



HIREVIBE

Building a People-First Culture

Developing a Strategic Competitive
Advantage for Your Organization

Insights in an Instant

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INTRODUCTION

Over recent years, it has become almost a cliché to talk about corporate culture and employee engagement when it comes to people strategies for high performance organizations. The HR world has recently experienced an evolution from engagement and benefits to the active management of the entire employee experience. Numerous thought leaders have studied the practices associated with the creation of people-first cultures and established guidelines for the successful application. In this paper, we shed some light on the techniques identified by these entities as keys to success and provide some insight into the impact this type of culture has on organizations.

Creating a people-first organizational culture is not an easy or straightforward task. Anyone that says different is likely misleading you.



WHY BOTHER?

Culture exists in every organization, whether by design or default. It drives organization as much as organizations drive it. Those that master culture will ultimately win.

Culture Drives Profitability

Companies with people-first or people-centric cultures “value the happiness of employees as much as the bottom line,” according to an [article in Forbes](#). Companies such as Marriott International have embodied this type of culture by defining missions like: “If we take care of our people, they will take care of our customers, and the customers will come back.” Growth oriented companies understand the link between people-first cultures and profitability and are making sincere efforts towards this goal.

Outperforming the Competition

Historically, organizations have focused on employee engagement as the key to a people-first approach with some success. In fact, Gallup found that companies with highly engaged workforces [outperform their peers by 147%](#) in earnings per share. These concepts have evolved over time, with most thought leaders now understanding that the focus must be on the entire employee experience. The IBM Smarter Workforce Institute finds organizations that [score in the top 25%](#) on an employee experience report see nearly three times the return on assets as those in the bottom quarter. Frameworks such as an Employee Experience (or Journey) Maps are now seen as essential to understanding and improving every aspect of the interaction between an employee and an organization – before, during and after an individual’s term of employment. Talent remains the strategic differentiator for companies and the War for Talent will be won by those that successfully leverage culture to manage the Employee Experience.

Companies with highly engaged workforces [outperform their peers by 147%](#) in earnings per share



Deloitte says the following about the concept of [employee engagement](#): Employee engagement recognizes all of the basic psychological needs that must be met in order for a person to perform work well. It includes emotional and social needs such as doing work that one was good at and connecting work with a higher purpose. However, it remains a top-down philosophy: It relies on the organization’s hope that employees would choose to engage with the company’s ideas, culture, work, and results.

PEOPLE-FIRST CULTURE BACKGROUND

The Evolution to Employee Experience

In a [1990 study](#) for the Academy of Management Journal, William Kahn, introduced the concept of employee engagement, centered on the idea that people who are more enthusiastic and passionate about their work are more effective than those that aren't. Then in 2009, a research paper called [Enhancing Service Experience through Understanding Employee Experience Management](#) proposed the concept of Employee Experience Management (EEM). The researchers defined the concept as a framework through which companies could invest in their brand by supporting their employees. The model included four main practices (internal branding, emotional engagement, social engagement, and innovation engagement), three antecedent systems (reward, training, and empowerment) and two immediate outcomes (brand experience management and experience innovation management).

Searches for **employee experience** have **risen 270%** in the past 5 years



The concepts of Customer Experience (CX) and User Experience (UX), which have been at the forefront of corporate strategy for the past decade, are now being translated into ways in which companies can and should deal with their own internal customers and users, their employees. The link between the Employee Experience (EX), the Customer Experience (CX) and the bottom-line growth of an organization has never been more evident. Successful companies understand this link and are investing heavily in improving the employee experience. In fact,

searches for employee experience have risen 270% in the past 5 years, according to [data from Qualtrics](#).



This [famous Richard Branson quote](#) is more true today than ever before: ***“Clients do not come first. Employees come first. If you take care of your employees, they will take care of the clients.”***

High performing organizations have successfully combining the concepts found in both Employee Experience Management and Employee Experience (EX). Later in this paper, we discuss the tools these companies use to guarantee success and look further into a couple of specific cases.



Why Invest in Employee Experience?

