



ITA GROUP EBOOK

Ensuring Successful Business Transformations Through Powerhouse Culture

*How Culture and Whole-Employee Wellbeing
Can Build a Brick House For Your People*

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Prologue

Four Walls and a Roof Don't Make Up Your Company. Your People Do.

We all know the story of The Three Little Pigs.

Three brothers each build three different houses—of straw, sticks and bricks—only to find the former two building materials don't adequately hold against the big, bad wolf's blowing. Gratefully, the three take shelter in the house made of bricks, and the wolf eventually gets the hint and hits the road.

But what makes this story compelling isn't the building materials, or even the wolf. It's the relationship between the three little piggies. They clearly had some organizational issues. But what if the tale took a different direction? Imagine that the trio of pigs worked collaboratively to build one strong house. How would they work together? How would they build a house that keeps the wolf at bay? What would their internal culture look like as a result—and how would they all feel about it?

Be it fairytale pigs or real people, answering those questions requires a deeper look at culture. And, if your company is bringing a host of seemingly incompatible elements under one roof, now is the time to address them to ensure a seamless focus. The materials we build our houses with to withstand corporate disruptions—the big bad wolves—will ultimately define whether our house caves in or if we survive the storm.

Looking to Build a Stronger Company? Start With a Stronger Culture.

Just like in the story of The Three Little Pigs, strong materials yield strong structures. And the fortitude of the things that make up your company determines the strength of your corporate culture.

For many executives, corporate culture is difficult to pin down. It's a set of beliefs and values that seems to materialize by itself. Or so it seems. In reality, corporate culture can't be left to chance. For companies expecting or undergoing disruptions, including mergers and acquisitions, culture is an element that must be addressed carefully and strategically. An organizational restructuring, strategic transformation, merger or acquisitions that fails to consider company culture, according to recent studies, is one that sets itself up for employee disengagement, turnover or, ultimately, failure. Your company must have a unified purpose and culture for your people to stand behind to thrive during these events.

So, how can companies navigate the uncharted territory of disruptions? And how can they successfully survive potentially enormous shifts? By building a strong, thriving company culture.

The Disruptions Companies Face

Our modern world is complex—full of ideas, opportunities and obstacles. Disruption can come suddenly, or it can be well planned. Either way, when disruption inevitably comes, it presents both challenges and opportunities for any organization.

There are three major kinds of disruptions companies face, and each brings unique challenges and impacts company culture in unique ways.



Organizational Restructuring

The reorganization of internal structure—departments, ownership, major operations or processes—so the company can conduct business more efficiently, quickly and/or inexpensively.



Strategic Transformation

Changing the very essence of a company, such as the goods or services offered by a company or the market a company targets.



Mergers and Acquisition

The consolidation of companies for the purpose of expanding a company's business and increasing long-term profitability.

**70% of mergers and acquisitions (M&A) fail.
Despite this finding, M&A activity continued to rise in 2016.**

— Harvard Business Review



Corporate Culture: The Key to Transformational Success

The very heart of an organization is its people and its culture. And how employees respond to disruptions significantly impacts the success of the transition and the future of the company.

Corporate culture can be defined as the style by which employees and management interact and handle business transactions.

Often, corporate culture is mistakenly assumed as something that develops organically from the cumulative traits of the people in the company—that it's just something that bubbles up. However, outstanding organizational cultures don't happen by chance. They are strategically designed to shape the shared purpose, identity and intent of the organization.

Without proper care for corporate culture, employees may become disengaged during disruption and the organization as a whole may suffer—lost profits, turnover and more can result.

That's why solidifying a successful corporate culture before a planned disruption is key to creating greater value in both steady and uncertain times. But without a sound strategy for building and branding that culture, organizations will struggle to compete in today's evolving market and struggle to regain footing after a disruption.

When your culture is designed to engage, motivate and align employees to work in tandem through a shared purpose, identity and intent—even if the organizational structure around them is threatened—your people can withstand anything.

"I came to see, in my time at IBM, that culture isn't just one aspect of the game, it is the game. In the end, an organization is nothing more than the collective capacity of its people to create value."

— Louis Gerstner, Former CEO of IBM



The Cost of Employee Disengagement

As companies face organizational restructuring, strategic transformation, mergers or acquisitions, they encounter a common thread: employee disengagement. When employees grow uncertain of a company's trajectory, loss of motivation, and engagement, as well as the loss of valuable talent is an inevitable result.

