

'CULTURE REBUILD' IMPROVES EVERY PERFORMANCE METRIC

SHAPE's overhaul of leadership and culture improved every single one of their business performance metrics.

Background




SHAPE are building contractors who specialise in commercial interiors across several sectors. After bringing in a new board of directors, the organisation adopted an aggressive growth strategy with a plan to double their size within a relatively short period. The strategy was realised and employee numbers grew to 500. What followed was excessive layers of management, confusion over company direction, and turf wars with aggressive managers. Then the GFC hit...

The organisation was forced to backtrack on the strategy and reduce headcount by a third. Deciding not to be a commodity player, SHAPE made the choice to redefine their purpose as a premium service provider. The decision was made to reinvest in their employees and create an environment that would attract and retain the best people.



Need for Change

A strategy of rapid top-line growth had derailed their initial vision of a high performing culture. It brought in leaders with perceived technical expertise but their cultural fit was lacking. This was further exacerbated by the GFC.

-  **Aggressive leaders 'crushing culture'.**
Power struggles, turf wars, and a preoccupation with looking better than your colleagues.
-  **Turnover and profit crashing.**
Market conditions forced savage budget cuts. The most significant cuts impacting people development.
-  **Losing collective knowledge.**
Subcontractors were folding and SHAPE were forced to radically reduce their headcount.

The executive team were under immense pressure from shareholders which included a 35% stake from a major venture capital group. Decisions needed to be made to maintain the viability of the company. This meant downsizing significantly, resulting in the loss of many talented people. Shape now faced the future with an anxious workforce and significantly reduced budgets.

Challenge

Margins were incredibly low, and their remaining employees were feeling vulnerable. As the market stabilised, the challenges at SHAPE still remained and action was required.

- 01 Commodity player cutting overheads.**
It was a race to the bottom competing only on price. They needed a new point of difference.
- 02 Great (but fragile) people.**
Employees felt high levels of instability at SHAPE. They may have left if market conditions improved.
- 03 Significantly reduced budgets.**
There were limited funds to invest in improvement programs for leadership and culture.

Looking to the future, SHAPE saw two options. They could either choose a path of pure cost based competition or redefine their purpose as a premium service provider and reinvest in the best people their industry has to offer.

Solution

Building companies are run by engineers and accountants. Traditionally, every strategic objective must be measurable. SHAPE needed to address their challenges with proven solutions backed by research.

- 01 Redefining purpose and vision.**
People were their point of difference. A leading provider needed to attract and retain talent.
- 02 Reinvesting in their people.**
Create programs focused on building the right leadership behaviours and capabilities.
- 03 Linking culture to performance.**
Get senior buy-in by providing compelling insights on how culture impacts the company scorecard.

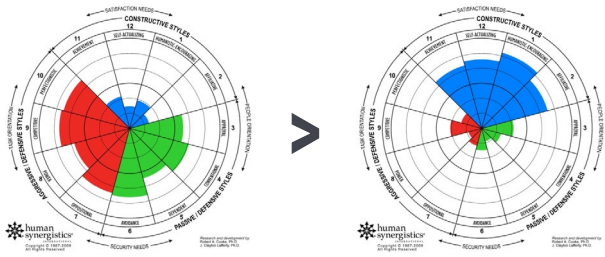
Senior leaders became huge advocates as they realised the relevance and potential of these initiatives. Early on SHAPE recognised the importance of culture from the perspective of strategy implementation.

“
It’s not about the plan, it’s about how you implement it, and for that you need the right culture environment or the best-led strategies will fail.”
Executive Leader - SHAPE



Results

Over the period of culture change, SHAPE found that traditional metrics including sales, profit, customer satisfaction, employee satisfaction, safety, quality, and risk management improved when the culture did.



- 46%** INCREASE IN EBITDA (CAGR)
- +83** NET PROMOTER SCORE (NPS)
- 299%** INCREASE IN PROFIT FOR POOR PERFORMING STATES
- 23%** DECREASE IN UNPLANNED STAFF CHURN