CORPORATE
CULTURE PROS

Because Your Culture Matters

How to Drive Business Performance through Culture: The Case, the Research and the Process

Why should you bother to improve, leverage, or in any way deal with your company's culture? This white paper is a comprehensive analysis of the realm of culture, including:

- The business case for managing culture (and not trying to change it completely).
- What is culture and how is it built?
- Evidence that culture drives business performance.
- Early detection of imbalanced culture.
- Benchmarking your culture.
- Ten signs of a healthy culture.
- How to build a balanced culture.
- Common mistakes during change, especially culture improvement.

In the past 5-10 years, most companies have focused on creating operational efficiency as a means to competitiveness. In an age of off-shoring, outsourcing, and increased global competition, we are nearing the end of the gains from this the efficiency-as-a-means-to-profit strategy. The current wave is building toward innovation as a core strategy for winning in a super-competitive era.

IBM's 2006 global CEO study shows CEO's believe competitive and market pressures will drive radical change within their companies in the next two years – and innovation in the business model (strategy, partnerships) tops the list of desired changes. Where innovation has not taken hold in their companies, the report showed CEO's blame internal inhibitors – such as employees who are burned out on change – versus external reasons. This is the realm of culture.

As the world moves from the industrial age to the knowledge age and now into the age of innovation, the rules of business are changing. The intangible elements in organizations today are critical – knowledge, people, teams, and how they are organized and empowered to collaborate. The old intelligence was **what** you did (strategy, technology, products); the new intelligence is **how** you do them. And its power is tapped through culture.

But the topic of culture is still largely misunderstood. Leaders often view it as an unchangeable family trait ("it's just our culture to waste time in meetings"); see it as a way to explain conflict ("those teams are a true culture clash") or to describe icons of great culture (Nordstrom, Southwest Air).

Culture is still a lot like employee morale: Everyone has an opinion about it. Everyone knows that it's important. But it remains a largely untapped – and often unrecognized – resource in most companies.

The Business Case for Managing Culture

Here is a startling reality: Research by Stractics Group showed that 75% or more of change efforts fail to produce the intended ROI. This is corroborated by multiple studies we found as we researched the subject. 75%!!!!

Often the roots of failure can be traced to culture. During periods of change, your company's culture is one of the most critical factors in determining whether the change will actually work, but is one of the most overlooked factors.

If this surprises you, ask any employee what made an important change fail. Answers about lack of technology, poor strategy, or competition are rare. More likely you will hear about lack of clear direction from the leader, problems working effectively across silos, decision-making paralysis, lack of accountability, communication problems. These are culture barriers, not strategic or operational barriers.

When culture issues are the barrier, it's good news. Culture is more within an organization's control than many of the external factors leaders focus on. Leaders will realize a significant untapped business opportunity through investing in alignment of their culture to support strategic change.

How so?

During a process improvement initiative, merger, product innovation, technology implementation, or change of strategy, mountains of cost-benefit analysis, projected ROI, and positive spin don't execute the opportunity. People do. No lasting change in business takes place if new behavior is not encouraged, reinforced, and rewarded. But this is not in alignment with human nature, which is to resist change. People are programmed with a default preference for "sameness," – we are creatures of habit. In any society, adaptation has always been how to reconcile the tensions between: "We know we have to change to survive…but we don't like to."

The primary approaches organizations use to change actually fuel this resistance:

- Deciding from the top with little or no input from the bottom.
- Initiatives for skill development, training, or reorganization lack context that is meaningful.
- "Sales" speeches about positive impact on the numbers and the bottom line have no direct benefit to the people who have to change.
- Change efforts are piled on top of change efforts, none of which are linked to a cohesive theme or vision, which results in confused priorities.
- Leaders "announce and move on," leaving the troops to guess and mind-read how to best execute.
- Deeply rooted values, beliefs and behavior patterns are largely ignored, which people have come to trust and which continue to be rewarded, in spite of empty talk about doing things differently.

The ultimate paradox? As the pace of change accelerates, these approaches will be even less effective, at the same time this is what most leaders and companies know how to do. Increasingly, leaders we come into contact with are seeing this – your job feels like the number of plates were doubled and you still have just two arms to spin them.