According to a recent [Center for American Progress study](#), the costs associated with replacing employees is significant:

16%


Percentage of annual salary for high-turnover, low-paying jobs (earning under \$30,000 a year).
The cost to replace a \$10/hour retail employee would be around \$3,328.

20%

Percentage of annual salary for mid-range positions (earning \$30,000 to \$50,000 a year).
The cost to replace an employee who makes \$40k would be around \$8,000.

213%

Percentage of annual salary for highly educated and experienced positions. For example,
the cost to replace a \$100k employee is \$213,000.

A woman with long dark hair, wearing a light-colored button-down shirt and a skirt, sits on a white modern-style chair. She is resting her chin on her hand and looking off to the side with a thoughtful expression. She is holding a white rectangular object, possibly a tablet or a piece of paper. To her right are two identical empty white chairs with wooden legs and black metal frames. The background is a dark, textured wall.

Employee disengagement is estimated to cost the U.S. between \$450 billion to \$550 billion per year.

— Gallup

What Really Matters During Restructuring and Strategy Transformation

What's at the root of disengagement? A lack of certainty.

On a basic level, people need to feel safe and connected. In times of stress, an individual's safety and security are threatened, and their ability to engage and perform at optimal levels will be affected. (In other words, when the big, bad wolves are huffing and puffing, it's hard to think about much else.)

In a recent study, [Aon Hewitt](#) found that engagement is hindered by disruption in unique ways during an organizational restructuring, strategic transformation, merger or acquisition:

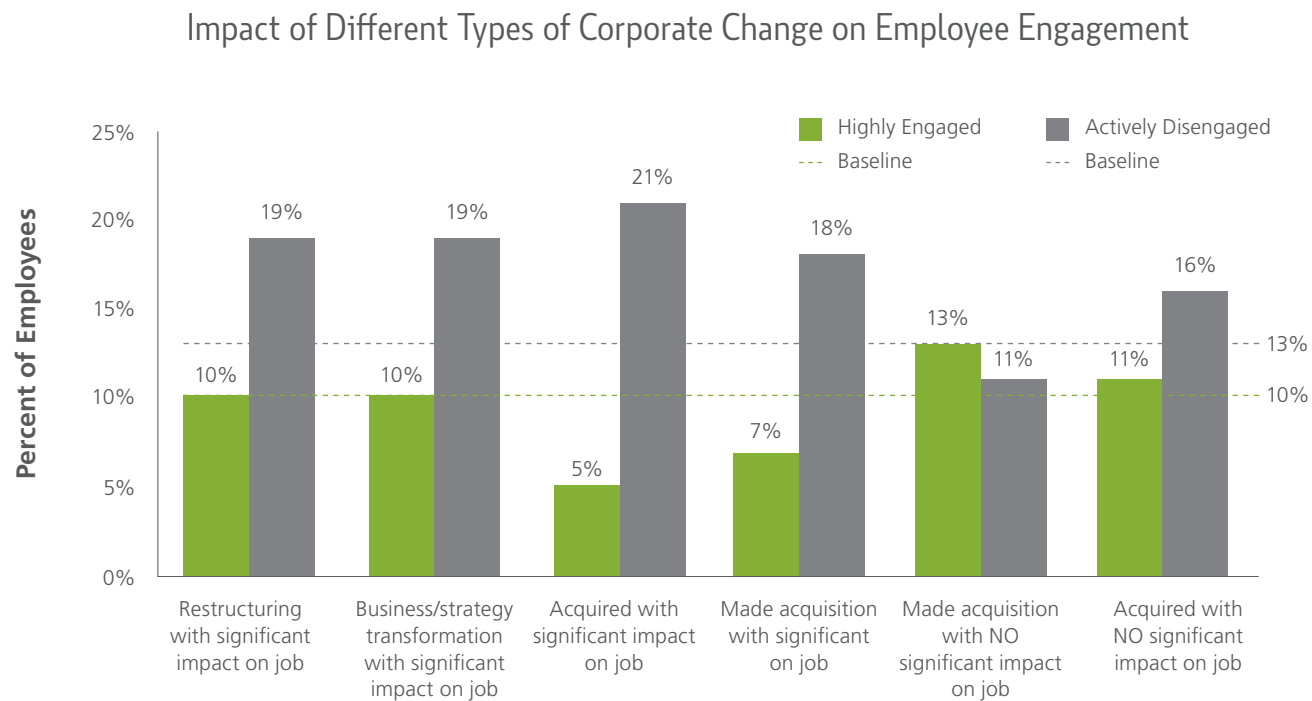
- > The percent of **actively disengaged employees increases** substantially during disruption.
- > Within a merger or acquisition where there is a significant negative impact on jobs, **the percentage of highly engaged employees is cut in half**.
- > In contrast, **more employees appear to become highly engaged** when their company makes an acquisition that has **no impact on their job**.

