Corporate Culture:
The Last Untapped Strategic Asset of Your Organization

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Lottery agencies face a unique set of business challenges which we're all familiar with and trying to tackle on a daily basis. They include:

• Player fatigue with big jackpots

• Difficulty identifying and reaching the next generation of players

• Rising operating expenses mean that each dollar of incremental growth comes at a higher cost

• Cracking the code on successful digital engagement

• Better utilizing digital throughout the POS experience

However, there is an even more important challenge most lottery agencies face and that directly influences the performance of their business. I am referring to an agency's corporate culture, and the fundamental role it plays in driving innovation, growth, profits and employee satisfaction.

In fact, a lottery's ability to tackle its business challenges is directly related to the strength of its corporate culture.

So, what exactly is a corporate culture?

When in doubt, we can start with Wikipedia:

Corporate Culture (or organizational culture as it is often referred to) represents the collective values, beliefs and principles of organizational members and is a product of such factors as history, product, market, technology, and strategy, type of employees, management style, and national culture. Culture includes the organization's vision, values, norms, systems, symbols, language, assumptions, beliefs, and habits … Thus, organizational culture affects the way people and groups interact with each other, with clients, and with stakeholders. In addition, organizational culture may affect how much employees identify with an organization (Source: Wikipedia)

So: the corporate culture represents the unique style and policies of an organization as expressed by the beliefs and values of its employees. As well, and perhaps most important—the corporate culture is also seen in the official and unofficial behaviors deemed as acceptable or desired inside the company.

The peculiar and sometimes dangerous aspect of corporate cultures is that they don't have to be consciously created in order to exist and seriously affect a business, for better or for worse—they can just as easily be a remnant of a past management legacy.

Or perhaps, the corporate culture is not clearly defined at the top of the organization or changes too frequently because of constant management changes. Then, subcultures will take over that are usu-

ally more driven by the preservation of a department rather than the thriving of the organization. And that makes sense! In absence of a clear vision and a clear set of values and accepted behaviors, it is human nature for employees to default to behaviors that create a subculture that will help them preserve their own domain and jobs.

Jeremy Gershfeld, founder of Corporate Culture & Communication firm Quartet Approach (http://quartetapproach.com/) believes that it is not easy to get a concrete grasp of a company's corporate culture. A analogy Jeremy likes to use to describe corporate culture is the unique way one's own family might do things and interact with each other. For example, think about visits with your family over the holidays. At a large family gathering, you might notice how family group habits can distort your own behavior. You might observe, over, say, Thanksgiving dinner, how different members of the family do things very differently, and how this affects the group's behavior as a whole, especially when the full group is brought together.

Of course, the stakes are different in a professional environment, where individual and group goals are different than getting along with your relatives for a few days. However, the culture still exists, and the group is often bound by its social dynamics.

The Lasting Value of a Strong Corporate Culture

Harvard Business School Professors Jim Heskett and Earl Sasser and coauthor Joe Wheeler assert in their new book, *The Ownership Quotient*, that **strong, adaptive cultures can foster innovation, productivity, and a sense of ownership among employees and customers. They also outlast any individual charismatic leader.**

While all these benefits are highly relevant for lottery agencies the last one is particularly salient, as lottery Executive Directors will change every few years and each new ED will bring their own sets of priorities, values and styles of doing business.

As Catherine McIntyre-Velky, a project management and process consultant who has worked with First-The-Trousers on a process optimization project for the Arizona State Lottery says: *"One cannot under estimate the power of culture and its influence on productivity, especially in an environment that deals with regulations. A good strong corporate culture is as much a part of the process as the process itself. In order to successfully navigate deadlines and approvals, you must be able to speak the currency and understand the communication exchange."*

"Your Culture is Your Brand"
—Tony Hsieh, CEO of Zappos

The idea that corporate culture is a strategic asset has become increasingly popular over the last few years. The most shining example, of course, is Zappos: the world's largest online shoe store, known amongst other things for its "Wow" customer service and its philosophy of delivering happiness to both employees and customers.

Zappos CEO Tony Hsieh captures his beliefs in this quote: Our belief is that if you get the culture right most of the other stuff like great customer service or building a great long-term brand or empowering passionate employees and customers will happen on its own. He should know: his company was acquired by Amazon in 2009 for $1.2 billion.

"Culture Eats Strategy for Breakfast"

This quote is from Peter Drucker, management consultant and business thought leader whose writings contributed to the philosophical and practical foundations modern companies perhaps more than anyone else. He argues that having a strong corporate culture is actually more important for a company's success that a well thought through strategic plan. In the same vein, Harvard Business School Professor Emeritus James L. Heskett (and author of "The Culture Cycle") **finds that as much as half of the difference in operating profit between organizations can be attributed to effective cultures.**

As such, improving ones corporate culture should be seen as an opportunity for an industry, like the lottery, that struggles with operating costs growing faster than sales and the resulting pressure on profits and revenue contribution.

