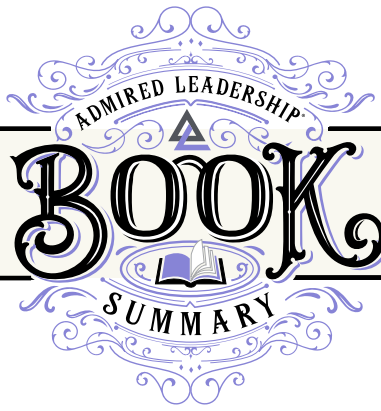




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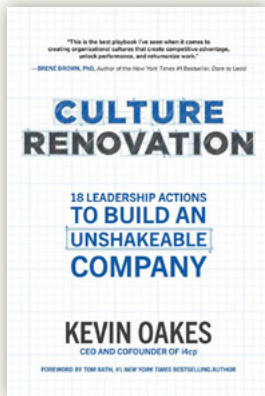
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Culture Renovation

18 Leadership Actions to Build an Unshakeable Company

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In *Culture Renovation*, human capital expert Kevin Oakes shares a step-by-step blueprint for enacting a successful culture change initiative at your company. Oakes’s approach to “culture renovation” draws on original research conducted by The Institute for Corporate Productivity (i4cp), a human capital research firm. This research finds that true culture renovation follows three phases: plan, build, and maintain. Oakes takes one of the most daunting initiatives an organization can undergo and breaks the process down into clear, actionable steps (with real-life examples), ensuring that the best aspects of the culture remain.

Key Quote

“Healthy culture is usually the cause of great market performance, not the result” (p. 8). — *Kevin Oakes*

Key Concepts

Does Culture Predict Performance? Researchers say a company’s culture is a good predictor of market performance. “We compare the top quartile of high-performance organizations versus the bottom quartile, and report on the differences. We also correlate specific practices to business impact. And when it comes to elements of a ‘healthy culture,’ it’s crystal clear how they correlate to market performance” (p. 8).

The Rise of the Unicorns. Start-up organizations with investor valuations over \$1 billion are companies that have a culture that welcomes change and disruption.

Culture Renovation Needs to Start at the Top. Citing Carol Dweck’s book *Mindset*, Oakes teaches that to promote effective renovation, leaders themselves need to embrace a “growth mindset” (embrace challenges and even failures as opportunities to learn and improve) versus a “fixed mindset” (avoid failure at all costs and see negative feedback as threatening) (pp. 31-33).

Step #1: Develop and Deploy a Comprehensive Listening Strategy. Oakes quotes John Legere, former CEO of T-Mobile, and his counsel to be quiet, listen to employees and customers, and then “do what they tell you” (p. 43). Be transparent as a leader, be different from your competition, and – again – listen!

Step #2: Figure Out What to Keep. Ensure that what is best about your company stays, renewing a commitment to your vision and values. Encourage your employees to explore aspects of the company beyond their usual duties and departments, and, rather than become complacent with success, purpose to **keep on** renovating.

Step #3: Set Your Cultural Path. Own and express your own company’s fundamental sense of purpose and stay true to this purpose. Express your purpose in language your culture will understand and hold on to, and it will spill out into your brand. Cultivate diversity and understanding in your employees.

Step #4: Define the Desired Behaviors. Define, focus on, and nurture the particular behaviors which will support the culture you desire, starting at the top with the leadership.

Step #5: Identify Influencers, Energizers, and Blockers.

Conduct organizational network analysis to identify the people who will help and those who are resistant.

Step #6: Determine How Progress Will Be Measured, Monitored, and Reported. Rather than find out about problems only when they are serious, develop strategies to routinely manage and report on company culture. The board should be part of the oversight of company culture.


Step #7: Clearly Communicate That Change Is Coming. It is the responsibility of the CEO to bring about engagement – to embrace and communicate the cultural values of the organization from the top down. This is not something an unfocused, unengaged CEO can merely delegate.

