



Culture: The Next Competitive Advantage

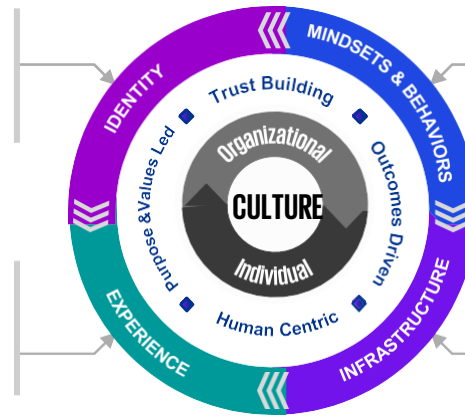
Culture is “**how work gets done**” and “**the worst behaviors tolerated.**” Culture is the product of organizational **identity, mindsets & behaviors, infrastructure,** and the **people experience.** It can accelerate or undermine strategy and transformation efforts, and it is often neglected because seems hard to measure and action. But culture is **actionable, measurable,** and **essential** to get right for any successful transformation.

Identity

Who you are, what you believe, how you want to be seen, and what you expect from one another

Experience

How the organization is experienced by employees, leaders, customers, suppliers, regulators and other stakeholders



Mindsets & Behaviors

How work gets done—consistent behaviors or “unspoken rules” of the organization

Infrastructure

What accountability structures, such as policy, processes, tools, technology, governance, and environment, support and / or inhibit success in delivering on expectations

Transformational Mindsets to Achieve Your Outcomes

Transforming takes time, and yet leading with the right decisioning framework is key to achieving and accelerating success. KPMG’s approach starts with the end in mind and is grounded in intentionality and sustainability.



Purpose & Values-Led

Transformation should be anchored in identity, **signaling and reinforcing who you are, what you believe, and why you exist.** Expectations need to be clearly defined and actionable.



Human-Centered

Change is hard. It depends on humans and building new habits and norms. Taking a co-creative, human-centered approach **is essential to driving adoption, reducing risk, and realizing ROI.**



Trust-Building

Every interaction is an opportunity to build confidence, engagement, and trust. Being intentional and adopting trust accretive practices will help **mitigate the worst and optimize the best behaviors,** to accelerate outcomes realization.



Outcome-Oriented

By using an **iterative, research-based¹, data-driven** approach, KPMG consistently calibrates to drive your **most important leadership priorities, most ambitious organizational outcomes,** and a consistent experience bespoke to your needs.

¹ includes both client-provided data, latest academic research (i.e., Kaptein 2020)

For your organization, these areas may surface as:

“We need to improve pride in the company”

“We need to improve our reputation”

“We need to make expectations clear”

“We need to retain top talent”

“We need to be more collaborative”

“We need to improve performance”

“We need people to feel comfortable speaking up”

“We need to strengthen leadership”

“We need to eliminate silos”

“We need to take more risks”

“We need to be more innovative”

“We need to focus on quality”

Transforming your culture challenge to a culture advantage

Culture is dynamic, continually evolving with changes in the internal (e.g., leaders) and external environment (e.g., competitors, economy). Without intentionality, your culture can change in unexpected ways and introduce systemic risk to your environment. KPMG sees four common opportunities where culture shaping can drive impact.

Mergers & Acquisitions

Leverage culture as an accelerator to raise confidence, build consistent experiences and structures, and strengthen ROI

Leader Visioning & Enablement

Position leaders for success, establishing shared goals and strengthening ways of working to drive performance

Transformation Enablement

Increase the likelihood of success and ROI of any transformation effort and improve the people experience

Risk Management

Unearth your cultural vulnerabilities to better manage organizational risk and reduce the potential for expensive surprises

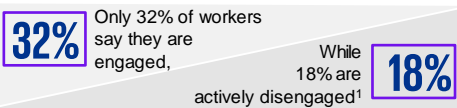
Addressing these challenges requires a holistic and sustainable approach, triangulating desired organizational outcomes, leadership priorities, and employee needs, all while mitigating immediate risks.

Regardless of your current culture challenge, KPMG's research-backed*, outcomes-based approach can help you establish culture as a competitive advantage.

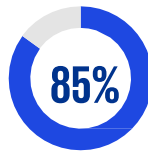
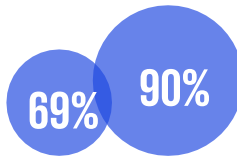
*Core research based on KPMG Netherlands Partner work: Kaptein et al Kaptein, M., 2010, In: Journal of Business Ethics. 92, 4, p. 601-618 18 p The ethics of organizations: a longitudinal study of the U.S. working population

Why Act Now?

Culture matters and is enabling or inhibiting your strategic ambitions. Getting intentional about culture can unlock organizational potential and give you a true competitive advantage.



On average, 69% of employees don't believe in the cultural goals set by their leaders and 90% don't behave in ways that align with them²



85% of CEOs and CFOs believe their culture is not where it needs to be³



Companies with weak cultures are 10 times more likely to experience misconduct issues than those with strong cultures⁴

Culture is a top reason why M&A deals fail to deliver on their promised value

Footnotes:

1. Gallup's 2022 Engagement Survey
2. Gartner 2017 Future of Agenda Poll
3. "Corporate Culture: Evidence from the Field"; Graham, Harvey, Popadak, and Rajgopal; Duke University 2015.
4. "Research Reveals That Integrity Drives Corporate Performance: Companies With Weak Ethical Cultures Experience 10x More Misconduct Than Those With Strong Ones"; PR Newswire; September 2010

Why KPMG?

We help demystify your culture, making it understandable, tangible, actionable, and a driving force for your strategy. Our culture approach a full range a cultural needs from M&A and business integrations, to targeted culture challenges, to transformation enablement and full-scale culture transformation.

- We **meet you where you are** and adapt our approach to your organizational needs.
- We work with stakeholders to **co-create** the future state through a **human-centric approach**.
- We help you **measure behavioral change** to help you understand program efficacy and adapt quickly to what is and is not working.
- We are **outcomes-oriented** and help you make your strategic, operational, reputational, and compliance aspirations a reality.

Contact us to find out how we can help you.



Tracey Keele
Partner, Advisory
Culture & Experience
tkeele@kpmg.com



Crystal Thompson
Director, Advisory
Culture & Experience
crystalthompson@kpmg.com



Kyle Bodt
Director, Advisory
Culture & Experience
kbodt@kpmg.com



Stephanie Gore
Director, Advisory
Culture & Experience
sgore@kpmg.com



Kristen Branham
Director, Advisory
Culture & Experience
kristenrandolph@kpmg.com

kpmg.com/socialmedia



Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation.

© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. NDP362615-A

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.