

# **The link between a strong company culture and company performance**

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Two different ways of working



# Two different ways of working



# **What makes a toxic culture**

- **Presenteeism**
- **Tone at the top**
- **Poor stress/mental health support**
- **Lack of focus on inclusion**
- **Poor work/life balance**
- **Blame culture**





# The hidden cost of a bad culture

- Tangible costs - Lawsuits, turnover, recruitment costs
- Intangible costs – The highest cost?



# Toxic Culture



**That's not my job...!**





# **Core purpose - Support**

- **To support, we need to remove risk**
- **People create risk**





## OLD Responsibilities

- Process
- Deadlines
- Results
- Client Service
- **POLICE**

## NEW Responsibilities

- ALL the old responsibilities
- Anything that affects Profitability and Risk
- \*Particularly people related\*
- **PERFORMANCE ENHANCEMENT & RISK MITIGATION**

# **RISK**

**Has changed our area of responsibility**

- **Issues previously non-existent**
  - **GDPR**
  - **IT Security**
  - **Terrorism**
  - **Disasters**
  - **People**
- 



# Pyramid of Responsibility



# Why create a positive culture?

- > Reputational Risk
- > Efficiency Effect
- > Cost effect and income effect
- > Last lever left unturned
- > Measurable indirect P&L effect
- > Make everyone happy



# People Costs – a people business example

- A service business' only assets
  - Retention and recruitment
  - Succession planning
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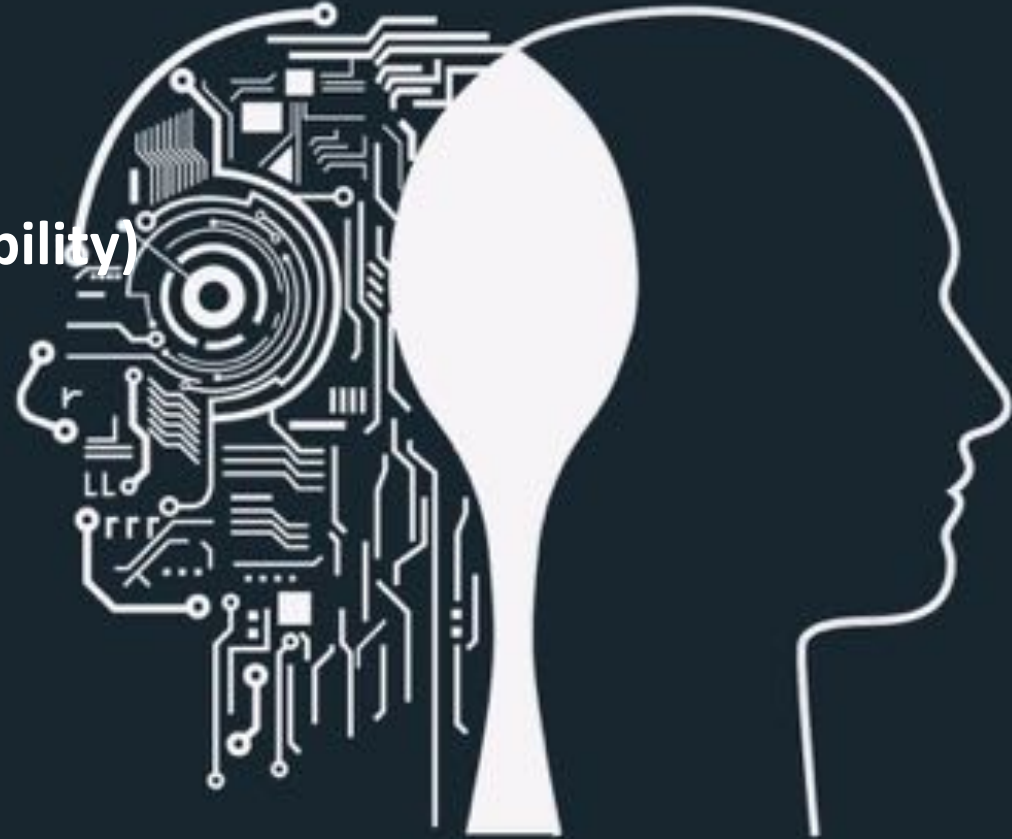
- Productivity – knowledge loss
- Client service and disruption
- Catastrophic decision making
- Need to go down a level



# What does the business need?

## What do our people need?

- Empathy and Understanding
- Diversity programs (25% have language based disability)
- Mental Health programs (25% of people)
- Kill presenteeism, flexible (home) working
- “Best Self” “Authenticity” = Best Work
- Mentorships
- Community
- Leaders (by example)