Most companies already spend tremendous amounts of time and effort to attract and develop employees and to make their work more engaging, enjoyable, rewarding, fair and inclusive. So, many might ask the question: Why should a company go the extra mile to manage the entire employee experience to create a people-first culture when it is so difficult and costly? The answer is that you do not have a choice. It is a matter of surviving or not. **Culture exists** in every organization, whether by design or default, and is just as important as legal, technological and financial aspects of an organization.

In today's environment, companies are being held accountable for failing to actively monitor employee experiences and for not taking the necessary steps to resolve unfair or abusive experiences. Thanks to digitalization and social media, unfair company pay levels, abusive manager behaviors, and poor **company practices are shared widely and openly** on the web through sites like PayScale, Glassdoor, and Layoff. Bad work experiences can also go viral and significantly **damage a company's employer and consumer brand**.

Companies such as **Karmaloop** and **Nasty Gal** are clear examples of negative employee experiences killing companies operating in growth markets. Both companies quickly fell apart after growing annual revenues above the \$100M mark. The **demise of these organizations** was not a surprise to those that followed the Glassdoor rating trends for each – both maintained overall ratings of just two out of five stars and recommendation ratings of 25% or less for years. These companies may still be around today, if not for their lack of a proactive approach to managing the employee experience in an effort to foster a people-first culture.

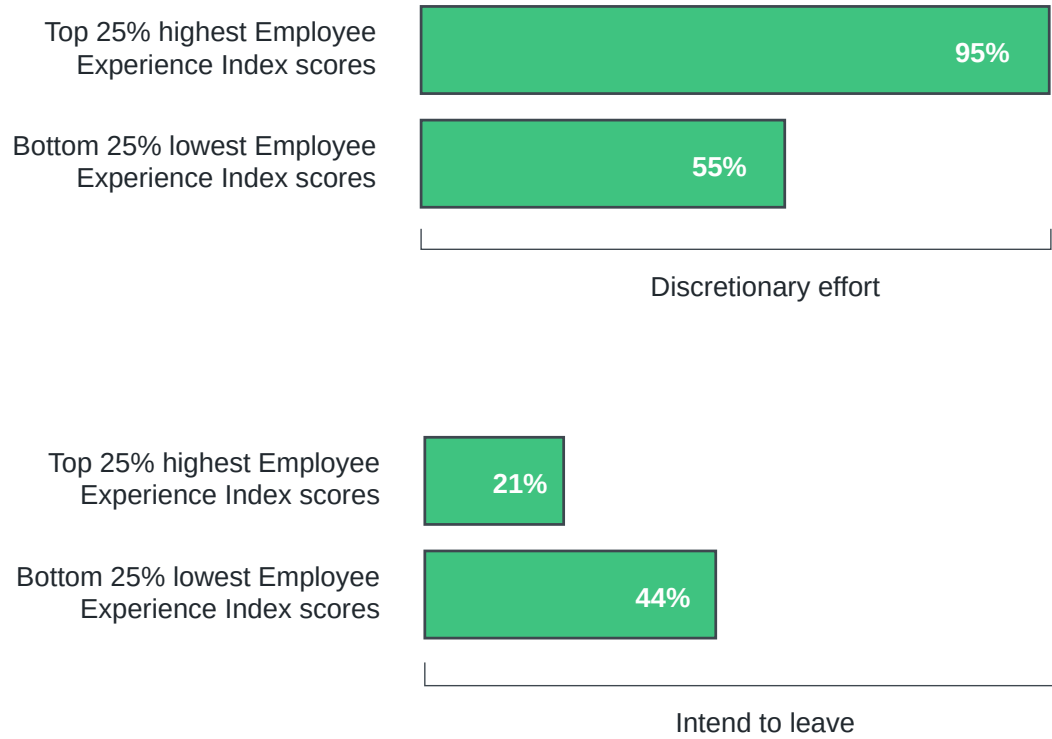
In the end, according to data from the IBM study, **The Employee Experience Index**, employees with the highest experience index scores worked harder and stayed longer than those on the lower end of the index. The study found that “employees who experience a sense of belonging, purpose, achievement, happiness and vigor are more likely to perform at higher levels, contribute ‘above and beyond’ expectations and are less likely to quit.”