Pulitzer Prize winning New York Times author Thomas Friedman, in his groundbreaking expose of the new economy "The World is Flat," dubs the current reality Globalization 3.0. "The world is shrinking from a size small to a size tiny and flattening the playing field at the same time. The dynamic force of Globalization 3.0 – what gives it its unique character – is the newfound power for individuals to collaborate and compete globally. This phenomenon of individuals becoming super-empowered was enabled by a triple convergence of the internet, fat digital pipelines, and standards for web-enabled workflow. The result? Individuals from every corner of the flat world are going to plug and play in ways

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that we have never imagined or seen."

In Friedman's flat world, "those who create value through leadership, relationships and creativity will transform their industries. Those who get caught in the past and resist change will be forced deeper into commoditization." Companies lacking leadership, flexibility, and imagination won't fail because they didn't try to change but because they couldn't keep up with the pace and speed of change.

Leaders, fasten your seatbelts. If you don't cultivate a workforce that is truly collaborative, innovative, and adaptable, prepare to face stiffer competition from those who will.

Three important cultural dynamics at play in this scenario are:

1. It is no longer leaders' job to tell people what to do. It is the job of leaders to facilitate collaboration, consensus, and remove obstacles to execution. Many more leaders say they understand this than actually know how to do it. Command-and-control hierarchy still dominates as the prevalent leadership model, but is not effective in a situation where you need fast, nimble response from the trenches. The old militaristic model of leadership that has dominated society for centuries assumes the person who decides is more knowledgeable and separate from those who execute. Leaders who hold onto that old-school mindset will struggle to keep up with the pace of change.

2. If you want your share of the talent you need to win in an increasingly competitive marketplace, you will have to attend to building a culture that allows more flexible and supportive ways of working for your people. In an increasingly "seller's" market" for talent, competitive advantage will be achieved by how well organizations attract, coordinate, and retain top talent. Talent is and will continue to be more mobile. The talented people seek to work in companies that value their contributions, make room for their opinions and input, make it easy to collaborate and get work done across boundaries, and foster a great workplace environment.

3. Open-book management is the best productivity strategy. Employees and the regulatory environment (Sarbanes-Oxley) demand greater transparency and involvement in matters that used to be the boardroom territory only: Strategy. Vision. Values. Financial performance. These are what give meaning to people's work. Rare is the company that adequately communicates about what people really want to know.

Simply put, if you're not creating an environment and culture that support freer, more open exchanges of information and work, you're on the wrong end of the playing field.

Still, with all the compelling evidence that culture is important, the majority of harried executives view it as "fluffy" and unchangeable territory (like DNA), with no understanding of its direct influence on the businesses' performance.

And herein lays the science of culture: Knowing how to measure culture and link it to performance is critical in accelerating any change initiative. Leaders must think of culture as an asset and a process which can be measured and steadily improved, and stop thinking about it as something that must be completely overhauled, retooled, and changed. Culture change should utilize the smallest effort necessary to drive the business strategy.

> Companies lacking leadership, flexibility, and imagination won't fail because they didn't try to change but because they couldn't keep up with the pace and speed of change.

Let's explore further how this works.

In reflecting on the turnaround he engineered at IBM, Lou Gerstner said; "I came to see, in my time at IBM, that culture isn't just one aspect of the game – it is the game. In the end, an organization

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is nothing more than the collective capacity of its people to create value."

What is Culture and How is it Built?

If company vision defines your direction and strategy is your road map, think of culture as the engine that accelerates (or slows down) your progress.

Company culture is, quite simply, HOW THINGS GET DONE to operationalize vision and strategy… in other words, HOW you:

- Run meetings
- Communicate internally (top-down and bottom-up)
- Solve problems and make decisions
- Launch and support teams
- Handle interactions between the external and internal worlds
- Coordinate and collaborate across functions and geography
- Respond to stress and handle conflict (a particularly visible way to assess culture)
- Hire, fire, pay and promote people. (In fact, what management rewards is a strong indicator of your culture, and one that is very visible to everyone – for example, IBM research engineers are now evaluated and rewarded on both short and long-term measures, to drive both performance and innovation).

Culture is the unseen environment in which execution of a strategy is helped or hindered. Any successful company has experienced culture as an accelerator of performance at various times in its existence. But as market conditions and business cycles change, if you have not consciously evolved your culture to keep up with those changes, your business may have outgrown its culture in some key areas. .