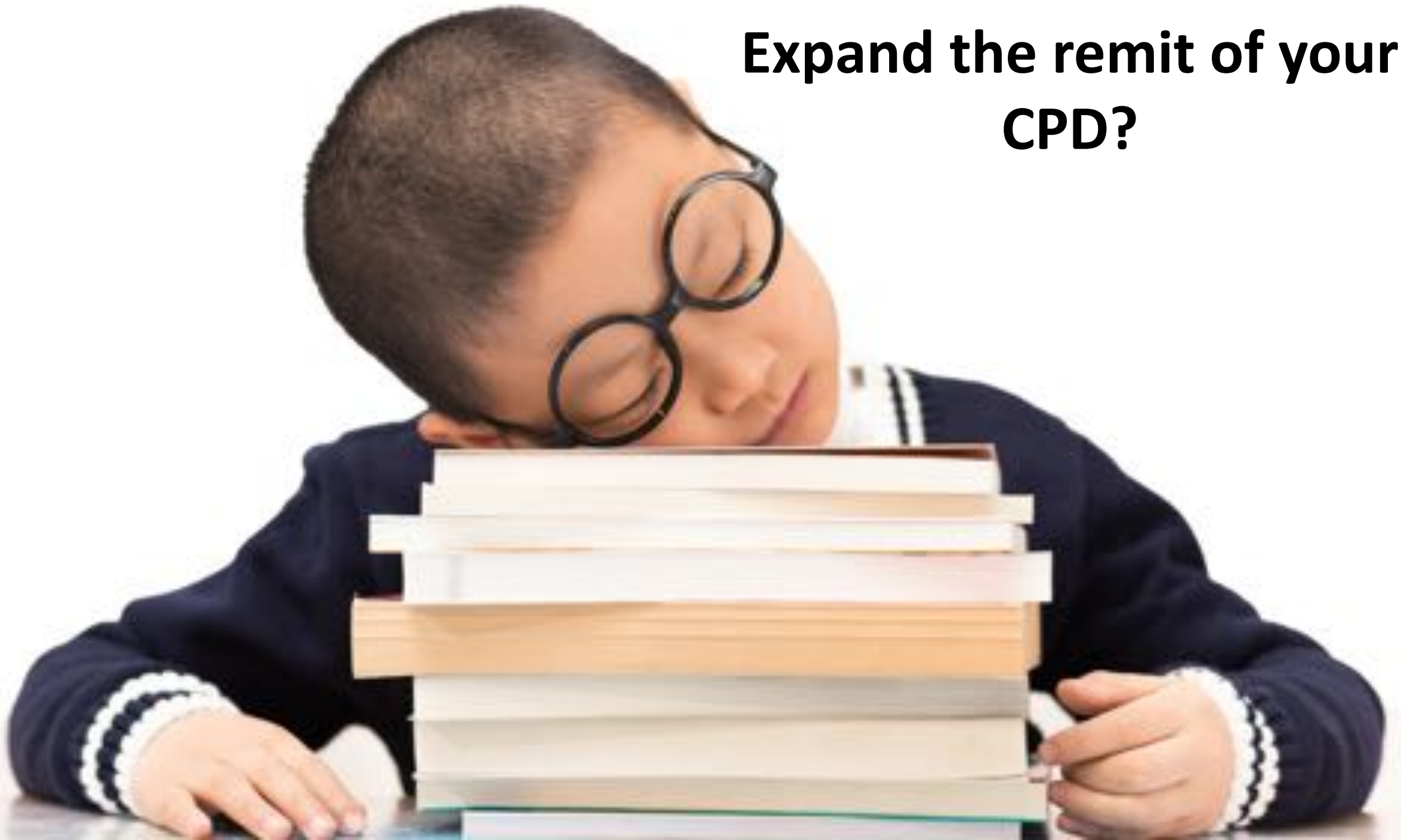




# What does a good department look like?

- Empty
- Flexible
- Engaged with each other
- Supportive
- Fun

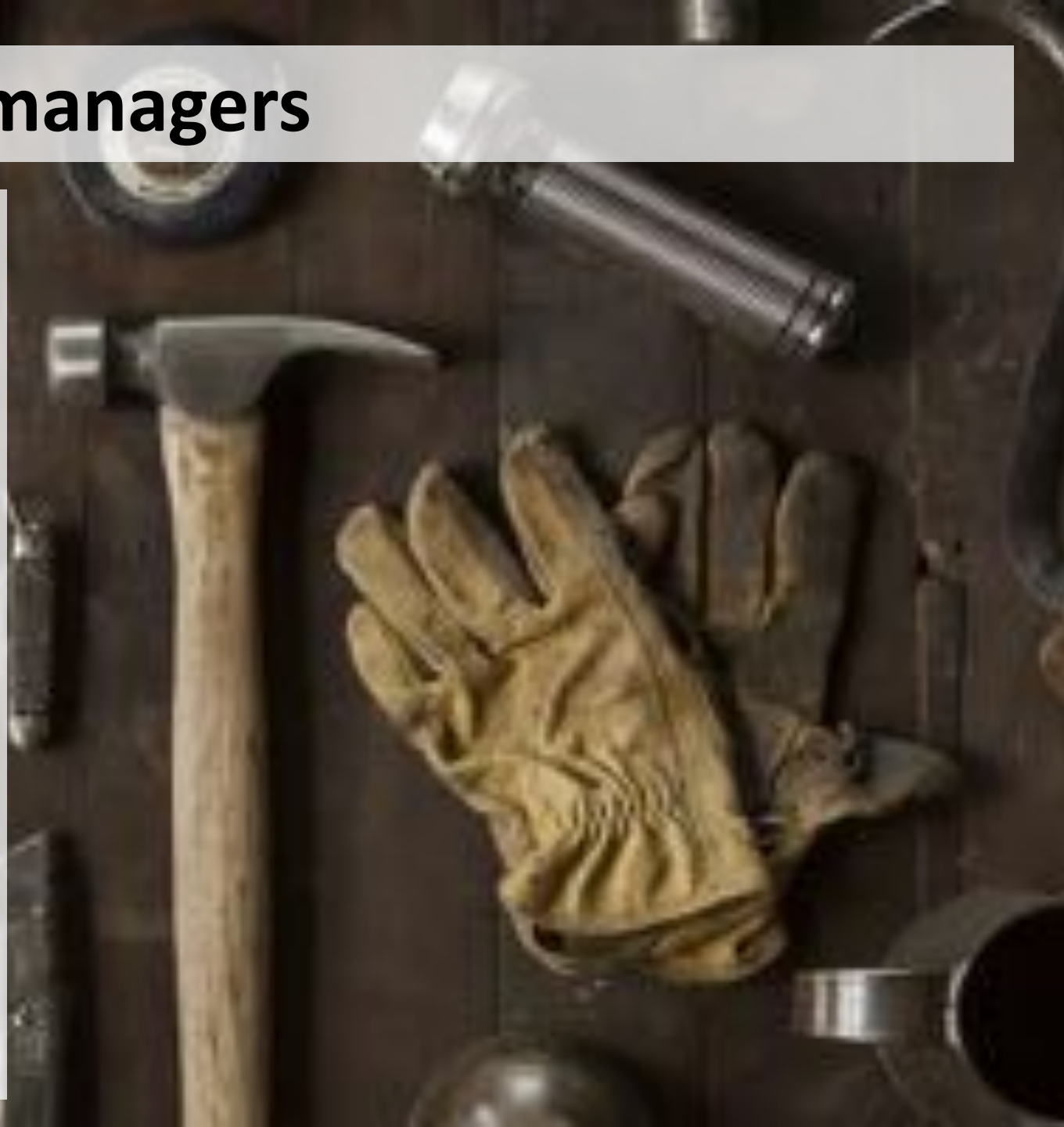
**Expand the remit of your  
CPD?**





# Toolkit for future people managers

- **Training:**
  - **Inclusion**
  - **Unconscious Bias**
  - **Mental Health Allies**
  - **Autism Awareness**
  - **Dyslexia**



# People First Better Results @ Mediacom North

- Moral obligation
- Creating positive workplaces
- Company culture is key
- Companies need to reflect wider society
- MediaCom's inclusion initiatives
  - Diversity – neuro-diversity, expanding inclusion
  - Mental Health
  - Community support, volunteering
  - Flexible working, parents, careers, gym bunnies
  - Happiness is a barrister coffee





# Would you like to increase your EBT by 3.5%? How about 7%?

“Proprietary data sets for 366 public companies across a range of industries in Canada, Latin America, the UK, and the US.

In this research, we looked at metrics such as financial results and the composition of top management and boards”.

“More diverse companies, we believe, are better able to win top talent and improve their customer orientation, employee satisfaction, and decision making”.

“This in turn suggests that other kinds of diversity - for example, age, sexual orientation, and experience (such as a global mind-set and cultural fluency) - are also likely to bring some level of competitive advantage for companies that can attract and retain such diverse talent”.



