

# Culture is An Engine. Unleash It.

Culture acts as an invisible operating system that accelerates or undermines execution. To fuel it, we must learn to align the nine facets of corporate culture to drive performance.

By Katerin Le Folcavez

## Every society runs on an invisible operating system.

It isn't written in code, yet it governs behavior just as precisely—quiet conventions, shared meanings, and unspoken expectations shape how people move through the world. As Daniel H. Pink notes in *Drive: The Surprising Truth About What Motivates Us*, our institutions, policies, and economic choices all rest on deeply embedded assumptions about how things work. Organizations are no different. Beneath the visible machinery of structures, tools, and reporting lines—and beneath the everyday motion of teams, workflows, and processes—sits a deeper layer that determines whether work actually happens. It consists of what people truly believe, how they make sense of their environment, and the unwritten rules that guide their actions. We often shorthand this as “culture,” but in reality it functions more like the enterprise's DNA.



This operating system is the invisible force that determines whether performance accelerates or stalls. When a culture reinforces the company’s vision and strategy, the enterprise gains momentum; think of the disciplined innovation engines behind Siemens, Novo Nordisk, or Samsung. When it is narrow, rigid, or out of step with reality, it becomes an anchor. That is how once-prominent companies like Nokia end up in long, painful decline: not because they lacked ideas, but because their cultural operating system could not evolve quickly enough to support the future.

These cultural systems can be broken down into nine distinct elements:

1. Language and the network of conversations
2. Customer orientation
3. What is actually valued
4. Accountability and responsibility
5. Traditions, rituals, heroes, legends, and artifacts
6. Leadership dynamics
7. Unwritten rules for success
8. Decision rights and processes
9. Legacy

Together these elements form the set of instructions, protocols, and suppositions—

# C-SUITE CULTURE CLUB

**Leading CXOs know the real operating system for execution is culture, reinforced by what they reward—and refuse to tolerate.**

**Ursula Burns, Former CEO, Xerox:**

“When people walk in the door of Xerox, they remain human. The way to get the best out of people is to not force them to be something other than they naturally are. [That’s our] responsibility, and there is no negotiating on responsibilities.”<sup>1</sup>



**Roland Busch, President & CEO, Siemens:**

“To empower people, don’t micromanage. Empowerment is not anarchy; if you give a strategy, empower your people and let them go. Even if you think you would do it differently, let them do what they are good at. Accountability comes from empowerment.”<sup>2</sup>



**Satya Nadella, CEO, Microsoft:**

“[Microsoft’s culture] needs to be a microcosm of the world we hope to create outside the company. One where builders, makers, and creators achieve great things.<sup>3</sup> After all, our products may come and go, but our values are timeless.”<sup>4</sup>



Sources: <sup>1</sup>Strategies for Influence; <sup>2</sup>LinkedIn News; <sup>3</sup>BusinessInsider.com; <sup>4</sup>LinkedIn

the DNA—of the corporate organism. This DNA either primes the organization for growth, or sets it on a course of stagnation, dysfunction, and decline.

## 1 Language and the Network of Conversations

What people say aligns with how they perceive what they’re experiencing. For human beings, perception is not only physical, it’s linguistic—shaped by language. What you listen for when assessing the network of organizational conversations are the elements shaping these interactions.

Listening to what’s being said is often not enough to generate a sense of corporate cultures. You also have to be aware of what’s not being said.

For example, we once interviewed employees at all levels of a leading supercomputer manufacturer. Throughout our interviews, we never heard anyone admit to making a mistake or wasting the company’s money. This told us that what was lacking (in terms of corporate culture) was a sense of personal responsibility and individual accountability. For an executive leader, this absence is not just cultural—it’s operational. Without candid conversation, execution problems surface late, or not at all.

When we relayed this to the CEO, he said, “Wow. I never would have gotten that. But the second you say it, you’re

absolutely right. We’re so focused on being nice that we didn’t hold people to account.”

