# BUILDING A BETTER CORPORATE CULTURE FOR ORGANIZATIONAL SUCCESS

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# BUILDING BETTER CORPORATE CULTURE FOR ORGANIZATIONAL SUCCESS

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#### **ABSTRACT**

With the so called "entitled" generation now entering the workforce, corporations are slowly realizing that these Millennials are not the same as their Baby Boomer parents. They do not want to work 40-hour weeks, in cubicles for employers that do not meet their every need. With the workforce changing so drastically, the culture that they promote also needs to see a drastic change. This thesis explores the effects of corporate culture, successfully creating a strong corporate culture, major changes that successful corporations have made with the entrance of Millennials into the workforce, and why it is important to make these changes going forward.

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#### Introduction

During the Industrial Revolution, unskilled workers had no control over their hours, their pay, or their work. Focus was placed solely on efficiency and mass production. As time has progressed, the location of work has changed, and what workers are doing has changed, but not much else. Working from 9 a.m., to 5 p.m., in a cubicle without much autonomy, is still standard today. Each employee reports to a boss, who reports to another boss, going higher and higher up the chain, until information finally reaches the person it was intended for. This traditional, very bureaucratic structure has been occurring for many, many years, but, something is changing all that. That change is a shift in corporate culture.

According to culture expert Professor Geert Hofstede, "culture is the collective programming of the mind distinguishing the members of one group or category of people from others" (Geert-Hofstede.com, Culture, 2015a). Hofstede is widely known for his comprehensive study of national culture and his four dimensions of culture: power distance, individualism, masculinity, and uncertainty avoidance. Since his study (beginning in 1967 and ending in 1973), two more dimensions have been studied and supported by Hofstede: pragmatic, and indulgence. Each category is rated on a number scale from 1-100, the higher the number the more valued a certain trait is in that society. All culture is relative to one another. Power distance is the degree to which the less fortunate accept the difference in status and inequality. Countries that rank high on the individualism scale value unique behavior and the idea of independence, while countries ranking lower have a more collectivist culture that appreciates community and loyalty to one another. Masculine societies place emphasis on achievement and assertive qualities,

while countries ranking lower on this scale, feminine societies, emphasize caring for the weak and quality of life. Uncertainty avoidance is ranked based on the degree to which risk is avoided. Pragmatic societies focus more on long term efforts and tradition, and tend to see significance in thrift while normative societies value the short term more. Lastly, a country ranking higher in indulgence places importance on fun and enjoying life, but a country that is classified as low on indulgence, called restraint, values restriction and delayed gratification. When considering how corporations operate, these same dimensions can be applied as though each company is a country of its own. Although the Hofstede study focused on national culture, it captures the essence of corporate culture. It is how a corporation functions, its shared values and beliefs, their vision, expectations for employees' actions and behaviors. It defines our interactions with co-workers in a business setting, as well as in our actions as customers. It is reflected from details as small as the way employees dress, to details as large as how information is communicated between departments. Its overarching nature is the reason why corporate culture can be viewed as influencing employee satisfaction.

Corporate culture has become as important in organizations as the culture of any country. Identifying culture in corporations has even become of interest to Hofstede. In addition to the culture dimensions discussed earlier, Hofstede has created dimensions specifically for corporations. There are six dimensions of organizational culture and two semi-autonomous dimensions. The six dimensions are: means vs. goal oriented, internally vs externally driven, easygoing vs, strict work discipline, local vs. professional, open vs. closed systems, and employee vs. work oriented; the two other dimensions are acceptance of leadership style, and identification with organization (Geert-Hofstede.com, 2015b).

These dimensions focus both on values and on practices. A very means oriented culture avoids risk while in goal oriented cultures employees work their hardest to achieve specific goals, no matter how risky. Internally driven cultures emphasize the value of ethics and honesty in the workplace while externally driven cultures focus on customer necessities, and take a pragmatic approach without much regard for ethics. Easy going cultures have a looser structure and the opposite is true for strict cultures. In a local culture, employees identify with their boss and/or work unit, while in a professional culture employees identify more with their specific career choice. Employees in an open system will feel very welcomed into the organization right from the start, however, in a closed system, it will take more time for newcomers to feel like they fit in. The two semiautonomous dimensions are, as they indicate, the degree to which the style of leadership is accepted and the degree to which employees are able to identify with the values of their organization. These dimensions of organizational culture provide framework and put into perspective each underlying aspect that drives organizations. There are several ways that organizational culture is represented in a company, which will be discussed later on.

With both culture and corporate culture defined, it is imperative to define the concept of organizations and the perceptions that shape them. According to textbook, "Management: a practical introduction" an organization is "a system of consciously coordinated activities or forces of two or more people" (Kinicki & Williams, 2013). The aforementioned activities refers to work, done by the forces of two or more- or the employees. The textbook goes on to define the four common elements of organizations: a common purpose, coordinated effort, division of labor, and hierarchy of authority. The first three elements are all very closely related to employees and specific tasks. In an

organization, effective employees will all work to complete the objectives and goals set out by the organization. They will use their specific set of skills, otherwise known as specialization to do that. As each employee completes their individual objectives, their combined efforts come together for the benefit of the organization. Regardless of field, industry, size, or job task, these three elements are standard. Out of the four elements, the one with the most potential to be varied is hierarchy of authority. The chain of command can be varied in many different ways, from centralization, span of control, or height of an organization. Ultimately, hierarchy is concerned with how power and information is distributed through the organization, from few people holding the information and power to information flowing freely and an equal distribution of authority. As previously mentioned, the more common business model involves many levels, in a very traditional and bureaucratic manner. The assertion this thesis makes is that change in organizational structure and culture is necessary to accommodate and satisfy incoming employees from the millennial generation, in order for them to be more productive and innovative going forward, which will produce a better bottom line.

To demonstrate, this thesis will first discuss the process of hiring employees, job satisfaction, culture, and the introduction of Millennials to the workplace in chapter one. In Chapter two, companies that have successfully created a culture that accommodates millennial workers will be studied. The techniques and similarities between the companies will then be examined, as well as the effect employees on and its customers. Chapter three contains interviews conducted with employees who identify what makes a company a great workplace, as well as a case that demonstrates the unfortunate outcome that a weak culture can have on an organization.

