BOOK SUMMARY
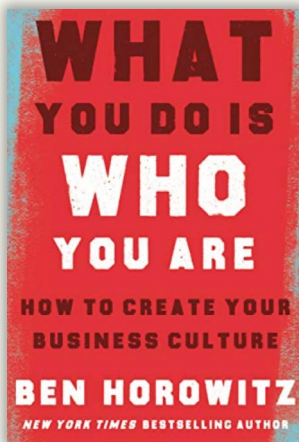
What You Do Is Who You Are

How to Create Your Business Culture

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In his second book, Ben Horowitz, a household name among Silicon Valley buffs, discusses the importance of corporate culture based both on his own experience and historical examples. With his friendly and helpful narrative style (e.g. his "How To Read This Book" chapter on p. 15), Horowitz guides his readers through an exploration of culture, and explains how to shape a company's culture around values and goals.

With modern-day case studies interspersed among four historical examples (slave rebellion leader Toussaint Louverture, samurai traditions, the once-incarcerated Shaka Senghor, and Mongolian military leader Genghis Khan), Horowitz manages to paint a complete picture for his readers of the importance of culture while cautioning against potential pitfalls. By the end of the book, readers should feel confident in examining their own corporate culture, identifying weaknesses and strengths, and implementing strategies to make improvements.

KEY QUOTE

"Ultimately, loyalty is about the quality of your relationships. People don't leave companies, they leave managers" (p. 243).

KEY POINTS AND CONCEPTS

On Defining Culture

By connecting with industry leaders when he started his own company, Horowitz noted some of their best practices. His number one takeaway was the importance of culture.

One way to think about culture is the way in which employees answer questions such as "Is the quality of this document good enough or should I keep working on it?" or "How hard do I need to study the competition?" The answers to these kinds of questions about professional behavior, habits, and expectations might shed some light on the type of culture that exists at your company (pp. 1-2).

The best definition of culture is "how your company makes decisions when you're not there" (p. 3).

Culture can be thought of as a type of roadmap to your company's fullest potential; both "where your company is trying to go, [and] the road it should take to get there" (p. 4).

It is vitally important to recognize that culture is an abstract and shape-shifting concept; what works for one company will not necessarily work for another (p. 4).

The safekeeping of culture depends on correcting missteps. If something occurs in a workplace that is not in line with the corporate culture, and that action is not corrected and/or reprimanded, the culture will suffer as a result (p. 5).

Culture can be thought of as the impression of a company that an employee carries with them when they leave. They might not remember the everyday ins and outs of their role, or all the people they worked with, but they will remember how they felt during their time working at the company (p. 17).

HISTORICAL CASE: Toussaint Louverture

Toussaint Louverture was responsible for leading the single most successful slave rebellion in history in Haiti in the late 1790s. A large part of why he was successful was because of the cultural shift he managed to inspire within the ranks of the rebellion, and several of his techniques are still relevant and applicable to culture today.

Louverture was successful because of seven key tactics, outlined below and illustrated through modern-day examples:

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- *Keep what works:* Steve Jobs followed this principle at Apple when he turned the company around in the late 90s, by re-focusing on the user experience that had been central to the brand's creation. By returning to the core of their business, Jobs was able to right the troubled ship and helped Apple to become the behemoth it is today (p. 48).

- *Create shocking rules:* In the mid 2000s, New York Giants coach Tim Coughlin introduced a new rule whereby players were required to be early for all meetings, under penalty of a $1,000 fine. This shocking rule certainly made waves, but ultimately created a team of men that were ready to work even before the time to work had come – look no further than the two Superbowl wins that they collected during Coughlin's tenure (pp. 49-50).

- *Dress for success:* When General Motors brought Mary Barra on board in 2014 as CEO, she reduced the company's ten-page dress code to just two words: dress appropriately. "The new code empowered – and required – managers to manage" (p. 58). By encouraging managers to take ownership of their teams, Barra reinforced the culture that she wanted to create at GM.

- *Incorporate outside leadership:* At his own company, LoudCloud, Horowitz brought on a head of sales that was "a complete cultural misfit" (p. 60). Though the new hire made waves at the company, with a bit of flexibility Horowitz was able to find the right place for the new head of sales, and his company and the culture benefited because of it. "If you bring in outside leadership, it will make everyone highly uncomfortable. That's what cultural change feels like" (p. 67).

- *Make decisions that demonstrate cultural priorities:* When Netflix CEO Reed Hastings wanted to transition from DVDs to streaming, he had to make a tough decision in order to ensure a smooth process: during a meeting, he kicked out executives who were not involved in the streaming initiative. By choosing his top priority – streaming – over office politics, Hastings made his vision for the company clear and thus helped Netflix become what it is today. "Hastings couldn't just say that streaming was a priority; he had to demonstrate it" (p. 71).

> *"Uber's first CEO, Travis Kalanick, was ousted in part because of his dogged competitiveness, which overshadowed other corporate values. By failing to follow other tenets of his ethical code and choosing competitiveness over the rest, he sent a message down the hierarchy that the most important thing was retaining an edge over competition – no matter if other values were sacrificed – and the culture collapsed as a result."*

- *Walk the Talk:* Former Secretary of State Hillary Clinton faced sharp criticism for using her personal e-mail for business. It is purported that the hack of Clinton's campaign chair John Podesta's emails was responsible in part for her loss in the 2016 election – a hack only possible because Podesta used his personal e-mail account, too. Clinton using her personal e-mail account gave the silent OK for others around her to follow suit, to her detriment. Had she been stricter and more insistent about e-mail security, perhaps the Podesta hack would not have happened and the election might have gone differently. **"When you are a leader, even your accidental actions set the culture"** (p. 76).