Step #8: Ferret Out the Skeptics and Nonbelievers Early. Every member of the leadership team should have an “all-in commitment to change the culture of the company” (p. 136).

Step #9: Paint a Vision for the Future. “You’ve got to paint a vision of the future that others can see themselves in. And the only way they’re going to see themselves in that picture is if they helped create it” (p. 149). Organizational storytelling is one powerful tool in this effort, as are symbols as reminders.


Step #10: Consciously Collaborate. Seek collaboration. Avoid three cultures: the “overly participative” culture (e.g., consensus matters too much), the “hierarchical culture” (e.g., “skewed towards leaders”), and the culture of fear (“people hold back their ideas because they are intimidated by others”) (pp. 169-170).

Step #11: Establish a Co-Creation Mindset. Involve employees at all levels in the innovation of ideas to improve the company and the culture.



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Encourage your employees to explore aspects of the company beyond their usual duties and departments, and, rather than become complacent with success, purpose to keep on renovating.



Step #12: Provide Training on the Desired Behaviors. Leaders themselves need to train employees in the actions and behaviors they want to see, and leaders will have to embrace these behaviors themselves in order to teach them. Open dialogue promotes values and must start with leadership – and then translate into training.

Step #13: Make Onboarding About Relationships Versus Red Tape. Companies should help the new employee “establish a network of trusted subject-matter experts who will contribute to that person’s career success” (p. 210).

Step #14: Promote Those Who best Represent the New.

Top performing companies have normalized “poaching” talent internally, and they have become adept at locating talent both internally and externally, creating a “talent ecosystem” which will go on to champion the new culture (pp. 222-223).

Step #15: Change Performance Management

Tactics. As much as people hate it, performance management is very important and, universally, a part of top performing companies. However, one way to signal culture change is to change performance management practices at your company.

Step #16: Leverage Employee Affinity Groups.

Employee resource groups (i.e., affinity groups, employee networks, etc.) “help support a more diverse and inclusive workplace, develop future leaders, and enhance engagement” (p. 249).

Step #17: Increase the Focus on Talent Mobility. Rotate talent to “strengthen the pack” (p. 262).

Promoting people internally, as well as transitioning them laterally, can help the retention and recruitment of real talent.

Step #18: Don’t Underestimate the Value of External Sentiment. Use feedback from external sources such as Glassdoor to monitor your efforts towards cultural renovation. And take internal employee experience seriously.

Theory Versus Tactics. These 18 steps are not comprehensive. A nimble and change-oriented company will pay heed to other companies and what they do successfully.

RENOVATION VERSUS TRANSFORMATION

The word “transformation” has long been used to describe culture change, but companies that have effectively changed their cultures have “renovated” what they already do rather than starting from scratch (p. xviii).

“Similar to a house where you want to improve the value, companies recognize that to compete in the future, to continuously improve shareholder return, and to attract top talent, they need to renovate” (p. xix).

THE THREE A’S OF AGILITY

According to i4cp’s research, high-performance organizations are more open to change and are likely to perceive change as normal and as part of their business model. Employees expect change and see change as an opportunity to “shake things up” (p. 17).



Top performing companies have normalized “poaching” talent internally, and they have become adept at locating talent both internally and externally, creating a “talent ecosystem” which will go on to champion the new culture.



To embrace organizational change, leaders should instill the “3 A’s of Agility” at all levels of the organization (p. 16):

- 1). Anticipate.** View change as both expected and an opportunity to “disrupt the industry” (p. 16). The first phase of culture renovation centers on understanding the organization’s existing culture to determine which elements should remain or be renovated.
- 2). Adapt.** “Break down rigid silos” to enable continued knowledge sharing and collaboration among employees (p. 16).
- 3). Act.** Determine specific areas within the organization that need to become more agile and do what is necessary (e.g., restructure to minimize bureaucracy) to empower individuals to make informed decisions and get things done.