# **Chapter One: Corporate Culture and Organizational Success**

# Person-Organization Fit

With the importance placed on culture in organizations, it is no surprise that culture is a huge indicator of employee satisfaction. Employee satisfaction can do a lot of good for an organization, including making it a leader in their industry. According to Dr. Jay Barney "a firm's culture can be a source of sustainable competitive advantage if that culture is valuable, rare, and imperfectly imitable" (Barney, 1986). There is no larger factor of corporate culture, or one that is more valuable, rare, or imperfectly imitable, than its employees. In order to truly tap into this abundant resource that is the workforce, organizations need to ensure that the employee is not only qualified for the job, but also a fit for the culture they seek to create. Once that is accomplished, employee satisfaction becomes a feasible goal.

Organizational fit, however, needs to be addressed before employee satisfaction can even become a concern, because this should be assessed entirely before an employee is offered a position. Assessing a potential employee's ability to fit in to the organization's culture is an important function of the Human Resources department. Hiring an individual who reaches high levels of person-organization fit (hereafter P-O fit) can be greatly beneficial to a company for several different reasons. According to William Gardener, Brian Reithel and Claudia Cogliser, authors of the *Management Communication Quarterly* business journal, P-O fit can be "seen as the key to retaining a workforce with the commitment necessary to meet the competitive challenges of the 21<sup>st</sup> century" (Reithel, Cogliser, & al, 2012). Their research also concluded that high organizational fit positively impacts job satisfaction, job commitment, and employee

performance, and aids in reducing turnover. Considering all of these factors, P-O fit can be seen as an indicator of employee success.

There are several ways that organizational fit can be determined. Some organizations use personality tests to see if the values and personality align with the culture of the corporation, others will use realistic job previews, which involve setting up real situations and asking how an applicant would handle such a situation to see if their actions are consistent with the company's values. Although ensuring that an employee fits into the culture of an organization is incredibly beneficial, it can only be effective if the employee is matched correctly. Employee mismatch occurs when a company's culture does not align with an employee's initial perception of its culture, leading the employee to no longer feel as though he or she belongs. According to a study on the effects of mismatch, the outcome most likely to occur once discomfort is perceived by an employee is turnover, which costs, on average, \$13,996 to remedy (Porter, 2013). One way companies have overcome this, is through training programs focused on not only day- to- day job activities, but also the manifestation of culture in the corporation. Whether or not an employee is matched correctly with an organization, it is clear to see that both have very evident effects, which only places more emphasis on the impact that corporate culture has on employee satisfaction and employee success.

# Achieving the Ideal Culture

As stated previously, employees are one of the most valuable assets to a company and a key to competitive advantage, but only if they are committed to the organization and to the organization's goals. So how can a company create a culture that motivates employees and aligns them with them with the company's mission? Several different

ideas suggest how to achieve this. Information in the Amity Management Review states the most effective way to encourage employees to "produce more, take fewer days off, and stay loyal to the company" is to have happy workers (Ratna & Pallavi, 2013). This article also suggests the best way to achieve employee satisfaction is to make employees feel as though their company is a family and encourage bonding outside the office. Another source states that one of the most effective ways to boost satisfaction is to allow for flexibility in the workplace (Swinson, 2011). Dan Pink, author of *Drive*, a book that seeks to teach the importance of intrinsically motivating employees, believes that, in addition to adequate and fair benefits and salary, employees must be offered "autonomy, mastery, and purpose" (Pink, 2009). A survey conducted by the Society for Resource Management showed that job security was ranked highest by employees as a factor of their job satisfaction (The Society for Human Resource Management, 2009). Among the top five factors are the opportunity to use their skills and ability, as well as feeling safe in their work environment. This survey also indicated that overall corporate culture, autonomy and independence, and meaningfulness of job were ranked as either "very important" or "important" by the majority of employees. The list of factors that influence employee satisfaction goes on and on. Humans are very complex beings, and the satisfaction of each individual can fluctuate based on several different components. What satisfies one employee may perturb another. However, few general categories remain true for employee well-being. Defined by the Gallup-Healthways well-being index, individuals need to have the five following things: a sense of purpose, social support, financial stability, safety in community, and physical health (Gallup-Healthways, 2012). With these five aspects fulfilled, an employee will be more productive and far happier.

When an employee achieves this status of job satisfaction, the benefits for a corporation only increase. Happiness is quite contagious, and happy people tend to have happy interactions, from interactions with co-workers, to bosses, and even with customers. A research brief done by Rebecca Wells concludes that customer satisfaction is positively related to employee satisfaction that acts as a cycle of increasingly pleasant interactions (Wells, 2007). This implication goes even further to reveal that these increased positive interactions will boost customer loyalty, thus making future advertisements more efficient and increasing profit. With the correct culture and human resource practices, in addition to a focus on employee satisfaction, companies will find that they have "a high quality workforce," a "cost- effective utilization of labor" and a significant decline in employee turnover (Ratna & Pallavi, 2013). But, as always, it starts with the people.

# Millennials in the Workplace

Those people are Millennials. Dan Pink observes "these young adults, who have recently begun entering the workforce themselves, are shifting the center of gravity in organizations by their very presence" (Pink, 2009). Millennials have grown up with a certain attitude about how things should be. Kirk Hulett describes them as "an optimistic group with big expectations for success" (Hulett, 2006). He goes on to characterize the generation as highly individualistic, but willing to work hard when they are able to understand the purpose of their efforts, technologically savvy, and comfortable with multi-tasking, especially where leisure is concerned. In other terms, Millennials want their work to have a sense of a larger purpose, but still want to maintain control, and create their own success. In fact, a survey conducted with over 500 Millennials indicated

that at least 50% claimed they would prefer unemployment rather than a job they hated (Mielach, 2012). Even above compensation and benefits, Millennials truly want to contribute to the world they live in, they want to feel as though their work and time are being used as a part of something greater than themselves. Silvia Hewlett said it best "they do not want static jobs or careers that follow a pre-determined pattern. Instead, they yearn for a lifelong odyssey, a fluid journey in search of meaning, stretched by challenges and stimulated by constant learning" (Hewlett, 2009). So, if the ultimate goal of the workforce has been shifted from making money to producing and learning, what else changes? Businesses are finding themselves needing to change to meet the wants and needs of this new workforce. In her opinion piece, "How those Spoiled Millennials Will Make the Workplace Better for Everyone" Emily Matchar points out that companies are making huge efforts to recruit and retain the "most talented Gen-Y workers" corporations are having to "heed to their demands" which is for their workplace to be "engaging, meaningful, flexible work that doesn't take over their lives" (Matchar, 2012). To stimulate innovation, work environment, and policies need to transform just as its workers have. And when talking about the millennial generation, what better company to look at then a company that almost defines the generation: Apple.

