The Role of Leadership and the Impact of Culture on Building a World-Class Organization

Presented by
Kenneth Majer, PhD
Culture Integration International
<table>
<thead>
<tr>
<th>Context</th>
<th>Why are we here today?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td>To demonstrate how leaders can build powerful organizational cultures.</td>
</tr>
<tr>
<td>Outcome</td>
<td>To provide useful information and practical tools for leaders to influence others.</td>
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</tbody>
</table>
| Agenda  | I. Lessons from world-class organizations.  
|  | II. The power of culture.  
|  | III. Lessons from world-class leaders.  
|  | IV. Leading your people through change.  
|  | V. Steps to creating a values-based culture. |
Lessons From World-Class Organizations
Values Drive Culture

The U.S. Navy: Strength for Freedom in the World

Honor

Courage

Commitment
Values Drive The Culture Of The Blues

TRUST
RESPECT
ACCOUNTABILITY
INTEGRITY
COMMITMENT

These shared values build an effective team, establish its culture, conduct, rules, and policies.

Of these values, one of them is most important…
Defining

TRUST
Values Drive Culture

Values-Driven Companies Outperform the Rest

The Blue Angels
Southwest Airlines
Nordstrom
Ben & Jerry’s
Starbucks
Harley-Davidson
IKEA
Costco
New Balance
Trader Joe’s

Corporate Culture…
It’s the way we do things around here!
“When process runs up against culture… culture always wins.”

*Reengineering the Corporation*

Michael Hammer and James Champy
What It Takes To Be World Class

- Strong Culture—creating a set of core values to align the workforce around a shared vision.

- Change Leadership—understanding how people and organizations react and adapt to change and how to lead them through transitions.
The Power Of Culture
Book: *Outliers*
by Malcolm Gladwell

Healthy Communities
Air Safety
Hockey
“91% of the 1200 senior executives at global companies surveyed agreed that culture is as important as strategy for business success.”

~Paul Meehan, Darrell Ribgy, Paul Rogers
Creating & Sustaining a Winning Culture
Harvard Management Update January 2008

“If executives fail, they don’t fail because of business skills, but soft skills and cultural skills.”

~Scott Kingdom, Global Managing Director
Korn/Ferry International

“We believe your company culture and your company brand are just two sides of the same coin…Your culture is your brand.”

Tony Hsieh, CEO
Zappos, now owned by Amazon
“Here’s an extra $40 million for your culture.”

~Jeff Bezos, CEO, Amazon
University researchers Kotter, Heskett, Ulrich, Zenger, Smallwood have concluded (Google “Corporate Culture and Performance”):

• *Almost one-half of earnings are attributable to how much employees “buy into” the company’s corporate culture and companies that align and manage their cultures* increase revenue *by four times* and increase stock prices *by twelve times* over those companies that don’t manage their cultures.

A study of Fortune 500 companies co-sponsored by Crawford International and HR.com found:

• *Companies that create adaptive corporate cultures outperform companies with non-adaptive cultures by a factor of 900 to 1 as measured by long term net income and stock price growth.*

http://www.hrmguide.com/culture/leadership-culture.htm
Lessons From World-Class Leaders
Consider the thoughts of five powerful leaders in the next five slides.

From each slide select 1-2 of the principles from each leader that you think are the most important for leading change.

- Tony Blair, former Prime Minister, Britain
- Lou Gerstner, former Chairman, IBM
- Richard Levin, President, Yale University
- Christie Whitman, former Governor of New Jersey
- Admiral Mike Mullen, Chairman, Joint Chiefs of Staff, (ret.)
1. A clear sense of vision.
2. Get out and do something.
3. Willingness to be unpopular.
4. Creativity and innovation.
5. Have conviction, make decisions and take responsibility for them.
6. Adapt to change.

Which of these do you think is most important for a leader?
1. To make change, know what people value; understand the culture.

2. Get people to do things they otherwise would not do.

3. Change begins with a sense of urgency, purpose and direction.

4. Communicate honestly; treat people as deserving to know.

5. The team across all business units must align with the vision.

6. Don’t fear change—fear the competition.

Which of these do you think is most important for a leader?
1. Managing people who don’t want to be managed.

2. Must have a shared set of values, a clear sense of direction.

3. Inspiring people to march in the same direction.

4. Limit the vision to a half dozen realistic goals and empower people to go step-by-step to reach them.

5. Create teams with members who want/need decisions to be their own.

6. Leading is persuading.

Which of these do you think is most important for a leader?
1. Leadership requires consensus and empowering good people.