In particular, organizations that have sustained a winning position in their market for a period of several years or decades are vulnerable to the Successful Culture Trap:

Self-Confidence → Overconfidence → Complacency → Arrogance

Three events in the 21st century brilliantly illustrate the tendency toward this Successful Culture Trap – resulting in arrogance versus adaptability: September 11. NASA's Columbia explosion. Jayson Blair's New York Times debacle.

All of these events pointed the respective cultures of the CIA/FBI, NASA, and the New York Times as a direct path that led to the disasters: "We've succeeded by doing it our way." Lack of appropriate feedback loops between leadership and management. Little tolerance for challenge to authority.

This lack of adaptability is reinforced through the hierarchy, because culture is created by what leaders demonstrate. For example, if leaders are exceedingly polite, the organization will suffer from lack of candor. If leaders avoid conflict, the organization will kick out efforts to foster healthy debate. If leaders over-analyze, the organization is likely to have issues with decision-paralysis. This leads to entrenched, cascading patterns of behavior throughout the organization – some of which may have begun with a previous leadership regime, been misinterpreted (remember the Telephone Game?), and which are no longer appropriate or relevant.

Further, culture is shaped and built through the actions of leaders who are typically promoted for their ability to replicate what works, not to successfully lead change in today's involvement-focused workforces. And, the larger the organization, the less accurately senior executives predict the reality of their culture, usually viewing it far more optimistically than employees.

With this setup, it is easy to understand how a culture runs on auto-pilot — rarely seen or noticed until there is a problem. And when you can't see the blind spot in your mirror, it's hard to pinpoint the danger or know how to respond appropriately.

Evidence that Culture Drives Business Performance

"Change efforts deliver maximum ROI when you deal with culture, and only leaders can change culture."

One of the most important first steps in changing culture is adopting this mindset, and "de-fluffing" the concept to show leaders directly how culture drives bottom line performance.

A growing mass of studies undertaken by credible business schools directly measures the link between culture and performance. This is a sign that culture is gaining importance on the leadership agenda. As well, there are increasingly visible examples of CEO's whose turnaround

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efforts placed culture at the front and center of their priority list.

Trailblazing stories of great leaders like Lou Gerstner of IBM, Dick Brown of EDS, Larry Bossidy of Honeywell, and Jack Welch of General Electric have demonstrated repeatedly the power of using culture change to drive sustainable business results.

John Kotter and James Heskett's analysis detailed in their book Culture & Performance is one of the most thorough. They conducted four studies over a four-year period supported by Harvard Business School. The purpose was to determine whether there is a relationship between corporate culture and long-term economic performance, and to clarify the nature of that relationship. They defined companies as having strong cultures versus adaptive cultures, and compared their financial results. Adaptive cultures focused on relentlessly defining and serving the changing expectations and needs of three primary constituencies: Customers, employees, and stockholders, and emphasized multi-level and visionary leadership (versus management skill).
Strong cultures were not adaptive—and therefore not able to balance conflicting needs. While there is a correlation between strong culture and economic success in this research, ultimately their lack of balance worked against them. They tended to become arrogant, inwardly focused, politicized, and bureaucratic. In an increasingly competitive and rapidly changing world, this makes strategic change difficult or impossible to implement.

The companies who built adaptive cultures outperformed the competition in several key business performance areas, as follows:

Adaptive Cultures		Non-Adaptive Cultures
756% increase in net income	vs.	1%
862% increase in revenues	vs.	166%
282% expansion in workforce	vs.	36%
901% growth in stock price	vs.	74%

Leaders who maintain that culture is the "soft stuff" and therefore irrelevant to performance are operating under a naïve and dangerous illusion.

Most leaders have experienced how relevant the soft stuff is at some point in their careers. The excitement of working in a high-performance team versus the feeling of "pushing a 10-ton boulder uphill." Or, the difference between the "good vibe" in a place where people are passionate, hard working, and bring lots of positive energy, versus the sense of burnout, "resistance" and grumbling right before the stock price sinks.

Today, cutting edge leadership is all about learning to read and respond to the early detection signs of a non-adaptive (out of balance) culture and treat those symptoms early.