Bad work experiences can go viral and **damage** a company's brand.



Employees with the **highest experience index** scores worked **harder** and **stayed longer**





Thriving organizations

place their people at the **center** of everything they do.



At the end of the day, a company’s people are its most important asset. Organizations that thrive place their people at the center of everything that they do. According to Deloitte, the **boundaries between the categories** of customers, workforces and competitors have become blurred in the current world of organizational interdependence. Modern organizations rely on a network of diverse individuals including brand ambassadors, giggers, social influencers and partners to ensure success. Understanding and managing this ecosystem is fundamental to support bottom line issues such as operational harmony, competitive advantage, and profitability; as well as to preserve the ability to serve and contribute to society.

Over 50% of employees believed it to be **easier** to find jobs **outside** their organization than **within**



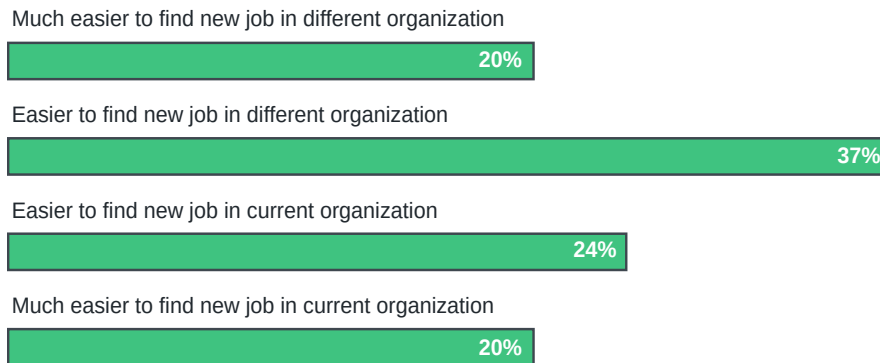
Why your current people strategy is broken?

Although the concepts laid out here seem simple, many companies continue to struggle with the consequences of not cultivating a people first culture within the organization. Turnover rates continue to grow in the US private sector, growth in productivity remains low, employee engagement levels are stagnant and individual and organizational values remain out of alignment. Ultimately, employees continue to feel undervalued and overlooked, with poorly defined or nonexistent career paths within organizations. The 2019 Deloitte Global Human Capital Trends **survey shows** that over 50% of employees believed it to be easier to find jobs outside their organization than within.



Most respondents believed that it would be easier for an employee to find a new job with another employer than with their current organization

Is it easier for employees in your organization to find a new job with another organization or to move jobs internally within your organization?



Source: Deloitte Global Human Capital Trends survey, 2019.

Technology infrastructure profoundly affects company culture and it changes almost daily. The rapid adoption of technology can be a key differentiator in the market. However, new technology can also be taxing on the culture of an organization. If people are not kept at the center of the implementation process, frustration and resistance can set in among employees and the leadership could question the lack of productivity gains. Volatility in technology adaptation and the challenges associated with change can only be resolved with a solid people-centric approach that includes the key concepts of feedback and collaboration.

Kirsten Kuhlmann, **owner of Cliff Consulting**, a 45-year-old consulting agency based in San Francisco, says that “Companies are struggling not because they don’t have the tools they need to be successful, [but,] because they got distracted and took people—their customers and employees—out of the equation.” This lack of focus on the individual has a direct impact on employee confidence in leadership. Studies **show that 45%** of people identify lack of trust in leadership as the biggest issue impacting performance.

Traditional forms of caring for an employee, such as perks, L&D, flexible work schedules and childcare assistance have been found to be insufficient and ineffective as independent tools for creating a people first culture. For example, according to BetterUp, companies in the US **spend an estimated \$160B** annually on Learning and Development (L&D) initiatives, with up to 75% of the information taught never being put into action. Sarah Stoddard, senior public relations specialist at Glassdoor, **recently told CNN** that “it’s a job seeker’s market right now” and that “employers need to work a little harder [than providing employee perks] to find and retain talent.”

45% of people identify **lack of trust** in leadership as the **biggest issue** impacting performance



\$160B spent annually on **Learning and Development** initiatives with up to **75%** of it **never used**



PEOPLE-FIRST CULTURE: WHAT'S IN IT FOR YOU?

