A CORPORATE CULTURE OF SELF-DISCIPLINE

It is no surprise that the great companies of the world usually have the most effective corporate cultures. Less obvious, perhaps, is what makes their cultures so effective. We believe the defining feature of a company with a winning corporate culture is self-discipline.

This self-discipline is evident in the personalities of the company leaders and employees, their thinking and their actions. Most importantly, the leaders of these companies are focused and passionate about their business. They think and act in a disciplined way. They avoid micro-management and bureaucracy by retaining only self-disciplined and self-motivated people.

In contrast, Russian corporate culture is still far too much dominated by restrictive bureaucracy instead of self-discipline. Soviet management styles together with outdated rules and regulations obstruct efforts to modernize business processes. For Russia’s economy to develop to its potential, companies must avoid bureaucracy and hierarchy, and focus on creating a culture of self-discipline.

In this article we set out what self-discipline is in corporate culture, why it is important, and how to create it in a business.

Self-discipline: the opposite of bureaucracy

A culture of self-discipline is the direct opposite to a culture of bureaucracy. In a culture of self-discipline, employees do good work because they understand and believe in their company’s business strategy and the way it operates. They are encouraged and trusted to act to the best of their abilities. They work as part of a team.

The best teams have excellent leaders that understand the difference between self-discipline and discipline. In contrast, the bad style of totalitarian corporate culture is about discipline, which is reinforced by fear. Self-discipline comes from within the individual, while discipline is implanted and maintained from the external.

Self-disciplined people act like entrepreneurs in a company. Within a defined framework, they are free to take decisions and act in the company’s best interests to the best of their abilities. The framework sets out only rules, instructions, constraints and systems that are necessary and reasonable. In a culture of self-discipline, people are motivated to display an entrepreneurial spirit throughout the company.

How self-discipline can take a business from good to great

In Jim Collins’s book, *Good to Great*, he argues that a modern corporate culture is all about self-discipline. He identifies three elements as central to creating this culture:

Disciplined people – have the right people on the team
Disciplined thought – understand your company’s strengths and weaknesses
Disciplined action – take action based on this understanding
All of these elements are equally important. Where we have disciplined people, we do not need hierarchy. Where we have disciplined thought, we do not need bureaucracy. Where we have disciplined action, we do not need excessive controls.

**The importance of disciplined people**

Top-class leaders are the key to creating a self-disciplined team. Top-class leaders hire self-disciplined and self-motivated people who do not need to be micro-managed. This way they manage the whole system instead of individual people. They empower people by giving them freedom and responsibility within a clearly communicated framework.

Top-class leaders never try to discipline the wrong people into behaving the right way. They hire the right self-disciplined people in the first place. The idea is to create a team that is more efficient and effective together, than in its individual parts.

A top-class leader is very different from the traditional model of leaders. In contrast Russian executives tend to suffer from a “me and my thousand helpers” mindset. And they make their subordinates worry more about the reactions of the management than customer satisfaction.

Top-class leaders have high professional skills in their field. They encourage open and candid discussion and communication. They identify the challenges that the business faces, and come up with a strategy to overcome them. They communicate their vision clearly. Leading by example, top-class leaders inspire people to self-disciplined team work and higher achievement.

Top-class leaders create a strong and committed executive team, bringing in the right people and letting the wrong ones go. Nothing demotivates a team like having to put up with those who are not contributing.

With the right people on the team, problems of how to motivate and manage largely go away. The right people don’t need to be tightly managed or fired up. They are self-motivated. They will deliver the best results they are capable of, because they want to do well for themselves and their team. The wrong people can’t be converted into the right people with money or incentives.

**The importance of disciplined thought**

The second element of creating a culture of self-discipline is disciplined thought. Disciplined thought means developing a sharp insight into three key dimensions of your business: What can you be the best in the world at? What are the economic drivers of your business? What you are deeply passionate about? Once articulated and understood, this insight should serve as a frame of reference for all important business decisions.

**What can you be the best in the world at?** Every company must work out for itself what it has the potential of being the best in the world at. This does not mean choosing where it is currently most competent. Just because a business has an area of competence does not mean it can achieve excellence there. To achieve excellence, a company must be prepared to pursue a whole new area if necessary. Collins stresses that what you can be the best in the world at will not necessarily be something you are currently engaged in. Understanding what you can be the best at also means understanding what you cannot do better than any other company.

**What are the economic drivers of your business?** To push a company towards excellence you have to identify its economic drivers. Collins emphasizes that businesses which have gone from
good to great have all done this. They discovered the single key denominator – “profit per x” – that had the greatest impact on the economics of their business. The idea is to understand what will have the greatest and most sustainable impact on profitable growth. Examples of economic drivers:

- profit per customer vs. old profit per store
- profit per customer visit
- profit per employee
- profit per brand
- profit per ton of steel

What you are deeply passionate about? Steer your business towards what you are passionate about. At an executive level this is not a question of stimulating passion, but of discovering it. Leaders must be able to ignite this same passion throughout their organizations.

The importance of disciplined action

The third element of creating a culture of self-discipline is disciplined action. Disciplined action means acting on the insight that disciplined thought has provided: finding what you can be best in the world at; understanding the economic drivers of your business; and finding what you are passionate about. All actions throughout the company must also constantly focus on satisfying customer needs.

Within this framework, achieving the highest levels of customer satisfaction and bringing in sales need to be the first priority for everyone. This is what keeps the company going. Sales has previously been misunderstood as the pushy efforts of crafty salesmen. This must change. Sales needs to be seen as the ongoing effort to gain new clients and win new business from existing clients by providing excellent customer services and quality products. Throughout the company there must be a constant commitment to improving this quality. It is this commitment that makes for an innovative organization.

In a self-disciplined environment all aspects of the business are continuously adapted to changes in the market. Any management systems must periodically review vision and strategy, corporate structure, staff organization, product and service portfolio, IT-systems, accounting procedures, internal and external communication processes and systems, system of rules and procedures, and so on.

Everyday alterations here and there add up to big changes. Consistent and coherent actions on a day-to-day basis take the place of revolutionary changes and dramatic restructuring.

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