PHASE ONE: PLAN

Step #1: Develop and Deploy a Comprehensive Listening Strategy. “Before an organization embarks on a culture renovation, it needs to first understand how the current culture is perceived” (p. 47).

Organizations are forgoing cumbersome annual engagement surveys for brief “pulse surveys” to better understand employee sentiment on a quarterly, monthly, and, in some cases, daily basis. This affords companies the ability to analyze the information that comes in more efficiently and act quickly.

Amazon asks its employees one question per day to elicit discussion and healthy debate. For example, the question “Is your manager a simplifier or a complexifier?” prompted managers to reflect on their style, while also providing actionable data (p. 49).

One of the best ways to gauge employee sentiment is for senior leaders to visit employees they don’t regularly work with (e.g., employees from other offices, departments, and specializations). “Listening to the workforce can help uncover attitudes and issues bubbling under the surface and provide early warning signals before issues become explosive and drastically affect shareholder value” (pp. 47-48). John Legere, former CEO of T-Mobile, made it a habit to regularly visit with 18 of T-Mobile’s major call centers, and the organization attributes much of their successful culture change to Legere’s visibility in the workforce (p. 51).

Step #2: Figure Out What to Keep. One of the most important steps of renovating a company’s culture is identifying what aspects of the existing culture to keep. The most successful culture renovations ensure that the organization’s fundamental values and history are woven into the new culture (pp. 53-54).

For example, innovation has long been a pillar of 3M’s culture. “For many decades, 3M has urged its employees to devote 15 percent of their time on the job to doing something beyond their usual responsibilities – such as experimenting with new technology or collaborating with others outside their work areas on new ideas and projects” (pp. 53-56).



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Step #3: Set Your Cultural Path. “Twenty-first-century talent, regardless of generational group, wants to associate with organizations that have a strong sense of purpose” (p. 69). To set your organization’s cultural path, craft a purpose statement that is relevant, operates on many levels, evokes emotion and differentiation, and is enduring – then live it.

In 2014, CVS discontinued the sale of tobacco products, a decision that would cost the company about \$2 billion annually. Larry J. Merlo, the President and CEO of CVS, reasoned that selling tobacco products was inconsistent with their purpose (pp. 66-67).

Step #4: Define Your Desired Behaviors. “With clarity of what the desired new culture will (and will not) be, the next point of focus is to define the new behaviors that all leaders – from senior executives to middle managers to frontline managers – will need to exhibit (as well as avoid) to support the culture” (p. 79). Once the behaviors are identified, they should be embedded into systems and processes to inculcate them into the culture (e.g., rewarding employees who exhibit the identified behaviors and providing employees with development opportunities to strengthen these behaviors) (p. 83).

Step #5: Identify Influencers, Energizers, and Blockers. “Every organization has ‘go-to’ people whom others in the workforce turn to for answers, comfort, opinions, and guidance” (p. 86). Identifying and enlisting the help of “connectors,” “boundary spanners,” and “energizers” throughout a change effort is paramount. Once identified, these influential employees can serve as “culture ambassadors” who set the example for how to embody the new culture by modeling the desired behaviors day-to-day (pp. 88-89).

Connectors are the go-to resources who often create alignment within teams by offering clarity and assistance to colleagues.

Boundary spanners have strong relationships outside of typical organizational boundaries and provide well-informed perspectives on different groups’ views and concerns.

Energizers create enthusiasm and energy around them, inspiring innovation and creativity in those they interact with.

Step #6: Determine How Progress Will Be Measured, Monitored, and Reported.

It’s important to define how success will be measured at the outset of a culture change initiative, and there are several measures that can be used to monitor progress (p. 103).

Core business metrics and customer feedback are tried-and-true ways to examine the success of the effort. Additionally, Oakes recommends analyzing historical attrition to identify which demographics are losing more employees. Another factor to be examined is inclusion, which can be measured through focus groups, surveys, or even by analyzing Glassdoor comments. Other worthy measures include employee referrals, talent mobility, rehires, and employee assistance program usage (pp. 104-108).