There is no bigger benefit to the successful adoption of a people-first culture than an increase in customer satisfaction and profits. The following data points illustrate this link between happy employees and happy clients:

Investing in
employees is
more **productive**



Organizations
that invested in
the **employee
experience**
yielded up to
3.8% higher
annual returns
than their
competitors



- Researchers at the [University of Pennsylvania discovered](#) that businesses that spent 10% of their revenue on capital improvements saw a 3.9% productivity increase, while companies that invested the same 10% in employees saw an increase in productivity of 8.5%.
- According to a [research study](#) conducted by Jacob Morgan, companies that invest in employee experience are four times more profitable than those that don't.
- Gallup found that companies with highly engaged workforces [outperform their peers by 147%](#) in earnings per share, while organizations that [score in the top 25%](#) on an employee experience report see nearly three times the return on assets as those in the bottom quarter.
- In 2012, Alex Edmans analyzed 28 years' worth of stock market statistics and found that organizations that invested in the employee experience [yielded up to 3.8% higher annual returns](#) than their competitors.
- [Aon Hewitt reports](#) that a stronger culture leads companies to perform higher in revenue growth, operating margin, and total shareholder return.
- "When your people are happy, your clients are happy--no matter what industry you're in," according to Bob Habeeb, president and CEO of [First Hospitality Group](#).

Kris Boesch, founder and CEO of Choose People and author of *Culture Works: How to Create Happiness in the Workplace* says that **culture-driven organizations** experience the following:

- 26 percent fewer mistakes,
- 22 percent higher productivity,
- 41 percent lower absenteeism, and
- 30 percent stronger customer satisfaction than other businesses.

The State of the American Workplace report from **Gallup** found that companies with a higher level of employee engagement showed:

- 41% less absenteeism,
- 24% – 59% less turnover,
- 28% less shrinkage,
- 70% fewer safety incidents,
- 17% greater productivity, and
- 21% higher profitability.

Companies that successfully embrace people-first cultures also benefit from an increased level of employee loyalty (see **Case Studies** below) and productivity, as well as becoming a **magnet for a talented workforce**. Respecting the employees wants and desires, even if that means supporting them leaving the organization, also creates life-long brand ambassadors. An **article in the Harvard Business Review** states that employees that are engaged and inspired are more than two-times more likely to recommend their company to friends for employment and those friends are three times more likely to be hired and to stay at the organization.

Embracing a **people-first culture** is key to becoming a **magnetic organization** and creating **lifelong brand ambassadors**



KEYS TO INITIATING A PEOPLE-FIRST CULTURE

Companies across the US and around the world are genuinely beginning to appreciate the concept that revenue and profitability are directly impacted by the level of fulfillment their employees experience in their work environments. Most industry experts believe that the creation of a people-first or people-centric culture is the only way to ensure a content and productive workforce. Employee engagement surveys, although part of the overall solution, are not enough to ensure engagement or the creation of a people-first culture.

Although HR professionals have been preaching these concepts for years now, only recently has real understanding, acceptance and implementation began to appear across the broader market. A good example of this increase in recognition is a recent update of the [mission statement](#) from the Business Roundtable. The organization shifted its position, which was held since 1997, from stating that the “primary purpose of business is to increase shareholder profits” to a people-centric position, stating that the purpose of a corporation is to promote an “economy that serves all Americans.” Other signs of this thinking are also visible in the market:

Culture is what **people do** when **no one is looking.**



- The SHRM believes that a [true measure](#) of people-first culture is to see how the company treats its lowest paid employees.
- Herb Kelleher, the co-founder and former CEO of Southwest Airlines, [once said](#) that “Culture is what people do when no one is looking.”
- Peter Drucker once stated that “culture eats strategy for breakfast.”
- Mary Poppen, Chief Customer Officer at the people success platform company, [Glint](#), says that “Companies are in the process of realizing that people-first organizations drive greater value, higher performance and profits. We should expect to see companies of all sizes activate this change across their organization.”