But, Lottery Agencies Face Unique Cultural Challenges

Lottery agencies face two unique challenges with regard to their corporate culture:

1 Lottery agencies are government agencies and therefore cannot incentivize their employees based on their performance like a private organization would. This in turn has a direct impact on employee morale.

2 Every few years a new Executive Director is appointed to head the lottery agency directly impacting the agency's culture in ways that may be surprising. Many of the lottery employees we've talked to across the country over the years describe their tenure with the agency not in numbers of years ("I've worked here for 15 years") but by the number of Executive Directors they've worked under ("I've had 9 Executive Directors"). This point matters because of the crucial role the corporate leaders have in defining and implementing the organizations culture.

These challenges can leads to "dysfunctions" within a lottery agency that directly impact performance, employee motivation and

profits. Some of the symptoms of a weak lottery agency culture are:

1 Lack of clarity within the agency with regard to the agency's objectives and how to achieve them. While the core objective of a lottery agency is clear, or should be (increase the revenue contribution to the state) Executive Directors tend to provide their own interpretation of the agency's objectives and how to achieve them. This interpretation, of course, has an immediate impact on the culture and the priorities set by the broader organization.

2 Intra- and inter-departmental silos and lack of alignment: A lack of unified culture that everyone can live by often leaves each department or even each individual to pursue their individual objectives. This leads to subcultures that may not necessarily be aligned with the organization or with other departments (but that are aligned with their understandably natural need for job security). This often leads to a lack of coordination and collaboration between and within departments which again directly impacts the overall business performance.

3 Lack of communication & accountability. A weak culture is also often defined by a lack of transparency or accountability in the decision-making process. Employees in one department don't know for sure what people in other departments do. Critical information is often poorly documented and not easily accessible. The default behavior becomes to only share information if needed or if actively requested.

4 Lack of appreciation for subject matter expertise. Another symptom of weak corporate cultures is often a general lack of understanding or appreciation for how others do--or could--contribute to the mission. On a personal level this often means that individuals do not feel appreciated or valued for their roles and contributions.

Improving Ones Corporate Culture

The first task for any organization looking to improve its culture is to actually try to define its current culture and assess its strength by asking a few basic questions:

1 Is the agency's vision and core values clearly defined and consistently understood by everyone within the organization (can everyone within the organization tell you in a few words what the vision and core values are)?

2 How motivated are the agency's employees? How valued and appreciated do they (really) feel?

3 Is there transparency and cooperation within and across departments or is the cooperation hampered by formal or informal silos?

4 Does information flow freely within the organization or it is "hoarded" by specific departments or individuals?

5 Is the decision making process (RACI framework) within the organization transparent and it is clear who is accountable for what decisions?

These questions are basic yet fundamental. And while you'd think or hope that he answers to those questions are obvious, the reality is that they often are not. However, I am always surprised, and I've talked to many people working in the lottery industry over the last 5 years, by how open and willing employees generally are to share this information candidly when asked (though maybe they are more willing to open up to an outsider).

Imagine Your Organization is a Music Group

Undertaking an objective self-assessment of ones' corporate culture can be difficult. Because of that, understanding how to evolve your corporate culture isn't easy either.

For example, imagine your organization is an orchestra playing a symphony. How would it actually sound? Does your group sound like a harmonious masterpiece that transports you into a different world or does it sound like the cacophony of uncoordinated and un-synchronized noise (think first-grader annual Christmas concert)? Be honest with yourself.

The illustration of how a quartet can either produce beautiful music or just noise based on how well coordinated and in-synch the quartet members are is at the core of Quartet Approach's consulting philosophy. Based on an upfront audit which identifies the strengths and weaknesses of your organization's culture, Jeremy Gershfeld and his team let you actually experience what your organizational culture 'sounds' like now and what it could sound like in the future. In Jeremy's own words *"The Quartet Approach personifies what happens when the rehearsing and performing group of four musicians plays a substantially better group performance when the elements of their culture are healthy (as well as hearing/observing what happens when culture is not). It becomes very clear what happens when, for example, a lack of clarity in the group's roles create a psychologically unsafe setting."*

Translating the strength and weaknesses of an organizational culture into music often creates an "aha!" moment and the discussions that result from these insights of one's organizational culture can help determine alignment, communication, and expectations.

To Conclude

Corporate culture has become an increasingly relevant subject in the business world over the last 10 years as companies have come to realize the role it plays in sustaining a competitive advantage and building a business. It is especially relevant in the lottery industry which faces its own specific challenges that could be overcome with decisive movement toward a stronger corporate culture. This type of corporate culture exploration and refinement might therefore be worth exploring as an opportunity to improve the performance and revenue contribution of lottery agencies. ∎

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