



## **Building A Strong Corporate Culture**

*By Bill Whitlow, Terra Search Partners*

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In our business of retained executive search, we like to talk about “the playbook” our recruits bring when we hire them from a strong company. In our apartment practice, this most often means leaders in the industry, particularly Camden, Equity Residential and AvalonBay, who are consistently leaders and best regarded in terms of strong overall systems and culture. Recently, I heard an owner say that he likes to “hire people from EQR” because they are well trained, well motivated and bring a strong approach (i.e., a playbook).

But while the term “playbook” is typically easily translated in terms of policies, systems and approach, “organizational culture” is a less tangible concept and often more difficult to define.

According to one definition, organizational culture represents a collective basic pattern of assumptions shared by people in an organization—a belief system that guides the way they interact with each other and with stakeholders outside the organization.

But if asked, many companies in the apartment industry would be hard-pressed to define their own organizational culture. Most often they might define a goal, such as having “a customer centric culture.” However, this characterization misses the deeper meaning and potential benefits of embedding good culture within an organization. Regardless of the level of corporate resources or size of your company, the many benefits of creating positive corporate culture are too great to ignore.

### **Less turnover**

Some companies are well known for their turnover. Conversely, other companies are able to achieve high employee retention, and consequently, a high level of positive recognition within the industry. How does Camden, for the fifth consecutive year, continue to make Fortune Magazine’s list of the “100 Best Companies to Work For in America”? How has Archstone kept so much of its senior team intact through what has been an incredibly painful transition? I think in both cases, it is because they are companies with strong leaders and culture designed and built from top to bottom.

### **Less corporate drama**

Camden, EQR and AvalonBay all stand out as companies that have been sticky in terms of their senior management teams. Such level of stability says good things about management and the firm, which we believe translates down to the folks in the trenches feeling good about where they work. The way companies treat their associates directly correlates to how those associates behave towards external constituents such as residents, investors and even competitors. When your employees have a positive perception of their employer, they are capable of exerting a powerful positive influence on everyone’s perception of your company.

### **Greater revenues**

It is difficult to directly tie positive culture to increases in performance metrics such as greater revenues, occupancies or stock price. But we do know that lower resident turnover and lower associate turnover tie directly to bottom-line performance. It is harder to quantify, but we also know that investments in people, such as training and a positive workplace environment, pay dividends in the long run.

The other side of the coin is how a lack of investment and effort to create a positive culture in their organization can wound a company’s efforts in all of the above areas. Again, we are not sure how to quantify this against stock price and performance, but we intuitively know that the negative is probably even costlier than the positive is a benefit.

Recently, I took on a client whose company had a reputation as a difficult place to work. Within a short time after starting our search, the market informed us that employees at this particular company were not treated very well. The executive team had spent no time thinking about creating a positive organizational culture. Consequently, unhappy employees left the company and spread the bad word. The negative perception made it difficult to recruit talent.

I should add, however, that too much stability within an organization is not always a good thing and can (a) cause less opportunity for people to move up (and therefore leave) and (b) limit the flow of “new blood,” thereby limiting a company’s innovation and perspective.

One last thought. This article cites Camden, EQR and AvalonBay as standouts when it comes to culture. While such large firms have greater resources and are therefore better able to amortize costly overhead programs, companies of all sizes can achieve these goals. Indeed, we have often found that the “mom and pop” organizations have the strongest and most positive cultures, with commensurate low turnover rates among residents and associates. No company is too large or too small to succeed at creating great culture and great organization. Highly motivated teams can be found within any firm that is willing to invest and engage in the “culture building” process. Every firm can learn from the successes of others both inside and outside of the apartment industry.

### **About Bill Whitlow**

Bill Whitlow is a Partner with Terra Search Partners, a retained executive search firm helping real estate companies build great teams. Terra Search Partners serves many of the country’s foremost REITs, private equity firms, pension fund advisors, private developers and owners, family owned businesses and non-profits. To see additional articles written by Bill and others at Terra Search, click through to [www.terrasearchpartners.com](http://www.terrasearchpartners.com). Contact Bill Whitlow at [bill@terrasearchpartners.com](mailto:bill@terrasearchpartners.com) or 415.433.1630.