It's not just the disruption that influences engagement. Rather, it's the extent to which it impacts an individual's job security.

Employees are focused on different things during an organizational restructuring or strategic transformation than during a merger or acquisition:

- > During a strategic transformation or organizational restructuring, **employees want to directly understand their career path.**
- > During a merger or acquisition, desire for control supersedes one's need for a career path—**employees want to be involved in decision making.**

Motivating and engaging employees during these different times requires a skilled hand and unique strategies tailored to the specific needs of each employee.



Source: Aon Hewitt 2013 *Managing Engagement During Times of Change*

The Fallout From Culture Clash

Regardless of the type of disruption, an employee's alignment with organizational identity and corporate objectives is most at stake. Not providing employees with a thorough understanding of the company's current and future states can significantly diminish employee performance and corporate culture for months or years to come.

Here's what employees face during different disruptions:

Mergers or Acquisitions

- > Employees feel threatened, especially those from acquired entity
- > Increased fear from disengagement
- > Employees may have to make personal sacrifices

Organizational Restructuring

- > Potential loss of job
- > General environment of fear
- > Lack of understanding about career path

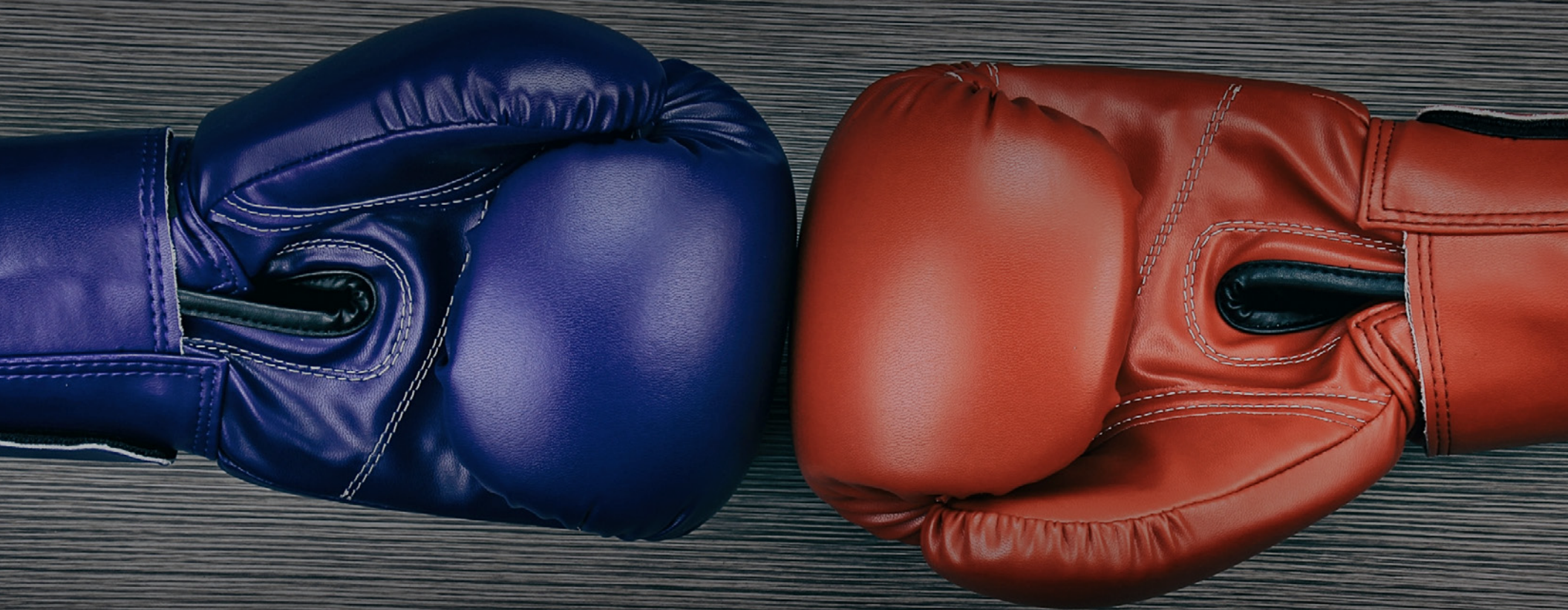
Strategic Transformation

- > Potential loss of job
- > An atmosphere of moderate fear
- > Uncertainty about company values
- > Lack of understanding about career path



