Eight Minutes, Not Eight Hours

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Culture Renovation

18 Leadership Actions to Build an Unshakeable Company

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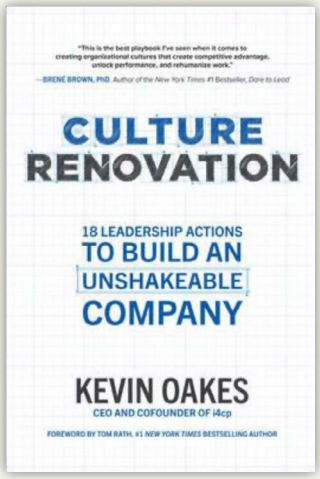

In *Culture Renovation,* human capital expert Kevin Oakes shares a step-by-step blueprint for enacting a successful culture change initiative. Oakes' approach to culture change, or rather culture renovation, draws on original research conducted by human capital research firm *i4cp* and follows three phases: plan, build, and maintain. The first phase of culture renovation centers on understanding the organization's existing culture to determine which elements should remain or be renovated. Next, Oakes describes how to build an organization's newly renovated culture through consciously collaborating, establishing a co-creation mindset, and providing training on the desired behaviors. The detailed guide concludes by sharing how to maintain a healthy culture once it has been established. Oakes takes one of the most daunting initiatives an organization can undergo and breaks the process down into actionable, easy-to-follow steps, ensuring that the best aspects of the culture remain.

Key Quote:

"Twenty-first-century talent, regardless of generational group, wants to associate with organizations that have a strong sense of purpose" (p. 69).

KEY POINTS AND CONCEPTS

Renovation Versus Transformation

The word "transformation" has long been used to describe culture change, but companies that have effectively changed their cultures successfully have "renovated" what they already had 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" (pp. xviii-xix).

The Three A's of Agility

According to i4cp's research, high-performance organizations are more likely to perceive change as part of their business model as a disruptor in their industry, an opportunity to shake things up, and expected (p. 17).

To embrace organizational change, leaders should instill the Three A's of Agility at all levels of the organization (p. 16):

- Anticipate – view change as both expected and an opportunity to disrupt the industry
- Adapt – break down silos to enable continued knowledge sharing and collaboration among employees
- 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 One: 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 more 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.

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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 Two: 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).

Innovation has long been a pillar of 3M's culture, and "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" (pp. 53-56).

Step Three: 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 Four: 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, providing employees with development opportunities to strengthen these behaviors) (p. 83).

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Step Five: 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 Six: 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, and Oakes additionally 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).

Phase Two: Build

Step Seven: 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 Eight: 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. 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 Nine: 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).

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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 Ten: 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 Eleven: Establish a Co-Creation Mindset. Involving employees in actively rebuilding the organizational culture is an integral step. 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 Twelve: 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).

Phase Three: Maintain

Step Thirteen: 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).

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Step Fourteen: 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 Fifteen: 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).

Step Sixteen: Leverage Employee Affinity Groups. "[Employee Resource Groups (ERGs)] 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 Seventeen: 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 Eighteen: 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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