There are a variety of methods to examine culture change metrics. Focus groups offer employees the opportunity to discuss the culture in small groups, while hackathons (events that typically involve employees working through the night to redesign products or processes) reveal how well employees are exhibiting the desired behaviors. Some additional methods include engagement surveys, pulse surveys, and sentiment analysis through AI technology (pp. 110-112).



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PHASE TWO: BUILD

Step #7: Clearly Communicate That Change Is Coming. At the beginning of a culture renovation, the CEO should communicate to employees “what the new culture initiative seeks to change, what the future looks like, why the culture change is so vital to the success of the business now and looking ahead, and why all stakeholders should care” (p. 124). Outlining expectations sets the tone for the culture change initiative and aligns employees to the broader vision of where they’re headed (p. 125).

Step #8: Ferret Out Skeptics and Nonbelievers Early. One of the most challenging parts of culture change initiatives is identifying and mollifying the naysayers and blockers in the organization who will ultimately hinder the culture change initiative.

“Almost 40 percent of organizations that have had successful culture renovation replaced senior leaders who were not willing, or able, to embrace and model the desired culture” (p. 134). All levels of the organization should exemplify the desired behaviors of the newly refined culture. It is essential for the leadership team to closely examine whether their behavior reflects the desired culture (pp. 133-134).

Step #9: Paint a Vision for the Future. Compelling narratives and illustrative storytelling are essential components of a healthy culture. Telling stories that exemplify the values and behaviors of an initiative can be a key driver of culture change.

While revamping their onboarding process, Qualcomm introduced “a program titled **52 Weeks**, which consisted of one story emailed each week to new employees that captured momentous points in time in the company’s history. Told from the employee perspective, the stories provided insights about the company” (p. 151). Some stories were humorous, while others shared tough times that the company endured, and the program was so well-received that employees of all tenures asked to be included (p.151).

“Stories are often accompanied by symbols as constant reminders to the workforce – a visual shorthand that immediately conveys the organization’s values and behaviors and creates an emotional reaction to purpose. In effective culture change, symbols are often present and almost always are universally understood” (p. 163).

Tigger from the Winnie-the-Pooh series is the unofficial mascot of Bensussen Deutsch & Associates (BDA). While the company was struggling financially in the aftermath of 9/11, Jay Deutsch declared that if leaders adopted the can-do, positive spirit of Tigger, they could find a way forward. While originally received as silly, the organization soon embraced the Tigger spirit, making Tigger a strong symbol at BDA. Today, a stuffed Tigger is the biggest reward that a BDA employee can receive, and the accolade is reserved for those who embody the desired behaviors and values of BDA (pp. 164-168).

Step #10: Consciously Collaborate. “Culture renovation benefits immensely from effective workplace collaboration, but effective collaboration starts with leaders. Leaders at high-performance companies are three and a half times more likely than those at low performers to structure work in ways that take advantage of the power of collaboration” (pp. 170-171).

Encouraging leaders to actively help others build networks across the organization is a newer approach to active collaboration that has been highly correlated to market performance. With the connections and resources they need, employees are empowered, more collaborative, and more productive at work (p. 171).

Step #11: Establish a Co-Creation Mindset. Involving employees in actively rebuilding the organizational culture is an integral step. “Though almost all successful culture change efforts begin top-down, it is critical to also get the buy-in of the workforce by creating a bottom-up (and middle-out) contribution mechanism” (p. 185).

Ford established a co-creation mindset through a two-day hackathon where employees collaborated on ideas that fortified fundamental elements of the culture and brainstormed improvements to elements that were no longer serving the company. The event not only provided Ford with innovative ideas but also gave employees a chance to take part in the culture renovation process (pp.185-186).