2. Getting others to do what you want them to do because they want to do it.

3. Be someone others trust.

4. Know you don’t have all the answers; learn from others.

5. Use communication to persuade others to your point of view.

6. No matter how good the decision someone will get hurt; decide what’s best for the greatest number of people.

Which of these do you think is most important for a leader?
1. Leaders emerge in crises.

2. Know your people and take care of them.

3. Stay in touch with those you affect the most and be there for them.

4. It can’t be done without the team.

5. Leaders are ‘clear eyed,’ honest, have integrity, and hold themselves accountable.

6. “Listening, Learning, Leading.”

Which of these do you think is most important for a leader?
Leading Your People Through Change
Organizational Reaction to Change

Culture & Behavior Change, Structural Alignment, and Productivity

Project Start

Begin

Realization

“Valley of Despair”

Initial Euphoria

Getting On Board

End

Desired State
## Identifying Types of People

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<thead>
<tr>
<th>ACTIVE</th>
<th>POSITIVE</th>
<th>NEGATIVE</th>
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</thead>
<tbody>
<tr>
<td>Cheerleaders</td>
<td></td>
<td>Rebels</td>
</tr>
<tr>
<td>Followers</td>
<td></td>
<td>Hiders (P-A)</td>
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**Actives**
- Cheerleaders
- Rebels

**Passives**
- Followers
- Hiders (P-A)
Two Parts to Each of Us

Switch by Heath and Heath
Did You Know?

• Perceptions cue a series of downstream thoughts that influence behavior. This is called "priming." For example, if you ask a number of test subjects to think of words that are vaguely associated with being elderly (such as Bingo or Florida), they will leave the room and walk more slowly than when they entered. If you use positive words such as achieve, master and succeed with students prior to taking an exam, they will perform better. (David Brooks, *The Social Animal*)

• What are the implications of this phenomenon for a leader?
Steps To Creating A Values-Based Culture
Values Align High-Performing Companies

I. Core Values are the Foundation of a Company
   “Who We Are”

II. Culture
   “The Way We Do Things Around Here”

III. Vision, Mission
   “Where We Are Going”

IV. Strategic Plans
   “How We Will Get There”
Five Steps to Build a Values-Based Culture

Step 1: Create a set of core values.

Step 2: Define each value for your company.

Step 3: Translate the values into appropriate expected behaviors (actions).

Step 4: Embed values-based decision making into the screening, hiring, reward and recognition, and performance review processes of the company.

Step 5: Create and implement a sustainability communications program.
Five Steps to a Values-Based Culture

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What Are Values?

Values are fundamental principles we believe in and that govern our behavior, i.e., determine what we do, how we act.

What is Corporate Culture?

Culture is the way we do things at work.

What is a Values-Based Corporate Culture?

The way people act at work based on commitment to a accepted set of values.
Step 1: Create a Set of Core Values

Where do values come from?

Everyone in an organization. And they’re personal!

We found Walden at the Animal Shelter
Step 1: Create a Set of Core Values

We took him home and gave him a bath…
Step 1: Create a Set of Core Values

What do you think I love to do when I’m not working?

Right! I take Walden to the Dog Park!

What are some of my core values?
Step 1: Create a Set of Core Values

The Character of People and Companies

You Are What You Do

You Evaluate Others by What They Do

Values-Driven Companies Do Better—

(They Outperform the Competition)

“It’s All About the Doing!”

(I didn’t make all this up…)
Step 1: Create a Set of Core Values

*I Am What I Repeatedly Do*
*Aristotle*

*My Values Determine What I Do*

*What I Do Defines Who I Am (Aristotle)*

*Therefore,*

*My Values Define Who I Am*

*(I Am My Values)*
Step 1: Create a Set of Core Values

“Well done is better than well said.”

-Benjamin Franklin
The Question

Ask the question: “What do you love to do when you’re not working?”

Then question the answers:

“What do you like most about doing that?”

“How do you feel when you are doing it?”

“Why do you think that’s important to you?”

“Do you do it by yourself or with others?”

“What key principle, belief, or value drives you?”
We learned...

I. Lessons from world-class organizations.
II. The power of culture.
III. Lessons from world-class leaders.
IV. Leading your people through change.
V. Steps to creating a values-based culture.
VI. Demonstrated how to create a set of core values.
   (Step 1 of Five Steps to Build a Values-Based Corporate Culture)
Additional Learning

• *Outliers* by Malcolm Gladwell

• *Switch* by Heath and Heath

• *The Social Animal* by David Brooks

• *Organizing Genius* by Bennis and Biederman

• *Firms of Endearment* by Sisodia, Sheth, and Wolfe

• *A Dog’s Purpose* by W. Bruce Cameron
Take Away

• What is your biggest “Take Away” from today’s session?
Great Groups

Culture Integration International
Generosity Humility Collaboration Authenticity Fun

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