization’s self-sustaining patterns of behaving, feeling, thinking, and believing.”**

3. WHY IS CULTURE OF ORGANIZATIONS IMPORTANT?

- **“The thing I have learned at IBM is that culture is everything”**

Louis Gerstner, Jr, former Chief Executive Officer of IBM

Culture Tells Employees How to Behave

- ❑ **Employees face choices that cannot be foreseen, or regulated**
- ❑ **Corporate culture guides, indeed, directs, behavior**

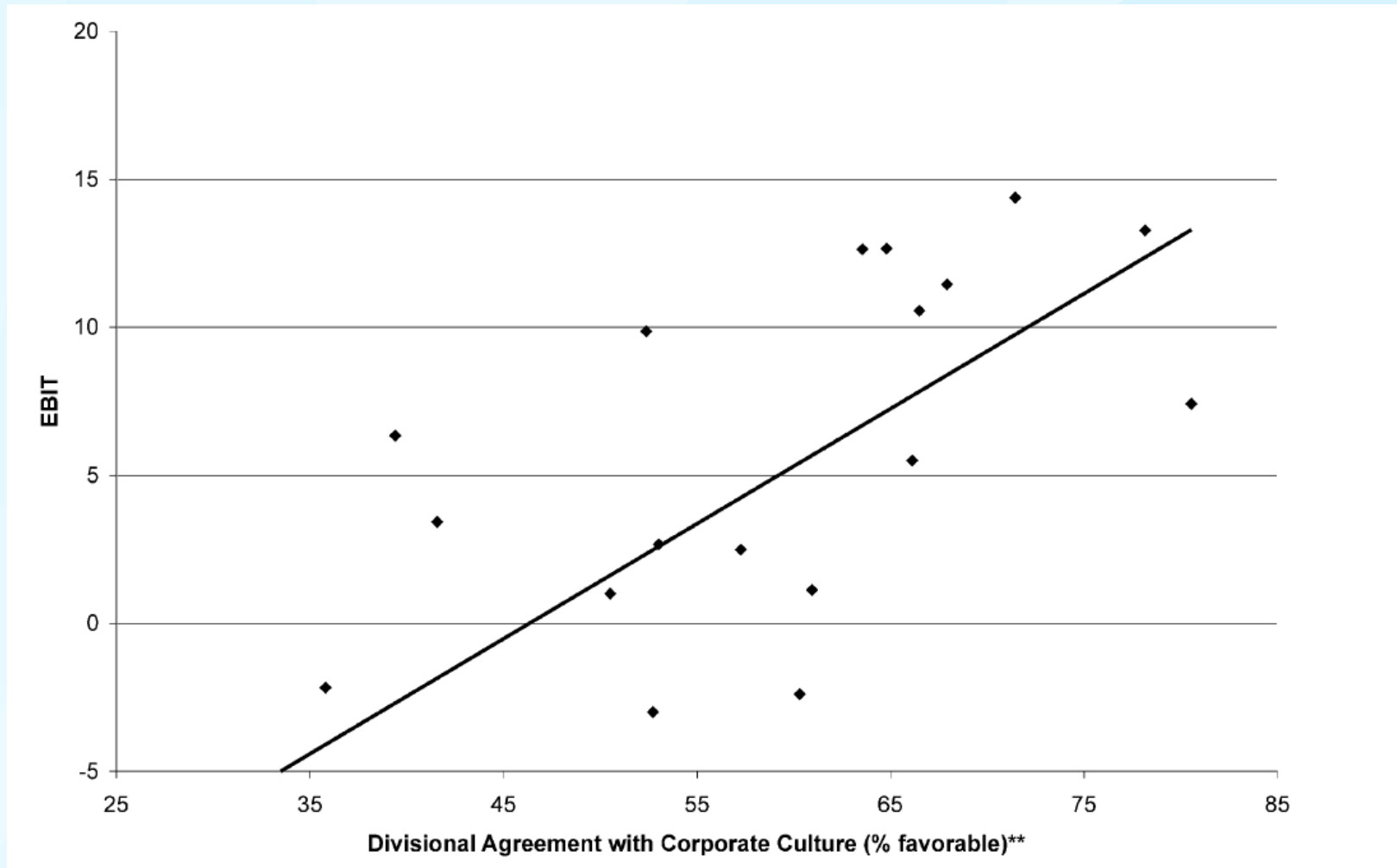
Values Work...

- ❑ ...when they are made a genuine part of a company's culture
- ❑ Just having stated values is not enough

Stated Corporate Culture

- ❑ **85% of America's 500 Standard and Poor companies have "corporate culture" statements**
 - Innovation (80%)
 - Integrity (70%)
 - Respect (70%)
- ❑ **But, no correlation between these "advertised" corporate cultures and performance of companies**

Employees Believe that Management Practices Its *Stated* Corporate Culture



EBIT=earnings before interest and taxes

Flamholtz E. *European Management Journal* 2001;19:268

Effect of Culture on Financial Performance, 207 Large American Companies, Over 11 Years

Increase, %



Kotter and Heskett JL. *Corporate Culture and Performance*, 1992

4. IS CULTURE IMPORTANT TO HEALTH CARE SYSTEMS?

What is the Culture in Your Organization?

Possible Values

Critical thinking

Reward for identifying problems

Highest possible quality

Transparency

Innovation

Reliance on evidence for decision-making

Honesty

Integrity

Cooperation

Example—Honeywell Corporation

“How one of America’s most messed up firms became one of its best”

- ❑ **New management!**
- ❑ **Empowered all employees to improve operations**
- ❑ **“Even the lowliest worker is expected each month to come up with two implementable ideas for doing things better.”**

Conclusions

- ❑ **Corporate culture (and the values that comprise it) is a relatively new area of research and emphasis in business**
- ❑ **But data repeatedly show it is the single most important feature of successful companies**
- ❑ **Health care organizations are no different than companies**
- ❑ **To improve our health care services, a culture of EBM is required within our organizations**
- ❑ **Instituting culture comes from “the top”**

Thank you!

EBHC Conference, Taormina, Italy
October 27, 2017