# Let's look at some numbers ...

**"Companies in the top quartile for racial and ethnic diversity are 35% more likely to have financial returns above their respective national industry medians."**

**"Companies in the bottom quartile both for gender and for ethnicity and race are statistically less likely to achieve above-average financial returns than the average companies in the data set (that is, bottom-quartile companies are lagging rather than merely not leading)."**

**In the UK, greater gender diversity on the senior-executive team corresponded to the highest performance uplift in our data set: for every 10% increase in gender diversity, EBIT rose by 3.5%**

**The unequal performance of companies in the same industry and the same country implies that diversity is a competitive differentiator shifting market share toward more diverse companies.**

**"Companies in the top quartile for gender diversity are 15% more likely to have financial returns above their respective national industry medians."**

**"In the US, there is a linear relationship between racial and ethnic diversity and better financial performance: for every 10% increase in racial and ethnic diversity on the senior-executive team, earnings before interest and taxes (EBIT) rise 0.8 percent."**



In summary...let's talk about the money...

***“Given the higher returns that diversity is expected to bring, we believe it is better to invest now, since winners will pull further ahead and laggards will fall further behind.”***

McKinsey (Diversity Matters, Feb 2015)



**In summary...and humanity...**

***“Who would have thought that accountants can make  
a difference to people’s lives”***

**Orla Ingham( age 11)**

(sculpture by Burning Man)