There are several ways that industry experts have found that companies can ensure the successful adoption of a people-centric culture. Most center around a couple of essential concepts including the following:

Leaders must actively **care** about their **employees**



Only **three in ten** employees feel their **opinions count**



Leadership Advocacy

Successful companies start with a well-defined and communicated mission, vision and purpose for the organization. This process creates a value set that **shapes the culture** and becomes part of the corporate DNA. An employee-centric culture must be part of this value set and can only be successfully achieved by aligning the expected results of the approach with owners, board members, and senior leaders. These leaders and all managers must embody the culture and actively care about their employees at every level of the business. Once the members of the organization fully understand the link between the employee experience (EX) and profits, an HR story can be created to ensure success. It is important to remember to **involve employees** in developing an implementation strategy and focus on grooming future leaders in the process.

Communication

Listen, listen, listen...then interpret and act. **Good leaders listen** before they act. And the best leaders prioritize listening to their best people. It has been found that linking action plans to employee feedback **positively impacts** culture as a whole. At the same time, **only three in ten** U.S. employees strongly agree that their opinions seem to count at work. In order to reverse this trend and ensure the successful implementation of people-first cultures, corporate leadership and managers must communicate openly and regularly, while doing their best to avoid under-share or over-share of information. In order to successfully create a feedback culture, leaders must embrace **new ways of communicating** with their teams, including:

- Regularly scheduled “town hall” meetings (via video conference, for mobile workers),
- Third-party coaching to promote authentic communication,
- One-on-one conversations between employees and managers,
- Anonymous survey links to encourage real-time feedback,
- Live interactive Q&A sessions with senior leaders, and
- Open-ended sentence structures in employee surveys.

Belonging

Employees need to feel that they **belong to something** and that they are part of a family



Teamwork and comradery are essential to the creation of a people-first culture. Employees need to feel that they belong to something and that they are part of a family. A recent study from Globant found that two out of three employees (62%) wished they knew their coworkers better, and four out of five (83%) believed that knowing their coworkers better would make them a more engaged team member. Patricia Butler, Global Marketing Director at Immedis, believes that “most of our day is spent at work with our colleagues, partners and clients, so nurturing those relationships and investing in their health makes sense not just from a personal perspective, but also from a commercial one.”

Appreciation

Organizations with **people-first cultures** reward those that **embody the culture**



Another of the keys to creating a people-centric culture is to show every employee that the company cares about them as a person, not only as an employee. Leaders must make individuals feel that they are respected and that the company believes in them. The recognition of accomplishments, especially rewards for those that **live out the culture** of the organization, is critical to promoting this feeling of acceptance. Today’s workers feel appreciated when they are provided with **flexible and accessible** work environments to help deal with child-care, elder-care and other personal responsibilities. Employees feel especially valued when companies **invest in mechanisms** that allow for open and honest feedback on a regular basis and when action is taken to resolve issues discovered in feedback sessions.

Full Alignment

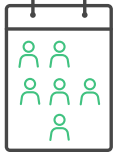
Capture the **values** of each and every **employee** in the organization and make every effort to **align those values** with those of the **organization**



Companies can take all of the necessary steps and still fail at the creation of a people-first culture, if they do not attempt to capture the values of each and every employee in the organization and make every effort possible to **align those values** with those of the organization. This process starts well before the onboarding process for a new employee and should continue even after the employee’s last day at the organization. It requires individualized communication and the creation of an environment for genuine interaction. The ultimate goal is to ensure that both the company and the employee have clear expectations of one another and that the employee is able to find meaning in their work on a daily basis. In the end, discovering the passions of an employee helps create alignment with their responsibilities and creates a ripple effect all the way down to the customer. In the end, true alignment is very difficult and never perfect. It may actually be the hardest, yet most important, aspect of developing a people-first culture.

Expanded View of Employee Journey

Employee Journey Mapping allows organizations to **better engage** with employees



Truly successful implementation of a people-first culture cannot occur without a clear comprehension of the entire employee experience. Companies are adopting customer experience (CX) and user experience (UX) methodologies to achieve this objective. The line between external, or traditional, customers and internal, or employee, customers is becoming more and more transparent. According to **Gartner** research, 51% of HR executives identified the management of the employee experience as a key initiative for 2019.