Early Detection of Imbalanced Culture

Like the health of any system, balance is the goal. Lack of balance in your company's culture may take years or decades to erode the business, but it will – and often in ways you can't see.

The latest research shows that balance among certain cultural traits is the winning combination for performance. It isn't about any one specific quality (or personality) in a culture. Leveraging culture to drive business performance means you must define your strategy and the specific culture attributes that will drive that strategy. For example, if innovation is a key element of your strategy, you will need a looser team-oriented structure and a way to reward non-producing activities, allowing room for experimentation, and have clear processes to learn from failure. This is in contrast to heavily centralized controls inherent in an organization dependent on distribution and operational efficiencies, which reward six sigma quality, reliability, and consistency.

The paradoxes you must balance in creating a strategic culture include:

Top down mission
vs.
Employee engagement

Customer responsive
vs.
Consistent and stable

Short term performance
vs.
Long term growth

Innovation
vs.
Efficiency

When these conditions are out of balance, traditional performance measures are the last place to show the strain. By the time financial and market results are

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on a steady decline, the health of the culture is dangerously weak. Any analysis will unearth themes of poor accountability, diminished morale, decision paralysis, and finger-pointing.

There are early warning signs: Symptoms of inflexible mindsets and behaviors that point to an imbalanced culture. Look for patterns, not one-time occurrences. Like high cholesterol and elevated blood pressure, the earlier they are detected, the more effectively these signs of a weakening culture can be addressed:

- Does the business operate in a constant panic state – people moving so fast and pushing so hard that learning, developing, and planning the future of the business are diminished in importance?
- Is accountability spotty or inconsistent?
- Are senior leaders growing increasingly "silo-oriented" or overly competitive in leveraging their efforts across the business?
- Is there a confused response or "head in the sand" behavior regarding growing competitive pressure?
- Is there an "Emperor's New Clothes" situation in which many people are talking about a business problem behind closed doors but nobody will tell the most senior leaders?
- Are people growing more "burned out" and cynical?
- Are blame and finger pointing more important than feedback and problem solving?
- Do your people feel they are working harder with fewer payoffs?
- Are your change efforts "spin-heavy" – management declares success but produces cynicism from everyone else?
- Are hallway and meeting conversations such as these growing more frequent?
  - We're too slow to market.
  - We can't get everyone on the same page.
  - It's impossible to get a decision in less than 6 months.
  - We're wasting our time on meaningless projects.
  - Meetings and email keep me from doing real work.
  - Younger workers don't understand or respond to our authority.
  - This is the way we've always done it.

By the time the following symptoms show up in the business it usually indicates the need for a major intervention:

- Significant change in business results that can't be tied to market or economic factors, and which are unexpected or difficult to explain away as global economy.
- Steady loss of your strongest talent.
- Key customers switching to a competitor, steady loss of market share.
- Costly initiatives failing to produce results on schedule, leading to greater confusion and resistance.

Benchmarking Your Culture

Ten years ago, leaders had to settle for culture "measures" that were based on personality, crude and cumbersome evaluations, and at best, not linked to business performance.

The good news: Research in the past 10 years has led to the creation of validated measurement tools for the culture-performance link. One of the more powerful versions measures culture as an expression of specific behavior in business – and most importantly – compares it against benchmark data of over 3000 companies spanning industry sectors and geographies.

The strength of your culture is linked directly to seven common measures of your business performance:

1. Profitability
2. Innovation
3. Market Share
4. Sales Growth
5. Quality
6. Employee Satisfaction

Research in the past 10 years has led to the creation of validated measurement tools for the culture-performance link.

7. Customer Satisfaction

Furthermore, survey results will show the highest leverage points for bringing your culture into balance and accelerating its performance. This avoids the all too common "spray and pray" approach where ROI is questionable or non-existent.

This tool is a critical link for business leaders who have struggled with knowing culture is important but not knowing how to measure it. It provides a common language and

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model for assessing and managing culture as a business process – and everyone in your company from the CEO to the line performers can understand it.

Additionally, most senior leaders appreciate analysis. You need to begin the conversation about your culture with valid and benchmarked data, as a non-emotional language to educate the organization.

Ten Signs of a Healthy Culture

Once you have a clear picture of the existing culture, you need to define what type of culture will support the strategic direction of your organization or department. There are qualities that any culture needs to execute at an optimal level.