- *Make Ethics Explicit:* Uber's first CEO, Travis Kalanick, was ousted in part because of his dogged competitiveness, which overshadowed other corporate values. By failing to follow other tenets of his ethical code and choosing competitiveness over the rest, he sent a message down the hierarchy that the most important thing was retaining an edge over competition – no matter if other values were sacrificed – and the culture collapsed as a result (pp. 79-88).

HISTORICAL CASE: Samurai Code

Samurai culture reigned in Japan for nearly seven hundred years, due in large part to their clearly defined culture and virtues: justice, courage, honor, loyalty, benevolence, politeness, self-control, and sincerity (p. 95).

On honor: "Your individual reputation and honor should mean something within your company, and be at stake in everything you do" (p. 97).

On politeness: "[It] is the most profound way to express love and respect for others" (p. 96).

Having a culture that was explicit and all-pervasive meant that their culture was strong, enduring, and respected.

HISTORICAL CASE: Shaka Senghor

Shaka Senghor is a man who was convicted for a murder he committed, and spent years in incarceration – he has since become a bestselling author and a leader in society. While in prison, Senghor rose to the top of a prison gang and managed to change its culture. Horowitz explains his choice of studying Senghor: "People who end up in prison generally come from broken cultures... Prison provides culture's hardest test case; to build culture there, you have to start from the very beginning, from first principles" (p. 110).

Senghor managed to change the culture of the gang he led by using constant contact with its members: "By making his team eat together, work out together, and study together, he made them constantly aware of the cultural changes he was making. Nothing signals the importance of an issue like daily meetings about it" (p. 127).

> *"You must start from first principles": culture should not be created out of imitation or for the sake of maintaining status quo. Culture must be born out of real values or virtues that company leaders intend to instill throughout the company ranks."*

"Your own perspective on the culture is not that relevant." In order to understand culture, one must talk to those who live it every day. A manager cannot know what the culture is like on their team without talking to their team members. Perspective is everything when it comes to defining culture (pp. 128-129).

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HISTORICAL CASE: Genghis Khan

How did Genghis Khan manage to become "the most effective military leader in history" (p. 139)? Because of his mastery of cultural shift and management, based on his inclusion of all peoples and his insistence on the importance actions over words. "Genghis created a remarkably stable culture by founding it on three principles: meritocracy, loyalty, and inclusion" (p. 148).

Don Thompson, CEO of McDonald's, got where he is today because he and Genghis Khan both "saw people not through the prism of their rank or color but for who they were and who they could become, if given the opportunity" (p. 151). Thompson was able to rise through the rankings by behaving like Khan insofar as he judged people around him on their actions.

This principle can be extended further, into the realm of diversity and inclusion in hiring: "If the key to inclusion means seeing someone for who they are even if they come in a color or gender that you're not used to, then it follows that hiring people on the basis of color or gender will actually defeat your inclusion program" (p. 174).

On Designing Your Corporate Culture

In addition to historical takeaways, there are three main points to keep in mind as you are creating your own corporate culture:

- "Cultures, like the organizations that create them, must evolve to meet new challenges" (p. 179).
- "All cultures are aspirational … the point is not to be perfect, just better than you were yesterday" (pp. 179-180).
- "While you can draw inspiration from other cultures, don't try to adapt another organization's ways" (p. 180).

Culture is a balancing act. "While every company needs core common cultural elements, trying to make all aspects of your culture identical across functions means weakening some functions in favor of others" (p. 189).

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Culture can be thought of as a way of describing the types of employees that you would like to have in your company. Horowitz suggests four main characteristics to look for: smart, humble, hardworking, collaborative (p. 192). "Culture begins with deciding what you value most" (p. 246).

One of the most important things to remember when managing culture is flexibility. Not all rules are hard and fast; sometimes the priority of values must be shuffled depending on the situation at hand.

Values that should be central to your culture, no matter the industry, are trust, loyalty, and openness to bad news. If the culture is built around these three, and manages to evolve as the company does, the culture has a firm foundation that should withstand any instability that may arise.

On trust, when truthfulness seems it could hurt the culture: "The trick – and it's tricky – is to tell the truth without thereby destroying the company. To do this, you must accept that you can't change reality, but you can assign it a new meaning" (p. 235).

On openness to bad news: "People take their cues from the leader, so if you're okay with bad news, they will be too" (p. 240). Encouraging employees to share updates, even when they are negative, will encourage a productive work environment with forward momentum despite unexpected slowdowns.

On loyalty: "Ultimately, loyalty is about the quality of your relationships. People don't leave companies, they leave managers" (p. 243).

On Broken Culture

*There are several key indicators that there is an issue with corporate culture:*

- "The wrong people are quitting too often ... If your business is going well, yet people are leaving at a higher-than-industry-expected rate, you have a culture problem. If they're precisely the people you want to keep, that's an even worse sign"(p. 210).

- You're failing at your top priorities" (p. 210).

- "An employee does something that truly shocks you... If somebody behaves in a way you can't believe, remember that your culture somehow made that acceptable" (pp. 210-211).

One way to counteract a broken culture is through object lessons: "an object warning ... is a dramatic warning you put into effect after something bad has happened and you need to correct it in a way that will reset the culture and make sure the bad thing never happens again" (p. 212).

To avoid destroying culture as a manager, follow the rule of disagreeing and committing. "You can disagree in the meeting, but afterward you must not only support the final decision, you must be able to compellingly articulate the reasons the decision was made" (p. 225).

Horowitz, B. (2019). **What You Do is Who You Are: How to Create Your Business Culture.** New York: HarperBusiness.
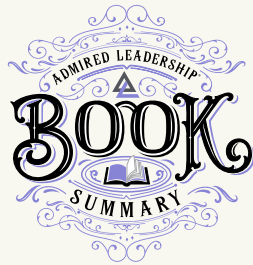
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