

## Leadership Through Partnership: The Foundation Of Our Success

Bertelsmann is a highly decentralised company; most of the business decisions are taken locally by autonomous profit centres. However, these profit centres are expected to adhere to our core values. At the heart of Bertelsmann's corporate culture is the concept of a partnership, based on mutual trust and respect, participation of employees in decision-making and in the rewards of success, and the professional development of employees. Motivated individuals who find fulfillment in their jobs and identify with their company and its values are the driving force behind Bertelsmann's growth and success. Participatory leadership is critical for creating such a work environment. Regular employee surveys and data from a "Learning and Reporting System on Corporate Culture" serve as constant cybernetic impulses to put common values into daily practice.

The responsibility for choosing and implementing the right policies and practices resides with the company's subsidiary divisions and profit centres, who ensure that the methods chosen reflect the specific circumstances in the respective countries and cultures. Bertelsmann introduced the "Learning & Reporting System on Corporate Culture" to promote the cross-pollination of effective, profit centre-driven policies and practices throughout the group. The system also helps monitor the degree to which Bertelsmann's culture of partnership is implemented in initiatives adopted by the profit centres.

Based on an extensive questionnaire, the profit centres' management describes their culturally relevant policies and practices. Each profit center then receives a report that compares its answers to the aggregate answers of all other participating profit centres. This allows each profit

centre to benchmark its activities and identify its strengths and/or areas for action. Particularly effective practices are documented in greater detail on a website, and in a printed document. This documentation – "The Corporate Culture Toolbox" – is distributed to decision makers throughout Bertelsmann.

A correlation of Bertelsmann's employee survey data and financial figures shows that companies where employees' identification with their company and job is highest are also those with the strongest business results. Advanced empirical analysis based on employee survey data demonstrates that participatory leadership combined with on-the-job autonomy and self-actualisation are the salient factors. This kind of corporate culture also helps reduce stress, thus contributing to employees' health.





Bertelsmann, a group of 400 independent companies with 76,000 employees in 60 countries, is synonymous with media content and services worldwide. The Group includes RTL Group, Europe's No. 1 in television and radio, the world's biggest book-publishing group, Random House as well as Gruner + Jahr, the European leader in magazine publishing and the BMG music division. The Arvato division bundles the group's media services, along with state-of-the-art printers, storage media production and IT-services. Direct-to-customer businesses are bundled in Direct Group: book and music clubs with more than 30 million members.

**BERTELSMANN**  
*media worldwide*

## Enterprise Culture

Under the aegis of the enterprise culture system the learning opportunities that are now available are put to the best possible use, since by building on the staff's strong sense of identification, these opportunities enable the principle of delegated responsibility to be realized on a large scale. As a result it is not only the Executive Board that has scope to make decisions but also middle management and staff in general. Problems need to be solved more effectively in *all* areas of a company or indeed of the state and no form of management is better at this task than enterprise culture.

Reinhard Mohn  
*Shareholder of the Bertelsmann Verwaltungsgesellschaft  
and the Honorary Chairman  
of the Bertelsmann AG Supervisory Board*