

Coaching Culture at Work

Aalap Shah, *Managing Director*



In a recent interview on leadership development and strategy, Managing Director Aalap Shah discussed the role of the visionary board in guiding corporate culture.

Q. Corporate scandals aside, why is it important for boards to be concerned with a company's culture?

A: Unfortunately, we can't overlook the scandal aspect. Understanding what's happening culturally helps identify and avert very costly behaviors and that's clearly in the realm of fiduciary responsibility.

But we should also be thinking about this more strategically. To most effectively guide business and leadership strategies, directors have to understand what makes an organization tick. In a similar way, the most successful compensation programs are developed on the basis of applying that understanding and creating a structure that taps into the uniqueness of the management team and corporate culture. Boards focused on nurturing the positive aspects of an organization's culture engender employee engagement and create firm-wide alignment with long-term value creation.



Q. This is new territory for many directors. What process can boards put in place to effectively understand the culture of the company?

A: It's important to know the culture at the core of the company—so much happens below the executive ranks, as we've seen recently. We suggest leaving the boardroom; for example touring a manufacturing site or attending a trade show, to advance an understanding of both internal and external perceptions. By observing the operating environment, it's easier to marry the business strategy with the values and behaviors exhibited by the broader workforce. With consistency, this can build into a feedback loop that provides insight at every level of the organization.

With regard to compensation, a greater focus on incentive programs below the NEOs facilitates an awareness of what values are being "pushed down" and helps to determine if executive and employee programs are aligned in their support of corporate values and business strategy.

“Nurturing the positive aspects of an organization’s culture engenders employee engagement and creates firm-wide alignment with long-term value creation.”

About Aalap Shah

Aalap Shah is a managing director in the New York office of Pearl Meyer. With more than 15 years of experience, Mr. Shah advises public and privately-held companies on executive compensation issues, with focus on pay governance, pay-for-performance alignment, and incentive plan design. Of particular interest is the intersection between business strategy, people strategy, and compensation strategy; believing alignment of all three is required to design effective programs.

Mr. Shah advises clients in a variety of industries, including high-tech, healthcare, financial services, consumer products, retail, manufacturing, real estate, and media. He also consults on special compensation programs for IPO and merger & acquisition transactions.

About Pearl Meyer

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