The number one reason for a merger's failure to achieve the promised value is culture clash between the two organizations.

— Bain & Company



Creating a Successful Company Culture

Your employees, each with unique thoughts, ideas and opinions about their place and purpose in your company, are spending a lot of time together—collaborating and sharing resources. And if they don't get along, the big bad wolf could be knocking at your door, threatening the stability of your organizational culture.

When it comes to successful integration of companies, finding a cultural middle ground that disparate parties can agree on is imperative. You can't just disregard what each employee favors individually and devise an entirely new culture.

When there are internal conflicts with corporate strategy or clashes between two cultures, employees won't be happy, and they will react against the new synergy, potentially leading to financial losses.

Whatever that new culture entails, it is imperative to champion it strategically by building a powerhouse culture.

Implementing a powerhouse culture before, during and after disruption can ward off the unnecessary loss of key talent and help boost the morale, engagement and productivity of the existing or combined cultures.

What's a Powerhouse Culture?

Great culture doesn't happen on its own. Like a house, it's built by design. And creating this vibrant, thriving culture positions an organization as best-in-class while helping attract and retain top talent.

Powerhouse culture is an evolving company vision that works to develop, attract, manage, innovate and build relationships between customers and employees alike.

A powerhouse culture benefits both employee and organization by:



Keeping employees better motivated and aligned in steady and challenging times



Providing a stronger foundation for greater support for planned change initiatives




Driving both individual and corporate performance to higher levels



Positioning a company as an employer of choice by retaining and attracting top talent



Successfully blending two merging cultures with synergy, greater value and continuity



“No company, small or large, can succeed over the long run without energized employees who believe in the mission and understand how to achieve it.”

—Jack Welch, Former CEO of General Electric



The Blueprint for Building a Powerhouse Culture

A home is composed of a set of rooms, each with a different function in supporting the whole structure. And, like a home, the blueprint of a powerhouse culture is made of different elements.

This five-part blueprint to company culture ensures ongoing improvement, continual growth and an engaged team that can ride out any business disruptions they encounter.