Employee Journey Mapping allows organizations to better engage with employees. The Mapping process should be customized by employee role type and **should include** everything from major work and personal milestones to technology use and the physical work environment. Donna Kimmel, Executive Vice President and Chief People Officer at Citrix, **says that** “[Employee Journey Mapping] is about us being flexible and adaptable, because different generations may need different ways of interacting.” The critical nature of the complete **employee experience** and the fact that it can become a company’s “employment brand” is exemplified by the fact that employees who have a positive exit experience are 2.9 times more likely to recommend the organization to others in the future.

Companies should **utilize technology** to remove obstacles and provide employees the **tools they need** to excel at what they do



Technology and Metrics

Understanding how employees interact with the technology (UX experience) that supports their daily work lives is critical to reducing burnout and understanding the true employee experience. Companies should utilize technology to **remove obstacles** and provide employees the tools they need to excel at what they do, as well as to create metrics to ensure culture buy in and compliance. Technology should also be used as a mechanism to improve personalization at every level, from individualized learning and development plans to virtual, one-on-one coaching sessions.

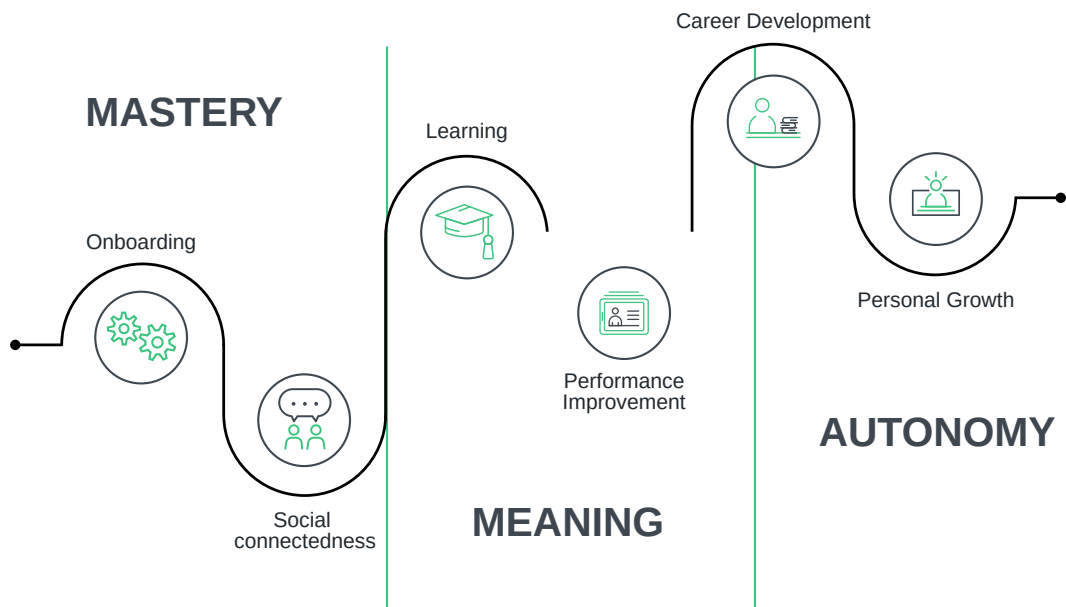


IN SUMMARY

Companies looking to become relevant or maintain their competitive advantage are now required to offer employees a people-first or human-centric work culture. Employees are, and will continue to be, the strategic differentiators in the search for growth and sustainability. The evolution from perks and benefits to the employee experience and ultimately to the creation of a people-first culture has proven to be a challenge for most organizations. However, the benefits far outweigh the costs and those that do not center strategy around people will suffer the consequences of an unengaged workforce, unhappy clients and reduced profitability.

Flexible work schedules, childcare and other similar offerings were once considered the keys to ensuring a people-centric culture. Now they are seen as just parts of the overall puzzle. Employee Experience or Journey Maps are essential to managing the entire employee life cycle, from recruitment to long after an employee leaves the organization. Employees that feel overlooked or underappreciated can negatively impact a company's reputation, while those that feel a sense of belonging can develop into lifelong brand ambassadors.