Apple CEO Tim Cook knows what it means to innovate and with a statement like "inclusion inspires innovation," he should. In an interview with Charlie Rose, Cook discusses the values that you can find at not only his, but also Apple's core. First, Cook promotes human rights; he believes in "treating people with dignity.... That everyone deserves a basic level of human rights, regardless of their color, regardless of their religion, regardless of their sexual orientation, regardless of their gender" (Cook, 2014).

He discusses a culture designed to serve and respect people, including their right to privacy, and being a transparent company. With transparency, customers will not feel as though they are being watched and will not need to question the values of an organization. Cook goes on to promote change that benefit human kind "we want to leave the world better than we found it" which he accomplishes by taking toxins out of all of his products, and by using 100% renewable resources in Apple's data centers. The company has also began educating people on their rights around the world, and educating citizens of other countries in an attempt to better their position in the future. Another pillar that makes Cook and his business stand out is he openly states the reason Apple works to create these new products is not profit, it is not the bottom line, but rather "making great products that enrich people's lives." Finally, he discusses diversity-- saying that Apple "believes in diversity with a capital D. And that's diversity in thought and diversity any way you want to measure it. And so the people that surrounding me are not like me." By surrounding himself with people unlike himself, he is able to see different perspectives and learn how to create products that will aid the lives of thousands of different types of people. Cook has a very enlightened view of how a corporation should behave in the 21<sup>st</sup> century. Because of it, Apple continues to be a successful, profitable company, and one that is very profitable with the millennial generation.

Apple is an excellent example of what an innovative, modern culture should look like, and because of its creativity, Apple has enjoyed worldwide recognition. Companies all around the globe enjoy such recognition because of the culture they provide for their employees and the services they provide for their customers. Every year, Great Place to Work partners with Fortune to list out 100 companies who go the extra mile to serve

employees with their "100 Best Companies" list. The criteria they use includes whether or not employees trust their company, have pride in working there, and enjoy who they work with; it also involves whether or not management achieves their goals, hire talented and motivated individuals, and provides a balanced, friendly environment (Great Place to Work, 2014). Through the examination of Google, Zappos, and Clif Bar & Company, companies that have consistently been listed in the 100 Best Companies, I will identify certain aspects that boost employee satisfaction. In addition, I will examine companies, such as Valve Corporation and Pike's Place Market, that have received recognition for being companies that serve employees and produce great results. Great Place to Work clearly notices the benefits of treating employees with respect and dignity, and supports the claim that doing so can have "tangible benefits," with studies they have conducted. These studies have shown that corporations that land on their list have lower turnover rates and a better financial performance (Great Place to Work, 2014). So when "organizational culture becomes a more and more important source of discreet, obscure but powerful and long sustainable competitive advantage," companies should be changing their culture to align with the generational changes (Muratović, 2013).

#### **Chapter Two: Cultural Success in Action**

# <u>Google</u>

Great Place to Work does a cultural audit to assess the dimensions they wish to study in a corporation, and those that make the list are often seen as a cultural model in their industry. There is no better example of this than the number one "best place to work" since 2012. I am referring to the internationally known corporate powerhouse that is Google. Google has been adored widely, not only for what they produce, but for the

culture they create for their employees and the ideals to seek to uphold. In the cultural audit conducted in 2014, 97% of Google employees identified Google as a company that adequately trains, fairly promotes, and provides fitting challenges for their employees (Google, 2015d). Their atmosphere is famous for being so outlandish in corporate America, including nap pods for employees, on-site restaurants and cafes, and several other perks or benefits unknown to most in the workforce. On Google's website, it states they are "creating an office for work and play" and seek to make their offices a place "where Googlers want to be" (Google, 2015b). Google puts an emphasis on the space in which their employees work, believing that "great physical space enhances creativity" and that open spaces "facilitate idea exchange" (Stewart, 2013). For these reasons, and many more-including plentiful celebrations, diverse staff, and employee support programs- 97% of employees believe Google has a "Great Atmosphere" (Google, 2015d). Google also receives high rankings, with another 97% rating on "Great Rewards" which include compensations programs like a 401(k), perks to make life easier such as free food, banking, and fitness classes, 90% health insurance coverage, and onsite health checks. The benefits and perks that Google offers truly exemplifies a balanced work and home life. This is especially impressive, because Google actually does so by seemingly blurring the lines between what is typically offered by a company, like an insurance plan, and what is usually considered a home activity, like physical activity. In blurring these lines, they have effectively given their workers everything they need to be more than secure in several aspects, allowing them to focus more on the work, and worry less about other issues. Google has abandoned the age old advice companies typically offer employees "seek work/life balance," something author Ron Friedman names "a myth" in

our culture (Friedman, 2014b). Next on their rating, in their highest rated category, Google employees rated their company a 98% for its "Great Pride" (Google, 2015d). This not only means that employees are proud to tell others that they work there, but also that they are proud of the work they are doing. This provides them with meaningfulness and purpose- something that Millennials look for in their careers. Finally, Google received a 97% on the "Great Communication" section and a 95% on the "Great Bosses" section, proving that treating employees as more than a cog in the system and providing them opportunities to communicate and bounce their ideas off one another can be incredibly beneficial for businesses.