Health in culture is like air and water – it supports or erodes your health (depending on its quality), is mostly unseen, and is largely taken for granted unless something goes wrong.

Whether you are leading a 10-person team or a 100,000 person organization, there are three key actions that lead to a culture of ownership that is healthy and retains great talent:

I. Clarifying direction;
II. Involving people in ways that are meaningful; and
III. Communicating for clarity and alignment.

I. Clarifying Direction

Every great accomplishment begins with the end in mind. If you don't have a clear destination that is fully dialed into your customer, you won't be able to leverage Involvement and Communication.

1. Destination

Is there a simple, clear and meaningful description of where we are going? This includes where we're headed (vision, mission) AND a clear description of how we will be unique in achieving it (strategy, values).

Does your description of the desired future include emotional storytelling that excites people, and at least in part, shows people how you are growing, creating, and expanding opportunities – versus cost-cutting, minimizing, and shrinking? (You are far more likely to ignite energy with the language of creation versus the language of destruction).

If you asked everyone in the business what it is, would they give the same answer?

Trap: Most vision and mission statements are vague, over-ambitious, and understood only by the top leaders. Keep it simple, put it in English, and integrate it into all of your communications.

2. Alignment

Is there a rigorous process to link vision and strategy to specific goals and metrics across the entire business?

Is commitment built among employees through regular meetings and forums that build relationships across the organization?

Do you seek individuals' "fingerprints" when initiating change? (vs. "telling" them after the fact?)

Trap: Leaders over-emphasize one-way telling of meaningless facts. To get people aligned, you need to create interactive and engaging ways people can connect with each other and build meaning. There's no short cut for this process; it's a hallmark of healthy cultures.

3. External Focus

Is it obvious to everyone how customers will benefit from a project or initiative?

Do leaders seek input from multiple perspectives before making an important decision?

Do you have specific methods to help all employees stay in direct touch with customers?

Trap: Most leaders over-rely on internally focused ideas, structures, and systems. In healthy cultures, leaders cultivate many points of view in establishing a vision and strategy: Customers, vendors, other departments and other geographical locations.

II. Involving People

These activities accelerate speed and efficiency toward your vision, and are often simple, overlooked solutions to poor morale.

4. Addressing Points of Pain

Do leaders address frustrating, bureaucratic, and non-performing areas of the business quickly?

Do your change efforts show clearly how you will achieve top business outcomes?

Are people trained and empowered

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to remove obstacles to efficiency and serving the customer?

Trap: Many leaders over-focus on internal political issues that mean nothing to employees. In healthy cultures, leaders listen well to employees' ideas to solve real problems.

5. Developing People

Are opportunities for learning and career development available to all employees?

Does your commitment to investing in employees go above and beyond the minimum job training?

Do people feel supported in seeking new career paths and opportunities?

Trap: Today's organizations are quick to slash their "people development" budgets when they need to make their numbers. This is a very short-sighted move. Healthy cultures protect popular developmental programs as a critical driver of growth and innovation.

6. Feedback

Do teams and individuals engage continuously evaluate what's working and what's not … what is done with that information?

Do senior leaders have regular contact with employees in ways that create honest dialogue and input that can inform key decisions and company strategy?

Do you have organization-wide systems and a common language for giving feedback: Robust processes for lessons learned and course-correction, conflict management, and working across boundaries of geography, hierarchy, and function?

What are your processes for creating large-scale buy-in during change?

Trap: People do not naturally and easily give useful feedback. In a healthy culture, leaders build the skill and expectation into the culture. When people have experienced the benefits, they stop being afraid of it.

7. Empowerment

Are meetings focused mainly on problem solving and decision making? (vs. information-sharing)

Do you have processes to coach and mentor employees so decisions can be made at the lowest possible level?

Do you allow "failure" as a process and tool for driving innovative thinking and action

Trap: A culture of "empowerment" requires preparation and readiness. Unfocused meetings with wandering agendas that end with no decision or actions are a lost opportunity in business.

III. Communicating

Most companies over-focus on "PR" – one-way, information-only "spin-selling." In contrast, these communication activities build connection to people and to the vision, provide a clear and consistent message about what's expected, and leave no uncertainty about what leaders want to happen.

8. Relentless Focus on Results

Are the goals and desired results clear for the next 12 months?

