Culture and the Bottom Line

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What does a successful wine business looks like? Most of the measures wineries focus on to steer their success tend to be hard and quantifiable: gross margins, price points, sales volume, market share, distribution clout, or direct sales percentages. How can something more qualitative, like your organization's culture, determine success? According to research into organizational productivity, profitability is directly linked to corporate culture. The equation goes something like this: work culture = productivity = profitability. The quality of the work culture and the quality of employee performance go hand-in-hand.

Does your wine business have a culture that supports productivity? If not, what can you do to change the culture in your company to improve profitability?

Wineries, like many other businesses, are started and sustained by passionate people – hard-driving entrepreneurs with vision, a will to succeed and, very often, an unshakable faith in their own knowledge, experience, and judgment. Those are tremendously valuable qualities to have in a start-up, but what happens as the business grows and new people are brought into the mix – often without the benefit of understanding the company's history or an appreciation of the founder's experience and sacrifices?
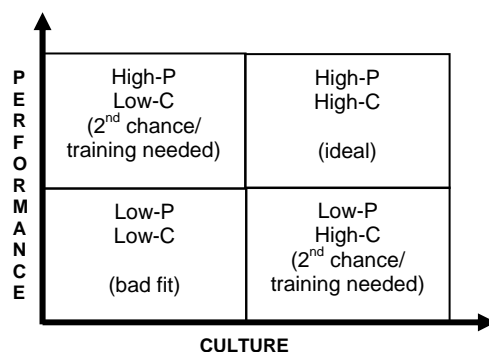
All businesses need to grow in order to survive. We're not just talking about volume or revenue, but also about the need for constantly increasing sophistication in marketing, financial management, planning, sales, distribution, and customer service. Often the demands of growth in those areas mean that the very leadership skills crucial to success in the early stages can become liabilities in subsequent phases of a winery's maturity. At first, company founders are involved in everything, they work long hours, and have a single-minded focus on short-term results. They get used to telling their few employees what to do – and having their directions followed unquestioningly. With some success, production capacity is increased, more employees are hired, perhaps an outside sales staff now needs to be managed. Suddenly, the founder finds that the business is at another level and the leadership challenges have changed.

Usually, wineries faced with growing pains try to address what seem to be the most obvious problems: inadequate sales, lack of brand strategy, haphazard marketing, high employee turnover, or family squabbles about business matters. But those are often just symptoms of the larger cultural problem, and attempting to treat the symptoms won't fix anything if you don't also treat the disease.

Where can you start? Well, if you're the company's leader and you really want to have a productive organization, first take a hard look at your own strengths and weaknesses. Do the behaviors you model on a day-to-day basis encourage or discourage your team? Are you open to new ideas, or do you already have all the answers? Take some time to clearly articulate your vision for the direction of the company. Identify the values, beliefs, assumptions, and norms that you believe are important for success, and then make sure you live by and model them in your day-to-day practices and behavior.

Once you've done that, it's equally important to look around the organization to make sure you have the right people on the bus. That means that people in your organization are not only good at the technical aspects of their jobs, but that they also fit in with the culture. There are plenty of times we turn a blind eye to poor cultural fit because we've hired someone who's extremely productive, or alternatively we have a staff member who is not very productive but "everyone likes them", or they are related to the owner. But even one bad fit can bring the most promising companies to a dead stop. If you claim to have strong values and beliefs, but you don't enforce the notion that everyone must play by the same rules, you send a clear signal about what you really think is important.

The following matrix shows where some additional consciousness-raising or action may be required.

P **E** **R** **F** **O** **R** **M** **A** **N** **C** **E**	High-P Low-C (2nd chance/ training needed)	High-P High-C (ideal)
	Low-P Low-C (bad fit)	Low-P High-C (2nd chance/ training needed)

CULTURE

It should be fairly obvious that anyone falling into the low performance / low cultural fit quadrant should immediately have their future freed up to pursue their dreams with a different company. Everyone who is not already both high-performing and a good fit should be helped to move in that direction or eventually transitioned out. Then hire for cultural fit, not just technical expertise, and develop a new employee orientation process that communicates and reinforces the importance of your values.

Once you've got the right people, and they're all working in the same direction, continue to let them know your expectations for their success. With a clear idea of what success looks like, people will spend more time focusing on achieving results and less time on internal politics and intrigues. Then, if you've laid the appropriate groundwork, get out of the way. Successful leaders know that their job is not so much to motivate people, but rather to focus all their efforts to make sure that they're not de-motivating anyone. A strong, well-defined and consistently reinforced culture will inevitably lead to higher performance. Productivity improves, and so will your bottom line.

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