# Zappos

Yet another company that focuses on serving people, and ranked one of the best places to work since 2010 is the Nevada based online retail company, Zappos (Zappos, 2015a). Ranking 38 in 2014, Zappos is known for their unique interactions, and entertaining work atmosphere. With "Great Pride" and "Great Atmosphere" being the two top rated categories, each having 96%, it is clear to see that this is what employees feel most connected to in the company. One of the incredible processes Zappos has in place is their culture training for employees. On average, Zappos provides 74 hours of training for full time employees, and this includes introducing them to and immersing them in the company's culture (Zappos, 2015a). Author Susan Heathfield, in an interview with Rebecca Henry, the former Human Resources Director at Zappos, discovers that all aspects of corporate culture are consciously introduced and reinforced throughout an employee's career (Henry, 2014). Henry goes on to discuss the ten core values including messages like "Embrace Drive and Change," "Build Open and Honest Relationship with

Communication" and "Be Passionate and Determined." By continuously repeating and instilling these values in employees they have created the atmosphere they sought in their work "family." One of the most interesting programs that Zappos has in place is their hiring process. Henry describes this process as a "courtship" rather than a hiring process. Cultural fit, also known as previously mentioned P-O fit, is the number one priority for new hires at Zappos, so it can be months before an employee is offered a full-time position. If an applicant is not a fit, they are then offered \$3000 dollars to leave (Henry, 2014). Their hiring process is so rigorous, but so far the company has received incredibly positive, long lasting results with it. Rewarding their full time employees is also a priority for Zappos. They received a 90% "Great Rewards" rating for their compensation program like a 401K, and their perks like free snack and lunches, fitness classes and a personal travel service (Zappos, 2015a). Zappos employees also rated "Great Communication" at Zappos a 92% and "Great Bosses" at 89%. It clear that the cultural fit process has effects that can be seen throughout the organization.

#### Clif Bar & Co.

Both Google and Zappos have received recognition for services they provide for customers, and for their unique employee culture. However, both of these companies are large enterprises that employ thousands of people. Can a smaller company really offer those benefits, or the work environment that produce that sort of respect? Just as there is a list of the 100 best places to work, there is also another one, offered by the same company, of the 50 best medium and small workplace (Great Place to Work, 2014). Founded in Emeryville, California, with only 384 US employees is Clif Bar & Company, number 12 on the Best Medium Workplaces list.

Clif Bar & Company's mission statement expresses that they are "working to run a different kind of company," and describes their work life as follows" "our culture, pay, benefits, holistic wellness programs, and dedication to employees' career growth, create a unique and meaningful workplace. Where we take ourselves lightly and our work seriously" (Clif Bar & Company, 2014a). Clif Bar & Co. believes it is important to invest those who work for you, by offering benefits and truly taking care of them. This is why, on their Great Rated review, employees rated their "Great Atmosphere" a 97% and "Great Rewards" a 96% (Clif Bar & Company, 2014b). In terms of working atmosphere, employees enjoy the frequent celebrations and the caring and support they receive from their company. In terms of rewards, employees are offered several compensation packages, including employee stock ownership plans, lots of perks, like massage therapy and a hair salon, and work-life balance programs like paid sabbaticals, flexible schedules and compressed work weeks. Clif Bar and Co. makes the health and happiness of their employees a priority- and because of it have experienced loyalty, and success. Employees feel that they are challenged with a rating of 94% for "Great Challenges" feeling that they carry a lot of responsibilities and have a "positive impact on their environment and their community" (Clif Bar & Company, 2014b). What they are experiencing is meaningfulness, they are gathering a sense of purpose from their work, and because of that they are willing to dedicate more of themselves to their job. Therefore, it is no surprise that their "Great Pride" rating is also soaring, at 98%, Clif Bar & Co.'s highest rated category. When their workers make meaningful contributions, they are proud of their accomplishments because it is greater than themselves. Clif Bar has been recognized for their philanthropic contributions and continuous support for the environment. Even

after spending on the aforementioned philanthropic endeavors, and benefits for employees, and the numerous training programs, Clif Bar & Co. still enjoys "double-digit compounded growth for more than ten years" (Clif Bar & Company, 2014b). "Great Communication" and "Great Bosses" round out their score, both at 95%, proving that medium sized companies, can still provide great benefits, and experience great success when they put their employees first and keep communication open.

Getting on the Fortune list of the best places to work requires a lot of work. It requires an application, partaking in a cultural audit, and reinforcing cultural values at every step. There are companies that will apply to be a part of the list, year after year, however, that is not the only way to gain recognition. There are several companies that have become famous for their treatment of customers and employees alike- for the services they provide, as well as the atmosphere and experience. This thesis will explore two of those companies.

#### Valve

Valve is an entertainment software and technology company. It was founded in 1996, and has since morphed into a worldwide phenomenon, producing incredible new technologies and videogames- including the world's largest online gaming platform (Valve, 2015b). Valve seeks to create an environment where people are not afraid to fail. Actually, failure is encouraged. Creation and innovation are products of failure and often the biggest mistakes become the biggest successes. As Dr. Ron Friedman asserts in his book "The Best Place to Work: The Art and Science of Creating an Extraordinary Workplace" that "if you're not failing, you're not growing" (Friedman, 2014a). At valve, there are no bosses, no middle managers, just colleagues working together for the greater

good of the company (Valve, 2015b). They are allowed to experiment freely and see what they can come up with. In the Valve handbook for new employees, hiring the right employees is highlighted as Valve claims they are "going out of its way to recruit the most intelligent, innovative, talented people on Earth" and then go on to give them the creative freedom they need to explore and create (Valve, 2012a). It also reinforces the "flatland" structure and lack of bureaucracy. Valve considers hierarchy "great for maintaining predictability and repeatability," but they want employees to "steer" themselves and allow them to do only the projects they want to do. With no managers, no one is around to tell employees what to do. This is the environment that makes Valve so popular among game and software developers. It is also what makes it profitable as a company- making more money per employee than even Google or Amazon (Denning, 2012). With people taking more risks, they are freer to expand and imagine bigger, greater things. Their goal is innovation, and creativity, not maximizing shareholder value. In fact, in the employee handbook, employees are advised not to "believe anyone but you is the 'stakeholder'" (Valve, 2012a). At Valve, they take care of their people first, much like Google, Zappos, and Clif Bar & Co. Employee benefits at Valve Corporation include laundry services, an on-site gym, free snacks, "free-massage Friday" and a yearly, paid company vacation (Davis, 2013).

