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Culture Isn't a Constant. That's Why Leaders Must Shape and Grow It Every Day.

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For community financial institutions, culture becomes most visible during periods of change. A CEO retires. A merger reshapes the institution. New AI tools change how work gets done. Key employees leave or join. An organic growth strategy requires new skills. In each case, leaders quickly discover that culture is not something they simply have. It is something they are actively shaping.

Bringing six organizations together as one Navanta reinforced this lesson for me. Every acquisition, leadership change, new hire, and strategic decision influence culture. McKinsey found that nearly every executive sees cultural fit as critical to successful integration, and one in four say integrations fail primarily because the cultures never come together. We knew our integration and client experience would depend on how intentionally we aligned people around a shared purpose and core belief system.

Why Culture Matters More in an AI World

Technology is changing quickly. Artificial intelligence is already reshaping how organizations work.

Ironically, I think this makes culture even more important.

Community bankers have always understood this.

People choose community financial institutions because relationships matter. The same principle applies to every organization that serves them.

Technology can make us faster. It can make us more efficient. But culture determines how people experience the organization at its core.

And ultimately, that's what customers remember. Not the mission statement on the wall. Not the vision or values on the website. **The experience.**

Three Culture Practices Bankers Can Apply Today

The question is not whether culture matters. The question is how leaders influence it and get an entire organization aligned behind it. Three practices have made the biggest difference for us.

1. Define Behaviors, Not Just Values

Many organizations have values. At Navanta we call them guiding principles. Regardless of terminology, it's critical to define what those values look like in practice.

For example, one of our guiding principles is accountability. While that looks good on a conference room wall and website, it's the Accountable behavior that is displayed by each person in the organization that really matters. What does accountability look like in practice?

For us, accountability looks like:

- Acknowledging when something went wrong—clearly and transparently.
- Taking ownership of solving it.
- Communicating openly about what happened.
- Explaining what will change going forward.
- Ensuring that the milestones and due dates that we outline are met.
- Supporting our teammates to successfully execute those milestones and due dates.

Banks and credit unions can apply the same principle.

If a core value is customer service, define the specific behaviors that demonstrate customer service during a difficult interaction. And when you see someone in the organization demonstrate that value, recognize them and use the example to coach others.

Values become culture only when people know what actions are expected and observe those actions in practice, over and over again.

2. Reinforce Culture Systematically

Culture cannot be just an onboarding event. It must be reinforced daily.

Years ago, our team created a program called Basecamp that brings employees back to the "why" behind our purpose, guiding principles, and operating philosophy. It is a time to share success stories and live examples of our core belief system in practice. This is just one of the investments we make to nurture and grow our culture every year.

Bank leaders should ask:

- How often do we talk about our culture?
- Where are employees learning it?

- How are new leaders reinforcing it?
- What systems make it sustainable?

If culture only comes up during annual planning sessions, it probably is not influencing daily behavior.

3. Let People Shape the Future

One misconception about culture is that leaders create it and employees adopt it. Our experience taught us something different.

- Every new employee adds something to your culture.
- Every acquisition or merger brings cultural differences that need to be understood.
- Every new leader changes your culture through their leadership and communication style.

Rather than trying to preserve culture in a glass case, leaders need to create opportunities for people to influence what the next version of that culture becomes. During our integration projects, we intentionally involved employees from across the organization in key decisions and working groups. The result was a stronger culture built from the best ideas across multiple teams.

The same lesson applies to community financial institutions navigating acquisitions, succession planning, or new strategic initiatives.

Strong cultures reveal themselves in the business outcomes leaders care about: low turnover, strong employee engagement, high client retention, a deep leadership bench, consistent execution of strategic priorities, and sustainable financial results. The cost of getting culture wrong is real. Culture Partners estimates that poor culture contributed to $223 billion in U.S. business losses over five years due to voluntary turnover, while Civility Partners reports that employees in strong cultures are almost four times more likely to stay. Strong cultures have also been linked to 40 percent higher customer retention and 2.3 times higher revenue growth compared with weak cultures. Weak cultures often reveal themselves through the opposite, especially when an institution is navigating succession, growth, technology modernization, or organizational change.

Culture Is a Business Strategy

Many organizations still treat culture as a Human Resources (HR) initiative. HR plays an important role, but culture ultimately belongs to the leadership team. Culture influences how decisions are made, how employees serve customers, how teams work together, and how organizations respond when challenges arise.

At its core, the connection between culture and performance is straightforward:

1. A strong culture creates engaged employees
2. Engaged employees create better client and member experiences.
3. Better experiences build trust, loyalty, and long-term growth.

The sequence matters.

Too many organizations focus on financial outcomes first while overlooking employee engagement and leadership behaviors that make those outcomes possible. The most successful community financial institutions understand that sustainable performance is built from the inside out.

In an AI-Driven World, Culture Becomes the Differentiator

Technology can be purchased. Processes can be automated. Information is increasingly available to everyone. Even data, once seen as the ultimate asset of many organizations, is increasingly commoditized and omnipresent.

But culture shapes how decisions are made, how employees serve customers, and how trust is built over time. And trust is the foundation of long-term, thriving relationships, and the ultimate competitive advantage.

That is why culture deserves the same intentional focus as any other strategic priority.

In my experience, culture reveals itself in the decisions leaders make when the path forward is not obvious. Those moments determine whether culture is simply a statement on a wall or a set of behaviors people genuinely believe in. Ultimately, culture shapes execution, strengthens trust, and influences long-term performance.

Sources: McKinsey, Culture Partners, Civility Partners