1

Understanding
Your People and
Their Motivation

2

Establishing a
Culture Story

3

Clear, Consistent
and Effective
Communications

4

Focusing on
Whole-Employee
Wellbeing

5

Promoting and
Nurturing Continual
Employee Growth

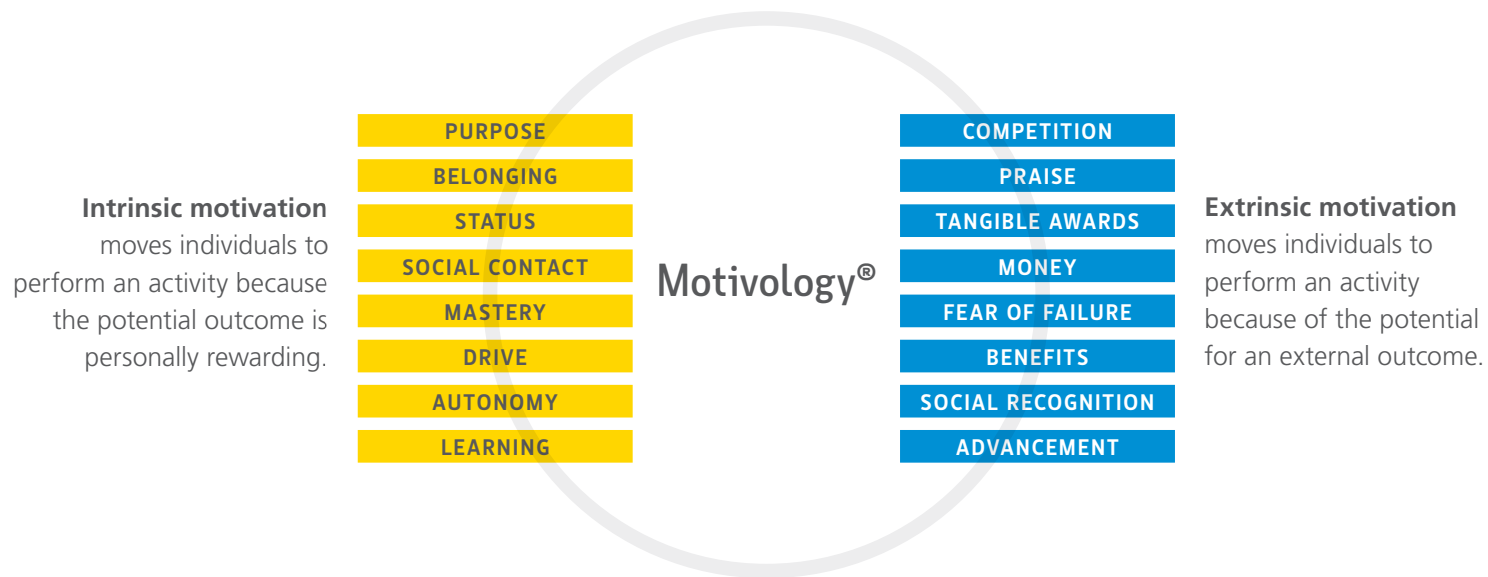
1

The Foundation

Understanding Your People and Their Motivation

People are motivated differently. Some are moved more from within—**intrinsically**—and others are moved more by the potential for an external outcome—**extrinsically**. The intentional identification and blending of both intrinsic and extrinsic motivators is where the magic of employee engagement reveals itself.

At ITA Group, we call this **Motivology**—the art and science of motivation that identifies and balances the internal and external motivators needed to align and motivate your people.





How to Construct Your Success:

- **Identify the specific behaviors you want to drive in your organization.** What values do you want your people to bring to work every day? How do you use those values to keep your people engaged?
- **Let your people choose how they want to be motivated.** Offer a wide array of tangible and intangible incentives—from awards to travel to networking opportunities—that motivate your people to become invested in your culture.



2

The Hearth

Establishing a Culture Story



As a skillful marketer strategizes and builds a successful brand that appeals to target audiences, organizations must chart and navigate their own internal story. Doing so not only ensures the longevity of the brand but also has a tremendous effect on how customers perceive and interact with your company.

Compelling stories establish a strong emotional connection with the brand and help prospective customers “feel” and experience brands on a personal level. Defining the internal culture story of your company shares a similar importance—keeping talent interested in and intrigued by your company.

How to Construct Your Success:

To frame your culture story, **map out goals and objectives, desired outcomes, employee needs and the behaviors and rewards** necessary for success.

As you develop your story, keep **connection, commitment, community, communication, camaraderie and celebration** top of mind.



3

The Kitchen

Clear, Consistent and Effective Communications



Communication is a two-way process, involving both our efforts in how we send messages and how our audience receives them. Clear, consistent and effective communication is a cornerstone to building a powerhouse culture and continually engaging employees.

Skimp by on the communication, and you are sure to create confusion and undermine your success. This is especially true during times of organizational change.



How to Construct Your Success:

● **Encourage role models from your team.**
Positive influence from colleagues, leaders and staff behaving differently will greatly affect individual behaviors.

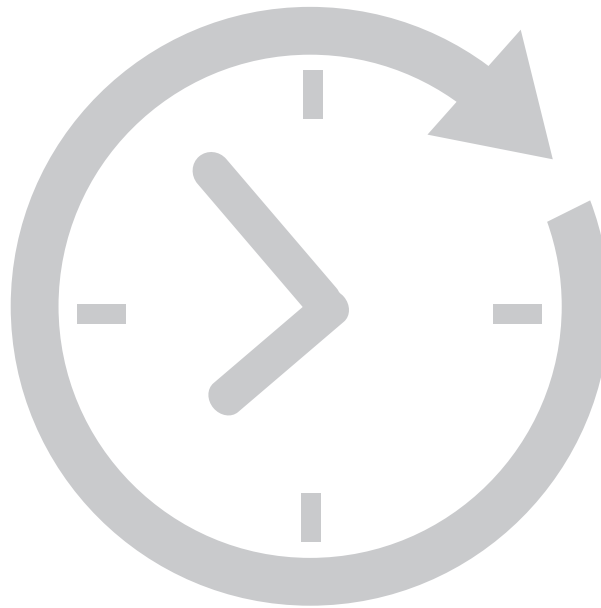
Reinforce the culture through print and online campaigns. When individuals see that organizational structures, processes, and systems support the changes they are being asked to make, they will be more confident in making changes.