#### Pike's Place Fish Market

The last company I will investigate, and perhaps the most intriguing is Pike's Place Fish Market which has gained worldwide fame, and become a tourist attraction in Seattle, for being a very lively, and welcoming place. Beginning as a small fish stand, purchased by John Yokoyama in 1965, Pike's Place was destined for commonness. There

isn't anything special about a small fish market, so how did it become "world famous?" The very first change Pike Place made was adding "World Famous" to their logo (Pike's Place Fish Market, 2015). In doing so, they gave employees a goal to reach. Make Pike's Place world famous through great service. With this goal, they were given a sense of purpose and meaningfulness in their job. What eventually made the fish market such a popular tourist spot is the experience they provide for customers. They seek to make each customer feel special by being present in the moment, and making each moment memorable. In 1983, Pike Place Fish Market hired a consultant from bizFutures to try and improve their image. The three principles bizFutures offered of "empowerment, vision to reality and making a difference in the world" begin with leaders being committed to the empowerment of employees because it leads to "astounding creativity, productivity and profitability" (Pike's Place Fish Market, 2015). They partake in a little fun each day with their flying fish presentations and fish monger theatre to make every experience unique. Now, there are even flying fish presentations which are the motivational speeches offered by John Yokoyama, and a series of books called "Fish!" which offer "a proven way to boost morale and improve results" (Lundin, Christensen, & Paul, 2004). The FISH! Philosophy made them famous-"play, make their day, be there, and choose your attitude." Employees experience this philosophy at work. Pike Place has a policy for play, and making every day exciting. They have a policy to make the day of every person they come into contact with, and they seek to be present every day and in each moment. Finally, they choose their attitude (choose positivity, lightheartedness, joy) to share with their customers. The employees feel empowered, they find meaning in their job, and they

enjoy what they are doing. Even without tons of incredible benefits, these employees feel good about their jobs.

Each of these companies has managed to gain recognition for having the kind of culture Millennials want to work for. Now that I have explored, not only the culture of these companies, but also what their employees think about working for them, I will identify some of the similar factors that can be seen at each company.

# **Standing Out**

First, these companies care about their people, both employees and customers. They all seek to enhance user experience and quality of life. Shareholders, while important, are not the main focus of any of these companies. Putting people first allows everything to fall into its natural place in the company. Employees need to feel comfortable in their workplace in order to produce fruitful works. To do that, employers need to offer some type of support or support system for employees, as well as training/ development programs so employees feel as though they are growing in their new environment. Google provides benefits that improve wellbeing and understands the importance of employee health (Google, 2015c). Zappos surrounds their entire company around delivering "WOW service" (Zappos, 2015b). Clif Bar & Co offers their employees training and development and will even reimburse some college tuition (Clif Bar & Company, 2014b). Valve allows employees the free time and space to create freely without a fear of failure (Valve, 2015b). And Pike's Place offers a one of a kind experience with a great attitude (Pike's Place Fish Market, 2015). It is undeniable that these corporations care about their employees and customers. In the millennial's search for a workplace that provides meaning, seeing how their work affects and improves the

customer experience can do just that. Having an atmosphere like that would also improve turnover rates; employees want to feel as though their coworkers and bosses care about them as people. If they feel their work is contributing to the greater good of the company, one which takes care of them, they will be more motivated to produce better, and more creative goods and services.

Another thing that all of these companies have in common are their values. Each company strives to provide an environment where creativity and innovation can flourish. While many companies claim that innovating their industry is one of their main goals, or something they strive to do every day, not all of them take action to make it happen. The environment provided can encourage creativity and out of the box thinking, or it can do just the opposite. To foster inspiration and produce new ideas companies need to move away from "an evolved version of the factory floor" and move towards a "modified version of the college campus" (Friedman, 2014a). The assertion, made by Friedman, is supported by the idea that the college campus is designed to "foster self-direction." Students are given a set of expectations and deadlines and from that point on, they are free to do the work however they think is best. In addition, and more importantly, is the way the campus is designed. College campuses offer different settings all in one place- a library for when students are in need of a quiet space, large gathering spaces like dining halls, the quad, or a gym for times when they need interaction. By offering several different atmospheres for students, universities are able to accommodate different types of personalities, whether introverted, extraverted, different majors, and different interests. The same is true about corporations. If they provided secluded spaces where employees can go when they are in need of quiet, and open spaces where employees can interact and

idea exchanges can occur, then any workplace can serve an array of diverse employees. From Google's enormous campus: Googleplex, to Valve's desk on wheels, companies are adjusting their workplace to fit the need of employees (Google, 2015c) (Valve, 2015b).

Integrity is another explicitly stated value that several of these corporations have in common. Having integrity as a company may seem like a given. There are no companies that claim to be dishonest or disingenuous. However, once again, there are fewer corporations that actually act upon their claims of integrity, by being transparent with their employees, customers, and for some, their shareholders. Clif Bar & Co. operates off of their "five aspirations" including sustaining people, the community and the planet (Clif Bar & Company, 2014a). Taking steps towards attaining sustainable goals, and then providing a report on what they've accomplished on their website, is what makes Clif Bar a company with integrity. Zappos names one of their "Family Core Values" as "build open and honest relationships with communication" (Zappos, 2015b). Zappos takes measures to encourage emotional connection between their employees, they encourage close relationships between their team members and push for more diverse ones. They seek to go the extra mile for communication, so it can be "complete and effective." Google's slogan and one of their "Ten Things we Know to be True" is "Don't be Evil." (Google, 2015c). They don't allow advertising that disrupts users, they don't allow useless information in advertising, and they are upfront about when a link is an advertisement or a sponsored link. They also believe in democracy on the web and that focusing on the user experience is the number one priority. Their values can be seen in the actions they take. While these organizations are businesses, and they do seek to make

profits, they know that they can do so while maintaining their morality and being guided by a set of goals and values.

Another aspect seen throughout these corporations is play as a part of work. Google has their 20% time which allows Googlers to take one day a week and work on their own projects for the advancement of themselves and the company (Mims, 2013). Valve claims to have 100% time, meaning that all five days of the week, employees are encouraged to explore the depths of their creative minds, and see what they are able to produce (Valve, 2015b). This gives the employees the freedom and autonomy that is craved by the millennial generation. Adding this aspect of freedom and play to the workplace allows for creativity and innovation to really take place. Gmail and AdSense are both outcomes of Google's 20% proving that great things can come from offering employees time to work on their on projects (Mims, 2013). Adding an aspect of play, even to selling fish, can be incredibly beneficial, in fact it saved Pike's Place Fish Market (Pike's Place Fish Market, 2015). Before the "World Famous Flying Fish" shows began, Pike's was terribly close to going out of business, adding an aspect of fun, of actual play with the fish made the atmosphere something to be seen, truly making it "World Famous."