Step #12: Provide Training on the Desired Behaviors. To set employees up for success in a newly renovated culture, organizations should provide training sessions on how to embody the desired behaviors day-to-day. “One of the most effective ways for companies to teach the desired behaviors, especially for leaders, is to have leaders do the teaching” (p. 202).

Top performing companies rely on senior-level executives in learning initiatives, as it further communicates the organization’s commitment to exemplifying the desired behaviors at all levels (p. 203). When leaders take part in training in the new culture, it makes it clear to employees that “if these values aren’t for you, then the company is likely not a good fit” (p. 197).

PHASE THREE: MAINTAIN


Step #13: Make Onboarding About Relationships Versus Red Tape. Establishing an internal network of key relationships for new hires is an essential and often overlooked part of the onboarding process. Ensuring that new employees are well-connected upon arrival “improves productivity and early successes – which in turn builds an internal reputation and leads to bigger and more visible assignments and a lengthier tenure. It also helps indoctrinate the new hire into the culture of the organization, especially if it’s a newly renovated culture” (pp. 210-211).

Ideally, onboarding programs should begin before an employee arrives for their first day, including getting them up to speed with paperwork and technology. Then they can “hit the ground running when they do start, instead of being bogged down for their first few days filling out benefits forms or waiting to get set up on the network.” Onboarding should be more like a “journey” that unfolds over the course of the first year of work (p. 210).


Step #14: Promote Those Who Best Represent the New. As the organization embraces its newly renovated culture, employees must be recognized and rewarded for embodying the behaviors that support the new culture. Promoting individuals who champion the new culture communicates the organization’s commitment to their new direction and incentivizes adopting these new behaviors for employees across the organization (pp. 219-220).

Step #15: Change Performance Management Practices. Examining performance management practices is an integral part of maintaining a culture renovation, and the approach must align with the behaviors that the new culture values. In recent years, high-performing organizations have foregone rating systems in favor of fostering a culture of ongoing performance feedback.

This approach compels managers to deliver quality performance feedback to employees and encourages an environment where employees and their managers are engaged in an ongoing discussion of their development (pp. 242-246).



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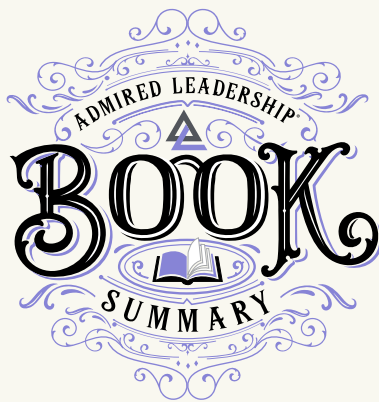
When a company is renovating their culture, “changing performance management takes on new meaning – it’s a signal to the workforce that we aren’t doing things the way we used to” (p. 246).

Step #16: Leverage Employee Affinity Groups. Employee Resource Groups (ERGs) are groups that “can be especially influential in driving and maintaining a new culture by helping to develop better awareness of various employee groups throughout the organization and supporting and fostering inclusion. And by leveraging influential ERG members to act as culture ambassadors, organizations can promote and reinforce the new culture to ERG members as well as other employees” (p. 249).

Step #17: Increase the Focus on Talent Mobility. An often under-utilized but highly effective strategy for culture enhancement is talent mobility. The practice of moving employees between departments, divisions, subsidiaries, or locations provides an opportunity to identify, develop, and deploy talent to meet business needs. One way to encourage talent mobility is to build it into performance objectives by compensating managers for their ability to develop people and provide direct reports with opportunities for further development (pp. 262-263).

Step #18: Don’t Underestimate the Value of External Sentiment. A common way for job seekers to learn about prospective companies is through employer rating sites (e.g., Glassdoor, Indeed). Organizations can use ratings and comments to their advantage by utilizing this external feedback source to monitor the progress of the culture change effort. While employer rating sites tend to skew more negative overall, it remains important to monitor the posts, because it is one of the first places that prospective employees learn about the organization.

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The Latest and Greatest Books for Leaders

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