Does your company have an execution "infrastructure" that reliably makes things happen on time to customer's satisfaction?

Do you engage employees in the process of creating, making, and tracking commitments?

Trap: Too many organizations have no idea how they create success – it's often accidental luck or relies on the charisma of a driven leader. In healthy cultures, the focus on results system-wide is unapologetic, conscious, purposeful, and consistent. And contrary to popular opinion, it does not sacrifice caring about people.

9. Walk the Talk

Do leaders demonstrate the behavior you want your people to exhibit?

Who are the "heroes" in your business and what values are highlighted through their heroic feats?
Do leaders openly acknowledge mistakes and talk about how they learned from them?

Trap: "Do what I say, not what I do" never works. If you are concerned about a pattern of unhealthy behavior in the culture, look no further than what leaders demonstrate. In healthy cultures, "walk the talk" is not about perfect behavior. It's about leaders engaging in open, honest, and transparent dialogue…and offering an occasional apology.

10. Accountability

Do managers deal with non-performance in a reliable and consistent way? (see "Feedback")

Do people know precisely what's expected on any given project or goal?

Are rewards linked to results and the vision? If the vision requires change, have rewards and recognition been addressed?

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Trap: Poor accountability is an "after-the-fact" conversation in business. In healthy cultures, accountability is the natural outcome of cultivating strong practices in all of the above areas.

How to Build a Balanced Culture

The question everyone wants to know: How do you do it? In the game of "culture change" how do you identify the leverage and take tangible, concrete steps that lead to a more healthy culture that is balanced and has the capacity to continuously reinvent itself?

Of course, the variables and unique factors are endless: Market timing. Leadership maturity. Product or business life cycle. Acquisitions. Popular management theory.

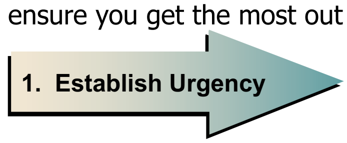
What you need is a framework and process you can apply to the scope and current reality of your unique situation – whether the desired change is small or large. In the same way that applying a proven process to "getting healthy" leads to greater success than the "do-it-yourself" approach, there is a replicable process to building a healthy culture.

The following six steps are scaleable and effective for ANY change – regardless of the size of the organization or system.

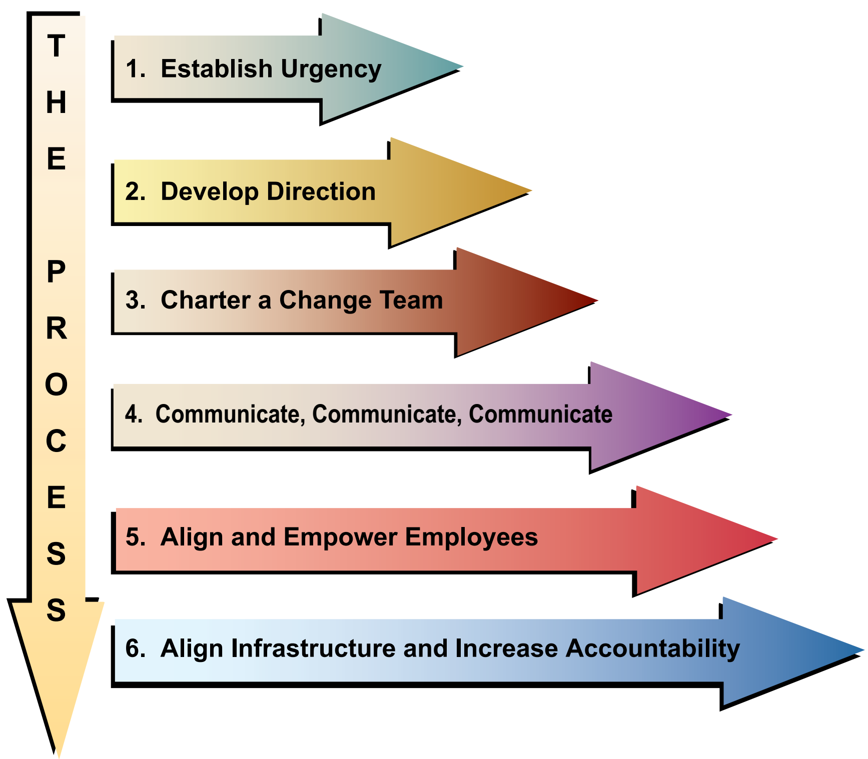
This six-step model is based on decades of experience with hundreds of leaders undergoing change. It is not a "formula approach" — but a comprehensive framework to help you define and develop a unique approach for your situation.