Finally, one aspect each of these companies places emphasis on is the hiring. Treating employees and customers fairly, as well as supporting them through training and development, has been previously discussed, but before any of this occurs, companies need to hire the right people. Recruiting and retaining good employees are more important now than ever. Statistics show that by the year 2020, nearly 46% of the labor force will be comprised of Millennials (Brack, 2012). Companies that are having

measured success with Millennials in the workplace, like the ones listed above, know the importance of hiring the right people, not only based on skills and resume's, but also based on person-organization fit that was previously discussed. It is becoming of more and more importance because "Millennials care- more than any other generation- about company culture, brand, engagement and transparency" (Marquart, 2015). This means that millennial employees will "job hop" until they find a workplace that matches their values and desires. So to find the perfect fit between companies and employees, recruiting teams are taking measures to ensure that the people they hire will fit into the workplace, have the right skills, and be able to work productively in that environment. Google's hiring process appears to be pretty straight forward- conversation with a recruiter, then a phone interview, and then an onsite interview at one of the google offices (Google, 2015a). Beyond that, out of the millions who apply, those who get the job are agreed upon by a team of people who determine whether or not an applicant is "good for Google" and then also by several other employees who decide whether or not an applicant will fit in with them and be able to collaborate. At Google, being able to collaborate, and fit in is very important when trying to hire new people. As was previously discussed, Zappos has a culture intensive training program to ensure that new hires want to be at Zappos long term and understand what is required of them while apart of the Zappos team (Zappos, 2015b). Valve is no different, with their claim of hiring the best people on Earth (Valve, 2015b). When hiring new employees, it seems that all these companies focus on getting diverse people, with newer ideas, who can fit into their corporate culture. To investigate this assertion fully, the next part of this thesis will be

devoted to interviews conducted with employees of culturally aware companies, which are identified as great places to work.

# **Chapter 3: Employee Interviews**

Chapter three contains interviews conducted with employees of three different companies. Two of the companies are success stories, and demonstrate the value in culture, and treating employees well, and what that can mean for innovation and growth. The third company, however, has now gone out of business, and the former employee gives his insights as to why that occurred, suggesting that ignoring the basics of corporate culture can lead to the downfall of a corporation.

# Sparksight/ LeadingReach

Located in South Austin, in an office building shared by several other organizations, is the winner of the Austin's Business Journal's Best Place to Work (Small category) 2014- Sparksight (Pope, Austin's Best Places to Work for 2014, 2014).

Sparksight, founded in 2007, is a creative agency, event management, and interactive marketing firm. They have proudly served many corporations including Oracle, St David's Healthcare, and TedXAustin (Sparksight, 2015). This corporation has been recognized by the Austin Business Journal as a Best Place to Work for two years, as well as one of the 50 corporations in Austin with phenomenal growth (Pope, Austin's Fast 50: Companies with Phenomenal Growth, 2013). Recently, I had the opportunity to sit down and interview their first employee and general manager- Katie McKown. Upon arrival, I was awed by the atmosphere. Although the space was not overwhelming in size, it was used so well that it appeared to be bigger than it was. There are several open offices shared by a few members of each department, which employees are free to paint or

decorate the space as they like. A few even had "standing desks," down the hallway the room opened up into a large open space, occupied by a few desks, a ping pong table, and a large table with several chairs, where employees can work, eat, or take breaks. And finally, near the back there is a kitchen with arcade games for employee enjoyment.

I was greeted by Ms. McKown who directed me to the conference room to conduct the interview. The conversation began with background of what Sparksight is all about and how she came to be the company's first employee (Mckown, 2015). In 2007, McKown, worked at a hotel in downtown Austin when she met the founders of Sparksight. She served as the event manager for an event held by the two founders of a new company- Sparksight. The two founders of this new creative agency, with the tagline "yes, we do that," offered her a job with their new company and after a pursuit, she took the job. Her first observation after being hired was the "culture shock" she experienced, moving from a hotel to a workplace with "no bureaucracy." In fact, since the company, at the time, only had three employees, there was no sort of training for her. She "learned by taking notes, going to meetings, managing websites, working in QuickBooks" and eventually the company grew and even expanded their specialties into graphic design and web design. In 2009, Northrup Grumman came to Sparksight seeking an easier way to "email people information and incorporate trade show badges." From this venture, Sparksight developed a unique software, which they still sell, and in 2013 have turned that into its own separate company- Leading Reach- of which McKown is the VP of Finance and Human Resources. The growth of LeadingReach is so incredible, that McKown predicts that "at the end of the year, [they] will have to split into two different offices." At this point, I realized I was in a unique position as I was now, not only

speaking with the general manager of Sparksight, but also the VP of Human resources at this rapidly expanding, sales based, company LeadingReach. I was especially thrilled because of the different natures of the company- as McKown put it -LeadingReach is a software company "looking to get acquired and make money" while "Sparksight is more of a lifestyle company... looking to grow the agency," and I was interested in finding out how she planned on configuring the culture of this new company.

At Sparksight, McKown highlights Sparksight's culture with their "open door policy," being a "no- bullshit type HR person" and a general understanding that "life happens." McKown also believes that "work-life balance is super important because unavoidable things will happen" and that is acceptable as long as her employees "just make sure to get the work done." Other incredibly important aspects McKown discussed was "hire smart, trust and be an adult." McKown discussed being able to trust her employees- "we don't have vacation time, or sick time, but we are still going to get paid." This means that Sparksight employees need to "be an adult" and complete their work without someone looking over their shoulder- they are able to take time off when they need to, as long as their work is finished. When prompted more about "hire smart" McKown went on to discuss the hiring process at Sparksight. At first, she admits that, in the past, they have hired the "wrong people," but now the process is more refined. Applicants will "go through multiple rounds of interviews, that aren't necessarily formal" but they will get a chance to meet "the executive team, and have a conversation, not the typical interview questions." Cultural fit was also mentioned by McKown, claiming that "organized chaos" is how she would describe the atmosphere and it was important to know that an applicant could "thrive in that type of environment." Each applicant will

talk to "talk to a lot of people" before any hiring decisions are made. Applicants may be invited to lunch, or happy hour, or any number of events in order to engage the applicant in the culture and give as many employees as possible the opportunity meet the applicants and, in turn, involve in them in the hiring decision.