To drive growth, the patterns of conversation must shift from passive expressions such as: “It would be good if...,” “Somebody should...,” and “We need to...,” to active declarations such as “I will...,” “I promise...,” and “Would you...?”

## 2 Customer Orientation

How important is the customer? Years ago, we had the opportunity to participate in one of the first known corporate culture transformations at the Ford Motor Company. We found that some assembly line workers would often strike back at management by sabotaging cars. For example, they’d put a tin can inside a fender so it rattled when the car was driven. They were using customers to animate their hostility toward management.

This episode illustrates the consequences of a culture so dysfunctional that both employees and customers became

completely alienated from the company and its success.

When you put employees first, it translates to the customer. After all, only satisfied customers can fuel enterprise growth. Furthermore, customers are not abstractions; they set the tempo at which the organization must operate and execute. That’s why some companies embed the customer directly into every decision.

At Toyota, for example, leaders practice *Genchi Genbutsu*—“go and see”—requiring managers to understand the customer’s real experience before making choices that affect quality, service, or product design. When this mindset is institutionalized, customers shift from being distant metrics to active participants in how the organization sets priorities and delivers results.

## 3 What is Actually Valued?

Values drive what gets done—not what gets talked about. Corporate values are not plaques on walls, nor posters or handbooks

### Culture as a Catalyst

When a corporate culture reinforces the company’s vision and strategy, the enterprise gains momentum—think of the disciplined innovation engines behind Toyota, Netflix, and ASML.







#### People Power

When the culture works, people do too—clarity, confidence, and execution in motion, powered by an environment that brings out their best.

passed out to employees. Corporate values are what leadership consistently displays and reinforces through action. *What behavior can get you fired? What actions are people rewarded for?* Rewards don't necessarily mean bonus money. One of the misconceptions we often find among executives is the belief that without bonuses, people won't pursue high performance. This is incorrect.

In *Drive*, Pink relates what a team of researchers reported to a leading regional bank after completing a study gauging the effects of incentives on performance: "In eight of the nine tasks we examined across

the three experiments, higher incentives led to worse performance." Clearly, something other than money drives people to achieve. Oftentimes performance of the task and the sense of striving and accomplishment is its own reward. But this drive is fragile. It needs a hospitable environment to thrive.

A CEO we once worked with regularly composed handwritten notes to employees on his personal stationery to recognize a job well done. People framed these notes and put them up on their walls like they were plaques, because they were so proud to receive a simple handwritten note from their CEO.

ISTOCK

These signals shape execution behavior far more than any performance framework. But remember: Stated values and beliefs are counterproductive if leadership doesn't walk the walk. In one organization we worked with, several of the most senior executives regularly violated values and rules explicitly outlined in the employee handbook. That destroys corporate culture. It creates cynicism. It kills growth. You'd be better off having no beliefs than stating a set of beliefs and values that executives habitually violate.

## 4 Accountability & Responsibility

To successfully establish a growth trajectory, enterprise leaders must strive to create a culture where people aren't afraid to bring bad news to leadership. If an employee has a problem delivering something that was promised, that employee should feel comfortable picking up the phone or walking down the hall to alert their superiors in a timely manner.

Agile leaders often respond by offering assistance: "Okay, how can I help you?" or "What resources do you need?" or "Let's think about how we can solve this problem." If an employee believes leaders are prepared to support them in a pinch, they're much more likely to bring up problems before they escalate into crises. Such an environment fosters collaborative problem solving and strengthens the organization's ability to execute and deliver on its commitments.

## 5 Traditions, Rituals, Heroes, Legends, and Artifacts

Traditions, rituals, and heroes animate corporate culture. These powerful elements are instilled intentionally. Who do we want to make a hero? What are the stories we want to tell? By introducing potent narratives, we reinforce and give life to corporate values.

