A company’s culture can have a powerful impact on its performance. Culture is the glue that binds an organization together and it’s the hardest thing for competitors to copy. As a result, it can be a lasting source of competitive advantage. Take these examples:

- **Kent Thiry** builds a values-focused culture at DaVita and transforms the company from a laggard to the world’s leading provider of kidney dialysis services.
- **Alan Mulally** creates a “working-together” spirit at Ford Motor Company that focuses and re-energizes the automaker, reversing a decades-long slide in market share.
- **Herb Kelleher** fosters a culture of employee empowerment and cost containment at Southwest, enabling the airline to become one of the world’s most admired and profitable carriers.
- **Steve Jobs** builds a challenging culture at Apple — one where “reality is suspended” and “anything is possible” — and the company becomes the most valuable on the planet.

But culture doesn’t always produce great results. In fact, when my colleagues at Bain & Company surveyed more than 400 senior executives from large, global companies last year, they found that fewer than one in four felt that culture was very effective in supporting business performance at their company. The majority felt that their organization’s culture was largely disconnected from what it took to win.

Why this disconnect? In our experience, too many companies think of culture as a way to make people feel good about where they work and not as a way to help employees — hence the organization — perform better. High-performing companies think about culture differently. They know that winning cultures aren’t just about affiliation; they are also unashamedly about results.

Our research suggests that winning cultures are comprised of two interrelated and reinforcing elements. First, every high-performing company has a unique identity — distinctive characteristics that set it apart from other organizations. These characteristics give employees a sense of meaning just from being part of the company. They also create passion for what the company does.

Southwest Airlines is the classic example. Under Herb Kelleher’s leadership, the company became known for its sense of humor, irreverence, and focus on the employee. This unique identity not only made flying Southwest fun for passengers, it made its labor force more productive. Flight attendants, not cleaning crews, cleaned aircraft between flights, reducing time at the gate and improving on-time performance. Maintenance workers routinely devised better ways to maintain Southwest’s fleet of 737 aircrafts, lowering costs and improving up-time. The company’s unique identity reinforced many of the elements that were critical to Southwest’s strategy, such as keeping costs low. As a result, Southwest is the world’s largest low-cost carrier and is consistently among the most profitable airlines in the world.

Culture is more than just a unique identity, however. The best performing companies typically display a set of performance attributes that align with the company’s strategy and reinforce the right employee behaviors. Our research revealed seven of these:

1. **Honest.** There is high integrity in all interactions, with employees, customers, suppliers, and other stakeholders;
2. **Performance-focused.** Rewards, development, and other talent-management practices are in sync with the underlying drivers of performance;
3. **Accountable and owner-like.** Roles, responsibilities, and authority all reinforce ownership over work and results;
4. **Collaborative.** There’s a recognition that the best ideas come from the exchange and sharing of ideas between individuals and teams;

5. **Agile and adaptive.** The organization is able to turn on a dime when necessary and adapt to changes in the external environment;

6. **Innovative.** Employees push the envelope in terms of new ways of thinking; and

7. **Oriented toward winning.** There is strong ambition focused on objective measures of success, either versus the competition or against some absolute standard of excellence.

Few organizations exhibit all seven of these attributes. But high-performing organizations typically spike on the three or four that are most critical to their success.

Take Ford Motor Company. When Alan Mulally became CEO at Ford in 2006, the company operated in regional silos. As a result, the Ford Focus in Europe was different from the Ford Focus in the Americas. The company had too many brands, too many platforms, too many disparate parts, too many suppliers, and so on. To turn the automaker around, Mulally focused on building One Ford — a leadership model based on collaboration, innovation, and a desire to win (again). With time, leaders at the automaker started working together to simplify and streamline the company globally. They rationalized brands, consolidated automotive platforms, made options and parts more common and designs more innovative. In just three years, Ford went from losing share and money to gaining share and making money.

Culture plays a vital role in performance. Winning cultures treat performance as an explicit output and foster an environment that is conducive to generating the best possible results — not just for employees, but for customers, suppliers, and, yes, even shareholders.

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**Culture That Drives Performance**

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