In the future, McKown is looking to creating a "culture scorecard" which will identify personality traits that she hopes will be able to maintain their culture, especially during this time of dramatic growth (particularly when concerning LeadingReach). As a small, but quickly growing company, McKown admits to being worried that the growth will overcome the culture they have created, and declares that finding a way to maintain their culture is one of her main focuses going in to the second quarter of the year. "It's all about how you treat people" McKown says when asked how she plans to uphold the relaxed culture they have enjoyed up to this point. She goes on to discuss the importance of how people are trained at Sparksight. As s relatively small company McKown does not foresee growing beyond twenty people, "being thrown to the wolves" and seeing if the employees succeed or not (they usually do) still works, employees learn by engaging and doing the work- but for LeadingReach it cannot continue that way. Hoping to have 50 employees by the end of 2015, McKown recognizes the need for some sort of training program, but wants to create one that is "fun, offsite, and maybe two days," but "not stuffy" for her employees, she wants them to able to come to work and feel comfortable at work, and be able to accomplish everything they need to get done. McKown realizes that in sales, it needs to be structured and precise. Sales need to be tracked, everyone has certain responsibilities and tasks, employees need to remember their call scripts, and there "is no way around that." But what McKown hopes that her employees understand

that if they "do their job, we can have fun later." If Sparksight operates under "organized chaos," McKown claims that LeadingReach operates under "work hard, play hard."

Deciding how to create a successful training program and culture at LeadingReach is a daunting task for McKown, but for the last eight years "communicate effectively" and "be easy to work with" has helped to shape Sparksight into the award winning culture it has now (Sparksight, 2015). When asked about it, McKown said that it has definitely helped concerning interaction with clients and it is internally respected in the company (Mckown, 2015). "Assumptions are my enemy, no one can read your mind," McKown said, emphasizing the importance of communication in business and with coworkers and clients alike.

Finally, we discussed the space in which Sparksight employees operate. "We don't do the whole open- where no one has an office... I don't think that's effective...sometimes you just have to have a closed door conversation," McKown said about the space. At Sparksight, employees sit in groups in their department offices, there is also an open area, where employees can go and enjoy the company of those not in their department, in addition to the conference room where "closed door conversations" occur. "We're running out of space, so space is a challenge right now... I have people on the phone out in the middle of the office and sometimes they can't hear..." As it is currently is, the LeadingReach sales people sit together, off to the side in the open area. Earlier in the interview, McKown mentioned LeadingReach getting their own, separate office space, so I asked how she plans to set it up to utilize her sales team. "I think we will have to go to some sort of cube system, but I just really hate cubes" McKown responded, "it's

the most cost effective, but I think I am just going to see what they want, and how to accommodate it."

The last comment McKown left me with, a general statement about all her employees at both Sparksight and LeadingReach was: "People are not here for the paycheck, they are definitely here for the culture and the respect that other people, and executives have for them and what they do. It's about the risk-reward, the growth potential and the chance to make it big."

Sparksight and LeadingReach are breaking into new territory, one where the employees and their opinions matter to the executives, where they are happy to be there and happy to grow along with their company. I was fortunate to be able to experience their office, meet the employees, and sit down with Katie McKown and learn about what makes their culture great.

#### **USAA**

USAA and The SCOOTER Store are both companies that have been recognized, in the past, by Fortune's best companies to work for many years. While USAA still enjoys this recognition every year since 2011, The SCOOTER Store has since gone out of business (USAA, 2015a) (CBS/AP, 2013). Professor Mike Dickinson, an adjunct professor at Texas State University, after hearing about the nature of this thesis, volunteered to share his contrasting experiences at both companies, and what worked at USAA, and why The SCOOTER Store failed to prosper as a company.

USAA, an insurance company headquartered in San Antonio, TX, began in 1922with the military values of "service, loyalty, honesty, and integrity" at its core (USAA, 2015b). They were created for "the transient military not being served" according to

Dickinson, who worked with USAA from 1991 to 2002 in several capacities including instructional designer, team leader, and executive director in several areas of the training department (Dickinson, 2014). The company was founded by its very own customers, military personnel and their families who needed a way to be insured, since they were often denied insurance by big name insurance agencies. Dickinson confirms that serving customers continues to be their number one priority, and because they see their customers as their family, USAA is able to "set the bar for insurance with their transparency." USAA, at their start, even went as far as servicing the entirety of the U.S. from San Antonio, in order to cut costs, and be able to give the most to their customers. By putting people at the center of their company, USAA was able to become a great place to work "without making it their focus, it was a result of their great work." When Dickinson was asked what he thought made USAA a great place to work, he proceeded to discuss their values and very high standards, allowing each employee a stake in the company, amenities, compensation used to recruit members, a 401K plan, pension, insurance, retirement, the four fitness centers and a nice on-site cafeteria. In addition, Dickinson said "the employees were friendly, they have a well formed training staff and USAA treats employees well, they are very fair," he also made a point of saying that he enjoyed the work he was doing. USAA has achieved excellence by treating both its employees and its customers like one big family, they celebrate each other's success, and take care of one another (USAA, 2015a). The same, however, is not true for The SCOOTER Store.

#### The SCOOTER Store

The SCOOTER Store, founded in New Braunfels, TX in 1991, was rated a best place to work in 2010 (The SCOOTER Store, 2010). Formerly, The SCOOTER Store

"sold wheelchairs and motorized scooters to people with limited mobility" (CBS/AP, 2013). The company filed for bankruptcy protection on April 11, 2013 and was effectively shut down by October of the same year. Dickinson worked at The SCOOTER store from 2002 until 2011, once again in multiple capacities, including director and in eLearning & curriculum (Dickinson, 2014). According to Dickinson, after being awarded a spot on the best companies to work for list in 2010, The SCOOTER Store "deliberately decided not to reapply," due to the amount of work that goes into an application. "They had a party atmosphere, many celebrations, and would take management to resorts to do the planning" Dickinson says about the award winning culture. However, this culture changed over the time he worked there. In the beginning, the founders of the company saw an underserved market, they "saw that people were mystified by the process, [of acquiring a motorized scooter] but they saw it as an endless supply of money," this was a company that was fundamentally based on confusion and a hunger for money, and ultimately, that was their downfall. Dickinson states that the two companies had different values, while one was "based on benevolence the other was based on greed." The SCOOTER Store's "strategy was to 'bulldoze' doctors into writing prescriptions, so people would get the chairs, whether they needed them or not (CBS/AP, 2013). From these prescriptions, clients would be able to leave with their motorized chair or scooter without having paid for it, and then have Medicare or Medicaid reimburse The SCOOTER Store. During the lawsuit filed against The SCOOTER Store by Medicare, it came out that, "Medicare accounted for about 75 percent of The SCOOTER Store's revenue." According to Dickinson, they "operated at the edge of the law, and had aggressive sales tactics" (Dickinson, 2014). Dickinson also pointed out that the

employees were first to feel the effects of the downfall of the company. First, the employee benefits began to tighten, and then, compensation became less frequent and less substantial. By attempting to pay their employees, and get rich off of the American taxpayers, The SCOOTER Store was built to fail. What started out as a fun culture, with a business that could potentially help millions of disabled people was overcome by greed. Without the fundamentals to drive their culture, it was easy for them to move away from their mission and towards profits, despite the questionable ethics of it all.