If you are undertaking culture change, there's a point where you've got to hit the throttle or you will taxi forever without liftoff. These six steps must take place within a relatively short time frame to produce a coordinated and high-leverage result. Many leaders make the mistake of incremental, gradual change, and their efforts often do not achieve the critical mass of support and activity necessary for sustained change.

Each step has a comprehensive set of activities and tools to help tailor the change approach to target your point of pain, your people, your company, and your unique business challenges. Here, we lay out a brief description of what's important in each step, and "success secrets" that ensure you get the most out of each step.



IMPORTANCE: Leaders must create the rationale for the change: Why change, why now. You need to show how improving the business requires change in the culture, NOT how the culture will improve the business.



This is where motivation is built.
SUCCESS SECRET:
Question: "How do you eat an elephant?"
Answer: "One bite at a time."
Define a scaleable change, where you can make a visible and sustainable impact in a short time frame (apply a lot of heat to a small area and you get fire). Direction, time, and scope are related. If you quickly and radically alter a system by transforming something that drives people nuts, it's a far more powerful "convincer" than gradual change.

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Target an organizational "point of pain". It has built-in urgency, and sends a BIG MESSAGE to the organization "wow, something's really different."

2. Develop Direction

IMPORTANCE: Create clear expectations, and a compelling story that engages early commitment from key stakeholders. Ensure it links to the business strategy.

This is where the dream is built.
SUCCESS SECRET: Build the business case for change that will include compelling answers to the following questions:
Why change? Why now?
What happens if we don't? What does change look like? What's our plan to get there? What's does it mean to you the employees?

The business case must evoke emotion and feeling, versus just facts and analysis.

3. Charter a Change Team

IMPORTANCE: Define and enroll strong champions of the change effort.

This is where sponsorship is built.
SUCCESS SECRET: One bold, impassioned believer who has power and credibility needs to launch the change effort. There's no substitute for committed leadership! He or she needs to organize a small team around them to actively drive the change effort – people who are courageous, creative, and have a high "like-ability" factor. And, the executive must stay engaged and not delegate the responsibility to a team or to outsiders (e.g.; consultants).

4. Communicate, Communicate, Communicate

IMPORTANCE: Communicate 100 times more than you think is necessary. Build a passionate story that compels behavioral change by evoking emotion and redirecting attention to something people have not seen or thought.

This is where engagement, ownership, and empowerment are built.
SUCCESS SECRET:
Don't communicate too much before creating visible change in a point of pain – "doing before telling" is a much bigger convincer than the opposite sequence. At the same time, if leaders are reluctant to develop a powerful, coordinated message and consider communication "someone else's job", this is a sign you don't have true commitment.

5. Align and Empower Employees

IMPORTANCE: To overcome gravity and inertia you must engage employees, and demonstrate through leadership commitment that change is more important than all the good reasons to stay the same.

This is where momentum is built.
SUCCESS SECRET:
Getting people to sustain a new way of behaving is a major "sticking point" in change efforts: Reinforcement is key.

Leaders must show they are willing to get their hands dirty and make changes themselves. "Be the change you want to see." People will make hard changes more willingly if they see leaders doing it first.

6. Align Infrastructure and Increase Accountability

IMPORTANCE: Creating lasting change requires realigning how money gets invested, how power and authority are redistributed, and how people are rewarded. If you are making a personal change, you change daily habits (e.g.: what you eat, when you eat, how much you eat). In business, you have to realign your systems and processes with the new way of working. If you don't deal both with intrinsic (say) and extrinsic (do) elements of culture, people will be confused.

This is where true balance is built – the capacity to continuously reinvent your company.
SUCCESS SECRET: If you want real change, work to create an endless, relentless, persistent feedback-culture. Do it through daily behavior,

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through systems, through metrics. Do it with employees, customers, and vendors.

