

Corporate directors are keenly aware of the critical nature of corporate culture for a firm’s reputation, performance, and long-term value, but they acknowledge that culture is a particularly challenging area to evaluate and oversee. [The Ethics, Culture, and Compliance Network](#) (ECCN) brings together directors—including current or recent chief ethics and compliance officers—to explore the role of values, corporate culture, and ethical decision making in securing a long-term future for businesses.

2021 year in review

[Activating Culture and Ethics from the Boardroom](#), released in June 2021, revealed insights from in-depth interviews with 40 directors occupying 80 seats on public company boards. The study uniquely surfaced the voice of the board at a critical juncture for global business, as attention to all stakeholders takes increasing priority as culture emerges as a key driver of sustainable business performance.

“THE DEEPEST CULTURE IN A COMPANY INVOLVES THE THINGS WE NEVER DISCUSS; THEY’RE NEVER WRITTEN DOWN.”

The ECCN convened more than 40 directors and senior executives for a two-day Summit in July to explore the findings of the study. Discussions revealed that there is no universal framework or approach to board oversight of culture, while directors and executives emphasized that fulfilling the board’s responsibility to evaluate, monitor, and

shape culture requires explicit commitment of significant time, attention, and resources to these issues.

Boards still struggle to assess corporate culture—understanding key culture metrics, refining how information can effectively be presented, and combining disparate sources of data into a holistic overall narrative of culture. A director said, *“pockets of culture are very hard to see and the ways to get that in front of the board are not very advanced.”* To address that challenge, the ECCN has formed a working group that is developing and testing ways to enhance a board’s ability to interpret culture and lead change.

In 2022, the ECCN will continue to explore some of the key themes that have emerged from our discussion in 2021, including how a board organizes itself for oversight of culture, how the board assesses its own culture, the board’s role in developing culture strategy and driving culture change, and strategies for holding management accountable for ethics and culture outcomes.

Continuing the conversation...

Tapestry Networks in collaboration with LRN launched a capsule spotlight of director voices on The Principled Podcast.



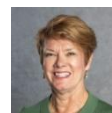
Helene Gayle, Coca-Cola Company, GoHealth, Organon & Co, and Palo Alto Networks: [Why the evolution of global companies depends on corporate and non-profit boards.](#)



Don Cornwell, AIG, Natura & Co., and Viatrix: [Bringing an intentional mindset to the boardroom.](#)



Pat Condon, Entergy: [Do audit committees impact culture? More than you think.](#)



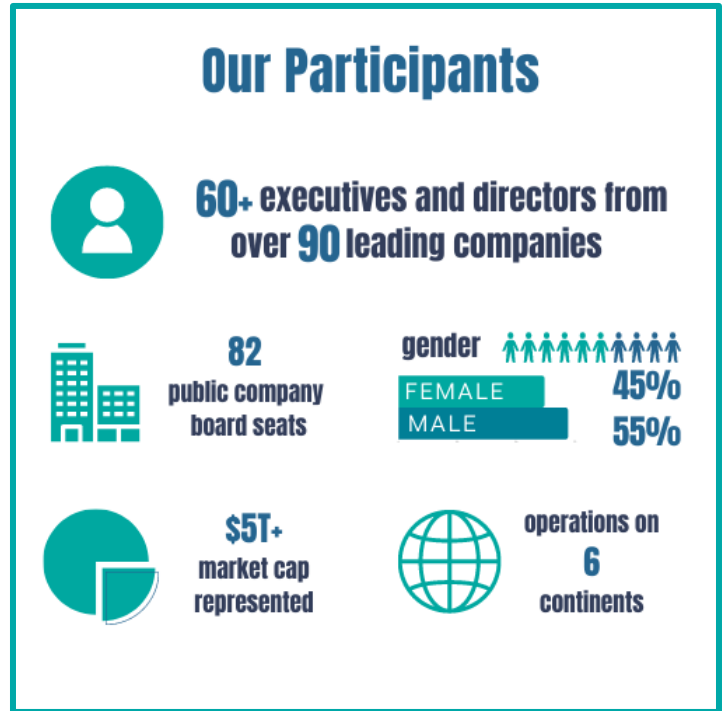
Kim Williams, The EW Scripps Company, Weyerhaeuser, and Xcel Energy: [Finding courage as the only woman in the room.](#)



Walt Rakowich, Host Hotels & Resorts, Iron Mountain, and Ventas: [What can CEOs teach boardrooms about corporate culture?](#)

Key themes from the year

- ❖ *“You’ve got to find a way for the board to engage with management on culture. There is nothing more important.”* As oversight practices evolve, boards often struggle to create space on crowded board agendas and to find a natural home for culture, ethics, and compliance. Board oversight structure matters, but commitment matters more. *“The most important thing is to assign some level of responsibility within a board for oversight of these issues so that they don’t get lost.”*
- ❖ *“Management has to drive culture but the board sets the tone with hiring, compensation, and in its interactions with management.”* Directors recognize that boards are responsible for ensuring that executives shape culture and compliance. The board looks to a variety of senior executives for leadership and insights on culture, but ultimately expects the CEO to own culture. *“The only person who can give the board anywhere near a holistic view of the culture is the CEO.”* In their oversight of management teams, boards must balance accountability, incentives, and compensation. *“It’s fair to include cultural objectives into performance goals and compensation for the CEO and senior executives and to have some metrics around that, because culture is a big-picture, whole-company strategy.”*
- ❖ *“We have data, but how do you get the intelligence out of the data? How do you look at the trends that might indicate that there’s an issue?”* Directors worry they are not well positioned to “read” corporate culture, which they find to be inherently challenging to interpret. In particular, boards struggle to get an integrated and complete picture of company culture. *“We need all the measurement tools we can get, and we need access to people in many levels of management, and it just is a very difficult job.”*
- ❖ *“Trust is everything.”* Trust is a key enabler of transparency and is indispensable to a board’s ability to oversee culture. Maintaining trust and transparency while also fostering accountability and organizational justice is crucial and requires careful balancing. *“If people think that mistakes result in termination, they will hide their mistakes and the mistakes of others. But if employees think no action will be taken at all, they will also not report misconduct.”*



About Tapestry Networks

Tapestry Networks is a privately held professional services firm dedicated to helping leaders – directors and boards in particular – do their work more effectively.

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About LRN

LRN is a global firm committed to fostering principled performance and inspiring, rather than requiring, people to do the right thing.

Contact: [David Greenberg](#), Special Advisor