THE EMPLOYEE JOURNEY



Source: [HR Trend Institute](#)



Effective people-first culture implementation can only be achieved with:

- full endorsement at a leadership level
- effective communication across the organization
- the appropriate use of technology
- efforts to ensure employees experience a sense of belonging and appreciation
- complete alignment of individual and corporate value systems.

Companies that successfully create people-first cultures will experience:

- increased productivity
- reduced turnover
- improved customer satisfaction
- enhanced levels of profitability



CASE STUDIES

Technology companies like Ultimate Software and Slack are using their own tools to promote people-first cultures.

Ultimate Software



Ultimate Software is a [technology company](#) that develops and sells cloud-based, human capital management (HCM) software systems for businesses and is ranked 8th on the [Fortune 100 Best companies](#) list for 2019.

The company boasts a [97% employee retention](#) rate with over 5k employees and credits its “People First” culture with an industry-leading [95% customer satisfaction rate](#), rapid growth, and technological innovation.

Employees, that uniformly refer to “relaxed, unassuming, and warm” CEO Scott Scherr as “Scott,” enjoy a company culture in which top executives are visible and accessible, with “no executive floor or special key in the elevator.” They claim that “when ‘People First’ is passed down from the top, it resonates with everyone.” This attitude from the Ultimate Software leadership directly aligns with the concepts of **“Leadership Advocacy”**, **“Communication”** and **“Belonging”**, with the lack of elitism promoting direct interaction and creating the basis for a people-first culture.

[Ultimate Software](#) also emphasizes the employee-customer link by stating the following: “People First doesn’t just drive the delivery of our customer service or the design of our cloud-based human resources solution. It’s also a statement about our workplace life. At Ultimate Software, we take care of our employees, and we know it will show in the way they take care of you.”

The Ultimate Software leadership believes that high employee [satisfaction and engagement](#) are directly associated with lower turnover, improved productivity, increased sales, and better shareholder returns. They say that countless studies confirm what their CEO, Scott, has believed from day one: “employee engagement and customer satisfaction are directly correlated.” In support of this approach, the company offers multiple perks to employees, such as 100% coverage of healthcare costs, \$300 per year toward kids’ extracurricular activities and annual cash bonuses for veterans.



Slack



Slack is a cloud-based proprietary **instant messaging platform**. According to its website, it provides a means to communicate key information internally and in real-time, both company-wide and through direct messages

between co-workers. It started as the communication platform for a defunct multiplayer online game, not so dissimilar to Minecraft, called **Glitch**. The game failed, but the communication platform behind it survived as Slack, which now has over **10 million daily active users** across 150 countries.

When Glitch failed as a business, **management found ways** to try to support the employees they had to lay off. They built a website called Hire a Genius, which had everyone's name, portfolio, and endorsements, and used company savings to keep paying everyone for several months while they hunted for new jobs.

Soon after creating Slack from the remnants of Glitch, CEO Stewart Butterfield realized that the performance of the company was tied to the vision of not just the company, but its employees. The company reportedly relies heavily on the concept of empathy to deal with its customers and its employees. It says that "empathy is important not only to the company's culture, but to its product: Slack strives to understand the wide variety of ways people communicate."

Slack claims that diversity is key part of the daily lives of all employees. **Intentions on diversity** are also demonstrated in the language used in their job descriptions, in which terms like "lasting relationships" and "care deeply," appear, as both are phrases that statistically result in a higher percentage of female applicants.

The framework used by Slack to create a people-first culture is based on the key concepts of "**Appreciation**", "**Technology**" and "**Expanded View of Employee Journey**", with their treatment of their former employees after the first version of the company had failed and their use of technology help promote empathy in communication with and between employees. The attitude of the CEO, Stewart Butterfield, also leverages the key concept of "**Full Alignment**" by identifying and focusing on the direct link between the vision of the company and the visions of each of its employees.



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We at HireVibe are committed to unleashing genius in the workplace. We are constantly looking to study and profile people-first culture performers and have provided a brief summary of a couple below.

To learn more and receive an assessment, feel free to email us at

launch@HireVibe.com