A few more words on the importance of feedback …

Most leaders believe they have adequate financial feedback. By now, most have more upstream quantitative data such as product development cycle time, cost of sales, sales/customer, quality costs, etc. Additionally there are employee surveys, customer focus group data, SWOT analysis, etc. These are important pieces of feedback. However, do you have a culture that provides the most senior leaders with timely and honest feedback about their leadership? Do your senior leaders give honest and timely feedback to others when performance is below expectations or is that left to a once a year, HR driven performance review? How long can an employee stay employed with substandard results? Do senior leaders and employees interact regularly?

Of all the leadership skills that shape a culture, feedback is typically the most underdeveloped. If you truly want to build a culture that is balanced – with the capability to respond to whatever changes will come along – then focus on feedback as the foundation. It's like cross-training: Building the strength to respond to external challenges and stretches.

Common Mistakes in Culture Change (and their antidotes)

1. Believing culture is the easy work.

The odds against sustainable culture change are well-known: Leaders include a random $20,000 in the budget to create a "splash" campaign that makes people "Feel Good" for awhile, or take a "spray and pray" approach with training programs. You may as well just throw a big party – it will have a better impact. The "Culture Change by email and coffee mug" strategy doesn't work. Be realistic – changing entrenched patterns of behavior is hard, pays off big, but takes commitment, persistence, and time.

2. Giving it to HR and saying "good luck."

Great culture is created through a methodology and process that requires full partnership between HR and top leaders. If you don't have enthusiastic sponsorship from top business leaders, any "culture change" effort is doomed from the start. Further, often HR ends up being like the messenger that gets shot – if you want to change an environment that people are comfortable living in but that is eroding their health, you want neutral outside expertise to help diagnose and prescribe the solution, and deliver the tough news.

3. Underestimating the senior leadership support required to create momentum.

The more embedded the dysfunctional ways of working (especially in a big company or a long history of success), the more work senior leaders will have to do to show they're serious.

4. Attempting it with the same people who created the current reality.

You need new, fresh energy. It's like trying to build a new house out of bricks and lumber when all people have ever done is build with mud and straw. Your "old guard" can be taught to work in brick and boards, but it will take more time. And there are people who will still want to use the old materials. It's better to infuse new people who believe in the new materials and have used them successfully. Dick Clark, CEO of Merck, says it well: You need to change the people or change the people!

5. Failure to adequately redirect attention.

Most leaders are not rigorous enough in creating a "feedback-based culture" that does two things: (1) Redirects what people prioritize, and (2) Redefines what success means. For example, if you don't change what you measure, reward, recognize, and hold people accountable for, sustainable behavioral change won't happen on a large scale. Period.

6. Letting up too soon.

It takes one person at least 30 days to make a small change in his or her personal habits. Forget about smoking or diet – those take up to a year. Multiple by 200, 2,000 or 20,000 people – you get the idea. Large-scale culture change can take years.

7. Trying to take on too much too soon.

Start small. Find where there is motivation for change, and target visible change there first.

8. Forgetting it's about the people.

People are inspired to do hard stuff when they feel it. While you need the analysis – you have to go beyond PowerPoint: Make it emotional and appeal to people's sense of wanting to learn and grow – engage the heart, not just the head.

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9. Underestimating resistance.

You would think the stuff that makes people nuts would be the easiest to change but it's not. DNA is powerful. It drives the organizational immune system. If it looks like a "threat" to the status quo, the organization will attempt to remove it. This will include your consultants, your programs, your new "energy" and your new leaders. Leadership commitment is the antidote – you will need a specific strategy to deal with the resistance factor – your external partners should be prepared to help you entrench new pathways of behavior that will overcome the resistance.

10. Unwilling to change yourself.

People will follow your example more than they'll follow what you say. The good news: The fastest and easiest way to get what you want from others is to show up differently yourself. If you are asking a part of the organization to move with greater speed, you better show up with greater speed. If you are asking them to have greater focus on the customer, you'd better be in touch with the customer yourself. The bad news? If what you say and what you do are perceived as out of sync, guess which one wins?

About the Authors:

Lisa Jackson and Gerry Schmidt are corporate culture experts and authors of the book "Transforming Corporate Culture: 9 Natural Truths for Being Fit to Compete." They offer a proven method to teach leaders how to evolve their corporate cultures to perform better, innovate faster, and show they truly care about people in an unprecedented era of rapid change and transformation.

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