At Home Depot, there's a common-told story involving a customer who needed help installing an attic fan in his home. The associate provided him with the parts, instructions, and tools to do the job. But at the end of the day, the associate realized he forgot to give the customer a critical part for the installation. So he pursued the cashier who transacted the purchase, obtained the customer's record, and contacted the customer. He then made arrangements to deliver the part to the customer's house on his way home from work. What does this story tell new employees? It tells them three things:

1. We're in the do-it-yourself business; our job is to make do-it-yourselfers successful.
2. Customer service is really important.
3. You take care of the customer.

At IKEA, the global home-furnishings retailer famed for its egalitarian and customer-centered culture, coworkers are encouraged to take initiative and feel ownership. Rather than rigid corporate hierarchies, IKEA's values stress "togetherness," simplicity, and responsibility—an environment where acts of care, collaboration, or creative problem-solving are quietly recognized across stores and teams.

If you're an organization with a high-performance culture, you instill and sustain these stories. These narratives don't just transmit values — they show people how to act when it's time to deliver.

## 6 Leadership Dynamics

Successful cultures—those primed to execute on their growth strategy—make clear that anyone in the organization can lead. If only senior executives can lead,



### About the Author Katerin Le Folcalvez, Insigniam & Elixirr Partner

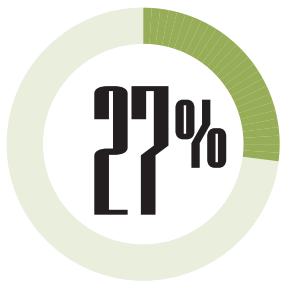
Katerin Le Folcalvez is a Partner at Insigniam, an Elixirr company, where she has spent more than 25 years advising senior executives on large-scale transformation and breakthrough performance. Her clients include companies in the fast-moving consumer goods, retail, automotive, manufacturing, pharmaceutical, and service industries. Clients credit Ms. Le Folcalvez for her energy and spirit, which, combined with strategic insight and questions that push wider and deeper thinking, catalyze a desire to create big futures together. She is known for enabling senior teams to see what has not been seen before, challenge entrenched assumptions, and design novel approaches that unlock new levels of growth. Ms. Le Folcalvez's work is grounded in a simple conviction: in highly competitive, margin-sensitive categories business as usual is never enough—growth comes from bold ideas matched with rigorous execution fueled by inspiration. Ms. Le Folcalvez is recognized for ability to empower people to think newly, act differently, and deliver unprecedented results. She enjoys working with enterprises who are committed to creating long-term economic and societal value and is experienced in turning the complexities and strengths of these companies into competitive advantage. Ms. Le Folcalvez is based in Paris, France.



# BY THE NUMBERS



**Employee Engagement is Sliding**  
In 2024, engagement fell to a 10-year low of 31%, with 17% now actively disengaged.<sup>1</sup>



**Engagement Among Managers**  
Has dropped globally to 27%, costing the world's economy \$438B in lost productivity.<sup>2</sup>



**Developing Leadership Behaviors**  
Percentage who say a broader range of behaviors is essential to meet current and future needs.<sup>3</sup>

Sources: <sup>1</sup>Gallup, 2024 <sup>2</sup>PR Newswire, 2024; <sup>3</sup>Seramount, 2024

you're in big trouble. And if the only person who can lead is the CEO, you're in *really* big trouble. Highly effective organizations have leaders at each and every level. That distributed capacity becomes essential when an organization must move quickly on strategic priorities. When people step forward to lead, executives from the CEO on down must encourage and incentivize that behavior.

Great leaders encourage other people to lead, even if those people are not effective the first time out. They reinforce and support that behavior. True leaders are not threatened when others take the lead. Organizations saturated with leadership culture propel growth.

The high-performing cultures we've seen have well-defined leadership governance structures with different leadership bodies across management levels, each with its own charter, accountability, and meeting cadence to instill leadership throughout the enterprise.