Dickinson believes that because USAA based their culture around stewardship, they have been able to not only be successful in their endeavors, but they have been able to maintain their status as one of the best places to work. The reason that The SCOOTER Store was not able to do the same is because "the fundamentals weren't there," their culture was flimsy, their employees were treated, at first, like a family and celebrated, but when hardships were experienced the employees were the first to feel the effects, from being laid off, to not being paid on time. Without the values in place, they could not maintain the business.

#### **Interview Conclusions**

Interviewing these employees really helped put into focus what makes a successful culture in practice. First, defining what the company is and what goals it seeks to accomplish will help guide the culture and the decision making process, in an ethical fashion. If these goals and values are not made clear beforehand, it is easy to stray from the original mission, and be overtaken with the prospect of making money. At USAA's core there is the mission to serve military personnel, and make sure they are getting treated with the respect that they truly deserve. At the core of Sparksight is their desire to

"initiate, innovate, impact, [and] inspire" their business, their employees, and their clients (Mckown, 2015). Leading Reach's core can be defined by their experiences in the healthcare industry, which leads to the desired outcomes, which ultimately leads to client satisfaction (About Us at Leading Reach, 2015). By allowing themselves to be guided by their values, a culture has formed at these companies that welcomes innovation, fosters growth, and is an enjoyable experience for employees and customers alike.

Another thing that is important for developing a culture that contributes to the success of an organization, is compensation. When employees are compensated fairly, it relieves the stress that money can cause, thereby giving them the room to think clearly about the task at hand. This means that employees will be less distracted by other issues, and be able to produce better work. It should also be mentioned that hiring is incredibly important for organizational culture. Finding an employee whose values and personality fit with that of the organization may be difficult, and may be an extensive process, like the several rounds of interviews at Sparksight, but finding the right fit means that employees are less likely to leave the company. Employees that are willing to go through this extensive process may already come into an organization with pride, because they were selected, and some sort of commitment to it, as they did not drop out due to the process. These employees are more likely to work for the organization's mission rather than their personal goals, because they want to see the organization succeed in achieving goals, and growth.

Honesty and transparency is another factor that successful cultures exhibit.

McKown emphasized the importance of trust in her organization (Mckown, 2015).

Without the ability for managers to trust their employees and vice versa, it is impossible

to nurture this type of culture. Flex-time, working from home, and unlimited vacation time all require managers to trust their employees to complete their work by deadlines, and to dedicate the amount of time needed to do it as best as possible. Employees who do not put in the amount of effort or time that is needed to properly complete a task betray that trust. Employees trust their managers to pay and promote them fairly, to give them assignments that are challenging and thought-provoking, but not impossible, and understand when they need to take time away to handle personal matters. Hiding failures is also a big issue of trust. If an employee is afraid to fail, they operate under an intensified stress level, which makes failure more likely, and they are less likely to report mistakes. In this situation, the company can be effected by the mistake, and the employee does not learn from it. Being honest and transparent with customers is also significant to organizational success. Customers want to know what is in their products, what type of labor, or material is used, what the true cost of their service is, and what they are really getting when they make a payment to a company. USAA is guided by this principle, and they are straightforward with customers about the cost and the benefits and services they receive and it has gained them recognition (USAA, 2015b). On the other hand, The SCOOTER Store lied, cheated and stole. They operated with closed door policies, on the edge of the law, failing to abide to an ethical standard. Due to the nature of their business, and their dishonesty with employees, customers and the government, The SCOOTER Store ceased to exist (CBS/AP, 2013).

#### **Chapter 4: Drawing Conclusions**

After exploring the aspects of creating a powerful culture, seeing it in action in successful companies, and conducting interviews for more in-depth support, it is

impossible not to notice that what makes mega corporations like Google and Zappos great places to work, are the same guiding principles that work for smaller companies like Sparksight. It comes down to the people and the culture. While achieving a work/life balance was once a goal for most employees, in today's fast paced and technologically advanced society not being plugged in is difficult. By changing culture for the Millennials who grew up with technology, corporations will be able to reap the benefits that follow employee satisfaction.

To create this type of culture, a company should start clearly defining goals, values and objectives. By defining these, old and new employees alike will be able to work towards something concrete, and be able to measure their progress. With the fundamentals outlined, knowing how and who to hire will also become easier for human resources. Finding applicants who align themselves with the organization is imperative for the success of the organization, and will be really influential on the employees themselves. Employees who identify, not only with their coworkers and bosses, but also with the organization itself are more likely to be satisfied in their position. As stated earlier, when employees have less to worry about in terms of compensation and benefits, they are free to produce better work. Employees are also more likely to produce better work, when it's the kind of work they want to be doing. This means hiring the right people not only for the organization, but putting them in the right position, and allowing them to find meaningful solutions to the problems they are presented with. This will often give Millennials the sense of purpose that they look for in their careers. It will also allow employees the opportunity to find what aspects they prefer, which aspects they excel at, and which aspects of the position they need to improve. Giving this opportunity to take

on several responsibilities and become an expert in specific areas is also vital for employee satisfaction. Finally, employees want the freedom to try new things. Innovation is born with risk. Without the liberty to take risks and try new things, growth is not possible. Millennials want to find the easiest and most efficient route, and allowing them to do this can potentially have great benefits for an organization.

Investing in developing a corporate culture that will help an organization succeed has worked for big name and relatively unknown corporations alike. This model has also worked in many industries, from technology to nutrition. Fostering an accepting, honest, and diverse culture will lead to a better bottom line. Focusing on profits does not mean making more money, but investing in the culture will construct a company, that cannot be reproduced. When a corporation invests in their culture, they invest in their employees, and in return, their employees will see to it that they succeed. When a highly committed group of individuals come together with a common goal, and the freedom to try new things, great things are possible.

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