4

The Family Room

Focusing on Whole-Employee Wellbeing



Today's employees need proactive, continual and real-time feedback, not just a retrospective "good job" award. They want to be appreciated as whole people, not just employees.

That's why it's important to focus on whole-employee wellbeing that aligns, engages and motivates your people. It's the best way of building loyalty toward the company and optimizing employee experience, and by viewing engagement holistically—a 24/7, strategic approach, not just 9-to-5—companies will see an uptick in success.

Inspire employees, create greater engagement and build a powerhouse culture through initiatives in **five key areas** that affect the health and wellbeing of your employees, both on and off the clock. Don't worry about starting with initiatives in all five areas—start small and focus on growth.



1

PERFORMANCE

How your employees excel at work—sales, production, productivity goals and more.



2

CAREER

How your employees succeed in the future and are rewarded in the present—training courses, leadership tracks, service anniversaries and more.



3

WELLNESS

How your employees create a secure and well-balanced life—physical, financial, spiritual, and emotional wellbeing and more.



4

SOCIAL

How your employees and managers recognize and reward each other—peer-to-peer awards, spot nomination, above-and-beyond recognition and more.



5

COMMUNITY

How your employees improve the world around your company—employee referral, volunteerism, citizenship, eco groups and more.



How to Construct Your Success:

- **Reward your people for top performance,** at work and at home.
- **Consolidate your current initiatives** (years of service anniversary, on-the-spot recognition, etc.) on one platform to maximize participant engagement and reduce administration costs.
- **Optimize and grow your current programs** based on analysis of historical data.



5

The Insurance Policy

Promoting and Nurturing Continual Employee Growth

Expand Your Program to Support Ongoing Employee Growth

While your program may reward what your people do while at work, it might not yet touch on all five aspects needed for a best-in-class program—performance, career, wellness, social and community.

 PERFORMANCE	 CAREER	 WELLNESS	 SOCIAL	 COMMUNITY
Sales/Productivity	Service Anniversary	Physical	Manager Spot	Volunteerism
Business Referral	Training/Certification	Financial	Nomination	Employee Referral
Results-Driven Programs	Retirement	Spiritual	Peer-to-Peer	Citizenship
Innovation	Onboarding	Safety		Eco Groups
		Emotional		

According to a recent [WorldatWork study](#), as the number of results-driven programs grow, engagement, motivation and satisfaction also increase. That's why, after optimizing the initiatives you currently offer, increasing the number of initiatives available can boost overall program effectiveness.

As your participants build momentum, the increased number of vibrant, thriving initiatives benefits your bottom line and propels a thriving culture. When you prioritize positive behaviors and effectively communicate the benefits of these programs, they will become more clear and more direct than ever before.

At its best, a series of fully actualized, growing whole-employee programs should drive your people to create continual improvement for your company, and consistent progress toward a thriving powerhouse culture, no matter the obstacles that business disruptions bring.

How to Construct Your Success:

Expand your program with new initiatives, touching on each foundational element—performance, career, wellness, social and community.

Harness the personal experience of the participant to improve program engagement and, in turn, ROI.



Straw, Sticks or Bricks: What Makes Up Your Company?

As you can see, a happy and healthy powerhouse culture is no fairytale. It's a reality for organizations that strategically design cultures that drive better outcomes for both employee and organization.

As the climate of industry shifts, more and more companies are facing organizational restructuring, strategic transformation, mergers and acquisitions. Today, it's more important than ever to place a concentrated emphasis on building a powerhouse culture through consolidated whole-employee wellbeing today, before disengagement and turnover become issues down the road.

That's the power of [Strive5: The Whole-Employee Solution](#) by ITA Group.

By consolidating performance, career, wellness, social and community initiatives onto a powerful platform with the ability to promote employee wellbeing, boost employee engagement and grow ROI, you'll see a unified team of employees able to weather disruptions and turn a culture of sticks into one of bricks.

itagroup.com/Strive5

Strategically Fortify Your Company Against Disruptions

Contact us today to learn how.

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