Build Your Culture - Build Your Company Exit Valuation

> ### *As company owners and CEO's we have a solid handle on our products & services, our market and even our customers…but how about our organization culture?*

As you think about your options for exiting your business one day, all options have one thing in common. Each has a greater likelihood of making you euphoric at time of exit if today you focus on building a positive organization culture. Despite this being 100% true, when many private company owners and CEO's hear the phrase organization culture, it conjures up thoughts of something nebulous and intangible that they understand on a conceptual level but don't truly understand at a practical level.

Every senior executive has three critically important responsibilities to their company:
1. *Build and protect their organization culture*
2. *Build and protect their company brand*
3. *Deliver sustainable results*

To deliver on these, we must pay attention to our organization culture to determine if it is enabling or disabling the type of company we are desiring to build long term. Study after study, and my own personal experience as a company CEO, confirm that culture underpins the success or failure of most businesses. More often, what I've seen in my career and now as an advisor to many companies, it's not the business strategy that is disabling the company, it's the organization culture.

Culture is what your team does when the boss isn't around
- It's 4:55pm and the phone rings, does it get answered if the supervisor isn't around?
- When your employees have meetings that you're not attending, are they arriving on time, coming well prepared and positively contributing to make the meeting productive?
- As employees interact with each other and management team members aren't present, are they treating each other with respect?
- Do employees act in a way that is aligned with your beliefs and values or do they act accordingly in your presence but act another way when you're not around?

How to define organization culture
I often hear owners and CEOs say they struggle with identifying their company culture because they can't measure it. They can measure sales, customer credits, costs, etc., but how do they measure culture? Here are just a few examples of tangible ways to assess your culture:

Tangible Measures	Link to Organization Culture	Steps You Can Take
Attrition	The expression is "people vote with their feet". A high voluntary attrition rate is often a sign that employees don't like their work environment.	Leverage your attrition data: - Identify attrition company wide & by department Listen to your employees: - Conduct employee exit interviews to solicit root causes for leaving - Conduct informal or formal employee surveys to gain their insights on your work environment
Financial & Non-Financial	Organization's that frequently don't achieve established targets or are inconsistent in doing so most often have culture at the root.	Audit recent performance misses: - Conduct a granular review of a specific performance metric to determine root cause for the miss - Speak with employees associated with the metric to solicit their inputs on reasons for the miss
Project Deadlines	A classic sign of a weak culture is teams that regularly miss project deadlines. This includes deadlines such as completing work on time and even arriving to work or meetings on time.	Pay attention to set deadlines: - Discuss your expectations with key managers and ensure all are consistent in holding people accountable
Health & Safety	High levels of employee absence for health reasons and high safety incident (worker's comp) claims often indicate root culture issues.	Leverage your health & safety data: - What are the sick day trends - What are the worker's compensation claim trends

YOSEMITEassociates

Culture enablement starts today

Don't let years go by of working hard to build your company only to find one day that you missed a key ingredient related to organization culture. Years ago, acquirer's would focus solely on looking at the financials and products/services of a target company but have learned the hard way that they must also assess the culture of the company they are looking to acquire. Paying constant attention to your organization culture and ensuring that it is an enabler to your company performance will pay you great reward one day when you look to exit. Organization culture can be destroyed in hours but can take years to build so ensure you're using time as a friend to build one that will help you be euphoric one day when you desire exiting your business.

About the Author

*Larry O'Toole has over 20 years as an experienced CEO of manufacturing and service businesses. He founded Yosemite Associates, LLC introducing the **Bank your moment®** and **Yosemite Business Diagnostics™** campaigns to help owners extract the uncertainty associated with building their company worth. Larry serves on corporate Boards and provides advisory services to a diversified group of owners. Larry can be reached at 949.874.0787 or Larry.OToole@YosemiteAssociates.com.*

YOSEMITEassociates

Desire A Future Euphoric Exit Event?
Visit our YosemiteAssociates.com/Diagnostics