**Unwritten Rules for Success**  
This element is a tough one. The only way to tease out unwritten rules for success is by violating them. Therefore, you're going to get a bruised forehead and a bloody nose walking into walls you simply can't see. If you examine outcomes, these shadowy rules begin to take shape. What kinds of people succeed in the organization? How do they behave? What are they rewarded for?

But keep in mind: Unwritten rules are rules for succeeding in the company, not for succeeding in the marketplace. And these

rules are oftentimes at odds. We witnessed this at a manufacturing company that was fighting market-share erosion due to new, innovative activity from one of their key competitors. They needed to come up with potent, creative marketplace moves—and do so quickly.

Yet, when they called meetings with their top leaders, the unwritten rules said that only those executives that ranked senior vice president and above could sit at the conference table and participate in the conversation. VPs were expected to sit in the chairs around the wall and not participate unless called upon. So much for creativity and agility in the marketplace—the thinking is constrained by one's title or the location of one's chair in the meeting room. These invisible rules don't just suppress creativity; they slow down the decisions required to act on new market opportunities.

**Decision Rights and Process**  
In an enterprise focused on execution, who gets to make decisions? Who has the authority to make changes in a process or shift direction? In many large organizations, nobody knows the answer to these questions. And to the degree that nobody can intelligently answer these questions, you've got a problem.

If employees want to change something in the company to make a process better, how do they know if they have the right to do so? And if not, who does? Too frequently the answer is, "I don't know."

Sometimes leaders refuse to grant people on different levels of the organization with decision-making rights, because they are afraid people are going to fail. Sometimes the drive for immediate results leads to decision rights rising to the top—thus reducing risk for the senior levels while shrinking the range of motion of those closest to the market. In an extreme case, we witnessed a \$14 billion (USD) global company where every contract over \$25,000 had to be personally signed by the CEO and any travel expense over \$500 had to be approved by an executive committee member. This culture of thrift drove attention and action toward chasing literally every dollar and away from serving customers and executing on critical tactics.

Too much management and control indicates bad management. It also cripples the organization's ability to execute consistently and at speed. Without the ability to execute on new ideas and innovative changes, employees will give themselves over to a culture of complacency, rather than working hard to continuously improve the way they do business.

**Legacy**  
Having a mission statement or credo is important. So is the informal and formal storytelling that populate an enterprise. This means more than a poster on the wall; it helps everyone throughout the organization align and make decisions. Johnson & Johnson maintains an impressive decades-long commitment to its credo. This four-paragraph statement written in 1943 by then-Chairman Robert Wood Johnson clearly states what is important and the responsibilities of the enterprise, and it outlines the focus of this \$65 billion mega-corporation.

**Great leaders encourage other people to lead, even if they are not effective the first time out. They reinforce and support that behavior. Companies that are saturated with a robust leadership culture execute and propel growth.**

It also serves as a north star for thousands of micro-decisions that shape execution across the enterprise. "We believe our first responsibility," said Johnson, "is to the doctors, nurses, and patients, to mothers and fathers and all others who use our products and services."

By stating and codifying a clear ethos, J&J provides all of its employees with a consistent set of criteria to use as a benchmark for decision-making—the same criteria executives use to guide their decisions—which only serves to empower employees to deliver on stated objectives. The company invests significant money and time into monitoring its adherence to its credo and boasts premier performance among its competitors.

**The Cultural Molecule**  
We call each of these facets "elements" because they come together to create a molecule—the very DNA that drives corporate culture. When combined, these elements contain the instructions and protocols that can drive dramatic growth.

Yet, when these elements lose their power, the organization begins to wither and degenerate. The culture becomes counter to what you want to accomplish and organic growth becomes harder and harder to achieve.

When leaders treat culture not as atmosphere but as infrastructure, execution becomes a competitive advantage that is nearly impossible to copy. Strategy may set the destination, but culture determines whether the enterprise can actually get there—at the speed the market now requires. **IQ**