



Can You Measure Corporate Culture?

As much as 84 per cent of a company's value is intangible. **Dawn Murden** finds out what metrics leaders are using to measure corporate culture

Culture is easy to define when things go wrong. It's during the more mundane periods, when employees can camouflage in the day-to-day, that it's harder to determine whether their behaviour is right.

Tom Beedham, Director of Programme Management at Criticaleye, comments: "While corporate culture has always

been a focus for organisations, it has gained more attention in recent years, particularly with the scandals in the financial services sector.

"There is a need for visibility of the non-financial value metrics of an organisation, including the behaviours and attitudes of its people and the impact this has on future success."

A [recent report](#) by professional services firm, EY, indicated that as much as 84 per cent of a company's value is now intangible – and leaders must work hard to calculate that. "There is a demand for quantified assessment and tangible measurements around culture, rather than bland statements," says **John Davies**, Executive Director within the Assurance Team at EY. >



A Data-driven Approach

Employee engagement surveys are a way to take a cultural temperature check of an organisation. However, due to their limitations, CEOs and Human Resources Directors are looking at other data points – such as social media scrapings and customer satisfaction scores – to build a fuller, objective picture.

Brandon Perlberg, Senior Manager in Corporate Integrity and Assurance at EY, says: “You need to tap into a range of data sets and overlay them. These are hard metrics that organisations already generate; once you begin to use them as your basis for assessing culture, you can strip away the subjectivity and take greater confidence from applying a more evidence-based approach.”

When **Tea Colaianne** was Group HR Director at Merlin Entertainments, she used a similar method. “We had 97 per cent of our employees worldwide participate in our employee engagement survey, but we didn’t rely on that alone,” she says.

“We looked at customer satisfaction, financial performance and employee turnover, plus whether people applied for jobs internally and if there was real career progression. We also looked externally at what other companies were doing and what was being said about us on Glassdoor.

“We used a data-driven approach because it’s very important to provide an objective view on the culture of an organisation.”

It’s something that **Ian Bowles**, CEO at Tribal Group, which has over 1,000 employees, focuses on. “One of the key

“You need to tap into a range of data sets and overlay them”

metrics I look at especially is voluntary attrition and how that stacks up against other organisations,” he says. “If the culture isn’t right and people are unhappy, that particular metric is a good indicator.”

Data points are a logical way of looking at this but **Ian** also emphasises the importance of talking to colleagues to bring the information to life: “People need to see the leadership living and leading by the values the culture is built on, as well as challenging those who are not behaving in the right way – even if they are fellow executives.”

A disconnect between the senior leadership team and employees is always going to make it challenging for a business to be successful.

John from EY says: “We looked at one organisation in which the cultural health among the leadership team was good, but when we looked at one of the regional operating units there was a very different picture.”

Financially, the unit was performing well but, when some of the other assessment data points were collated, it became apparent there was a problem around people. “Collateral risk was being created from a culture point of view,”

says **John**. “The issue was a surprise to the leadership team, and important to understand from a strategic perspective.”

It’s not something that any CEO or executive team can afford to let happen. According to **Tea**, who is also a Criticleye Board Mentor and Non-executive Director at Mothercare, it’s the collective responsibility of directors, including NEDs, to ask questions about culture. They must ensure an organisation is moving in the right direction, and in the right way.

With the data analytics now available, there’s no excuse for thinking that ‘culture’ is simply a fluffy issue. ■

These views were shared on Criticleye’s Conference Call: [Understanding the People Side of Risk.](#)

Featuring Commentary From:



Tom Beedham
Director
Programme Management
Criticleye



Ian Bowles
CEO
Tribal Group



Tea Colaianne
Criticleye Board Mentor
& NED
Mothercare



John Davies
Executive Director,
Assurance Team
EY



Brandon Perlberg
Senior Manager
Corporate Integrity
& Assurance, EY

Contact the contributors through:
www.criticleye.com