



Four Cornerstones of Business Success: 4. Culture

What Type of Corporate Culture Does Your Company Have?

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In this series of articles, we have been focusing on what I refer to as the “four cornerstones of business success” — mission, vision, values and culture. These principles are so important that I do not believe Los Angeles and Southern California business owners and entrepreneurs can be successful unless they embrace and incorporate them into the core fabric of their company’s being.

Our previous article took a close look at values. In this final article in the series, we will examine corporate culture and the role it plays in the success of a business, as well as the four main types of corporate culture.

Examples of Corporate Culture

Some of the best-known companies in the world are known for their corporate cultures. Take Apple, for example. Ever since Steve Jobs founded the company, it has been known for its corporate culture in which hard work, innovation and results are rewarded (often richly), while the opposites not only aren’t rewarded, but they are not tolerated. The company is extremely particular about hiring employees who will be a good fit for its culture. And anyone who aspires to work for Apple should have a good idea of this culture and the high performance expectations they will face as an Apple employee.

The Four Seasons Hotels and Resorts is another company that’s known for a particular kind of corporate culture. The Four Seasons consistently ranks as one of the top companies in the world in any industry for service, and the company’s founder and chairman credits this to a corporate culture that stresses providing exceptional customer service on a consistent basis. This is “the one idea that our customers value the most,” he said, and that cannot be copied by its competitors.

Google is also known for its corporate culture, which tends to be informal. The tech giant strives to maintain the kind of open culture that is seen in many tech startups, encouraging all employees (who the company refers to as Googlers) to be hands-on contributors and to feel comfortable sharing their ideas and opinions openly. At weekly “all-hands” meetings, Googlers have the opportunity to ask questions directly to the company’s top executives — and even to chat with the company’s famous co-founders Sergey Brin and Larry Page in the hallway or the café.

Types of Corporate Culture

Your corporate culture should reflect the beliefs, values and behaviors of everyone who works at your business. Corporate cultures are unique — no two companies will ever have the exact same corporate culture. However, most corporate cultures can be grouped into one of four culture types:

- 1. Hierarchy Culture** —This type of corporate culture stresses strict adherence to formal rules, regulations and bureaucracy. Traditional layers of management are usually firmly in place and employees are strongly encouraged to follow the formal chain of command with little, if any, deviation. An emphasis is usually placed on organized, efficient and smooth-running operations, and leaders manage largely by exerting their status and position. A hierarchy culture is most common in large companies and

governmental organizations, although many different types and sizes of businesses incorporate some elements of this type of culture.

2. Market Culture — While emphasizing organization and control like the hierarchy culture, the market culture also stresses the importance of strong external relationships with customers, vendors, suppliers and other stakeholders. Companies practicing this culture tend to believe that nurturing these relationships will make the company more competitive and, ultimately, more successful. According to at least one long-term study on corporate culture, the market culture is most likely to produce strong financial results.

3. Clan Culture — In companies with a clan culture, internal collaboration, interactive teamwork and high morale among employees are strongly encouraged and rewarded. The atmosphere and environment within these companies often feels more like a family than a business. The organizational structure is usually flat, with a single charismatic leader who exerts strong influence over everyone in the company and openly shares his or her vision with all employees. Companies with a clan culture usually experience high levels of worker satisfaction and low levels of employee turnover.

4. Adhocracy Culture — Also sometimes referred to as an entrepreneurial culture, this type of corporate culture stresses innovation, adaptability and flexibility. It is basically the opposite of the hierarchy culture. Employees are usually given a lot of autonomy to try new things, and they are encouraged to take risks and pursue new growth opportunities without fear of failure. Employees are also trained to react quickly to changing market conditions and competitive forces. The adhocracy culture is common in most technology and startups companies.

Concluding Thoughts

Some of the best-known companies in the world are known for their corporate cultures — companies like Apple, The Four Seasons and Google. While corporate cultures are unique, with no two companies having the exact same culture, most corporate cultures can be grouped into one of four culture types: a hierarchy culture, market culture, clan culture, or adhocracy (or entrepreneurial) culture. You should make the effort to be proactive in establishing the right kind of corporate culture at your business that reflect the beliefs, values and behaviors of everyone who works in your organization.

This article is the last in a series, and links to all previous articles are provided here:

Four Cornerstones of Business Success

[Introduction](#)

[1. Corporate Mission](#)

[2. Long-Term Vision](#)

[3. Company Values](#)

4. Corporate Culture – *This is the Culture article.*

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