

***Build The Culture Advantage* is the “go to” resource to help drive a performance-based culture.**

- **Marshall Goldsmith**, million-selling author of the *New York Times* bestsellers *MOJO* and *What Got You Here Won't Get You There*

BUILD THE CULTURE AD VANTAGE



Deliver
SUSTAINABLE PERFORMANCE
with Clarity and Speed

TIM KUPPLER TED GARNETT
TOM MOREHEAD

PRAISE FOR BUILD THE CULTURE ADVANTAGE

Build The Culture Advantage is the “go to” resource to help drive a performance-based culture. The authors provide a framework to optimize the power of culture. All leaders should use this book to take their team and organization to the next level!

- Marshall Goldsmith, million-selling author of the *New York Times* bestsellers *MOJO* and *What Got You Here Won't Get You There*

Culture is often thought to be a soft academic subject that has little, if anything, to do with making money and growing a business. *Build the Culture Advantage* effectively connects top and bottom line results with building and managing a high-performance culture. This is the best framework for managing culture I've seen in 30-plus years in helping leaders deliver great business results.

- Greg Lee, President, Greg A. Lee & Associates and former Senior Vice President Human Resources for Motorola, Inc.; Sears, Roebuck & Company; and Whirlpool Corporation

As a globally active enterprise, a strong and consistent corporate culture is a key driver for success which sets you apart from your competitors. I had the chance to accompany the process of applying the concepts of *Build the Culture Advantage*, and I am deeply impressed about the results delivered in a short period of time.

- Harald Kober, Board Member, AL-KO Kober SE

What sets *Build the Culture Advantage* apart from the growing field of culture work is the definition of how “*strategic culture alignment drives sustainable performance!*” This book brightly illuminates how this works through a powerful framework of building “Cultural Maturity.” *Build the Culture Advantage* sets a very high bar, sails over it beautifully, and then, to boot, helps us set our own plans in motion, organizing and equipping us to implement this book’s terrific tools in our own enterprises.

- John Stahl-Wert, coauthor of the internationally bestselling books *The Serving Leader* and *Ten Thousand Horses*, and President of *Serving Ventures*

The difficulty in many culture change initiatives is building a sustainable and proven process to drive an organization from its current culture to a high-performance culture. *Build the Culture Advantage* provides the foundation, template, and process to guide individuals and organizations to effectively manage this challenge with clarity and speed.

- William S. Neale, founder of the Neale Group, co-founder of *Denison Consulting*, and former President of *Human Synergistics*

If you are concerned about performance, you have to be concerned about culture. High-performance organizations are developed when the culture is clearly defined, aligned with the business priorities, and managed effectively by the entire team. This book takes the mystery out of culture and its connection to performance. Using a step-by-step process, it clearly shows how the two are related and what you can do about it. If you are concerned about culture and performance, this is a must read for you and your team.

- Jack and Patti Phillips, founders of the ROI Institute and authors of *Show Me the Money* and over 50 other books

There is a lot of talk in corporations about the importance of culture, but little has been done to date. Culture is the engine of organizational performance. *Build the Culture Advantage* provides the manual.

- Tim Wolters, CEO, RoundPeg

Culture has traditionally been a messy, ambiguous topic for many CEOs and senior executives to deal with; yet they all know it essential for success, intimately linked to strategy, execution and engagement of their people. *Build the Culture Advantage* closes the gap between ambiguity and practicality, providing a coherent framework to understand culture and its link to business performance. I'd recommend this book to all leaders who know in their gut the importance of organizational culture but have struggled with channeling their energy toward interventions that make a difference.

- David Astorino, Senior Partner, RHR International LLP

I just finished reading *Build the Culture Advantage*—in a word—WONDERFUL! It is one of the best bodies of work that I have read on the subject in 25 years of playing in the culture space. It's an excellent balance of a practical framework and science, one that will benefit a layman or expert.

- Kurt Yerak, President, KEY Leadership Group

Taking the concept of building a high-performing culture to a new level, this pragmatic approach served up in a field guide model will benefit any manager or executive looking to build a high-performing team, department or organization. Once you read *Build the Culture Advantage* the mystical approach to culture change will be straightforward. This will be my only guide on culture change going forward.

- Zant Chapel, SVP Global HR and OD, Global Eagle Entertainment

There is much written on the topic of culture but what I like about *Build the Culture Advantage* is that it neither mysticises the topic nor makes out that it is easy to do. Instead it provides a very pragmatic and practical approach for how to begin, grow, and develop organizations with a positive culture.

- Alan Williams, Director, Servicebrand Global Ltd. and author of *The 31 Practices: Release the Power of Your Organization's Values Every Day*

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Preface for Leaders

This guide is about building a performance culture as the foundation for achieving *sustainable* performance. *It's written for leaders* with vision, passion, and the interest in engaging their organization, prioritizing as a team, and maintaining persistent focus over time. They are also deeply interested in engaging the head and the heart of their team in the process to maximize their impact and learning along the way. These pioneers create the future and aren't afraid to build an organization that will successfully endure without them.

If you are one of these leaders then this guide is written for you and the world needs you! A study from Booz & Company highlighted that 96% of respondents believed culture change was needed in their organization in some form and a shocking 51% believed a major culture overhaul was needed.¹

This guide is targeted at two primary applications:

- ♦ A **framework** for evaluating the operating drivers of your current culture and a **best practice guide** for leveraging them to improve performance
- ♦ A **complete roadmap** for major efforts to implement a performance culture

Here are some details to make the most of your efforts to use this content:

- ♦ **Tools and resources**—A variety of tools and resources are highlighted in the content. The website www.BuildTheCultureAdvantage.com includes all of the tools and resources outlined in this book. We will be adding to these tools and resources over time so the value of this content will grow. We encourage you to submit your testimonials, best practices, and culture stories for the benefit of all readers.
- ♦ **Employees or members**—We use the term employees frequently but the content applies to all types of organizations: for-profit, nonprofit, teams, professional organizations, etc.
- ♦ **First read**—We intentionally kept the length to a manageable size even though culture is a very rich and deep topic. Digest the overall framework and supporting logic while you think about the relevance to your organization or clients. Reflect on the insights and actions summarized at the end of each phase in our framework. Return to specific sections or refer to our online resources for a deeper look as you consider applying the concepts.
- ♦ **CultureUniversity.com**—Continue your culture education by accessing www.CultureUniversity.com for blog posts, interviews, and other content from a collaboration of culture experts. CultureUniversity.com is an educational site with the purpose of positively impacting society on a global scale through increasing the awareness and education of effective culture management practices.

Let's get started on your culture alignment journey!

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Introduction

Do I make a meaningful impact at work every day? Do I truly understand how I impact my organization? These are questions we all have. The need to make an impact and have a meaningful contribution is essential to us as individuals, teams, and organizations. Our success lies in our ability to align and leverage the unique culture that exists around us.

Culture is a powerful force but it remains an elusive or mysterious subject. It's been easier to tackle the more concrete subjects of strategy, talent management, or even leadership. There are plenty of improvement frameworks for those disciplines. Unfortunately there aren't many, if any, simple, logical, and common-sense frameworks for effectively leveraging and aligning the culture of an organization with a direct connection to performance. This work is focused on how to reinforce or adjust the primary systems, habits, and behaviors of an organization so they consistently support the core values and a clear vision for the future. It is possible to accelerate the culture learning curve and manage culture with a great deal of clarity, but leaders need a guide. They need a clear and customizable framework grounded in common-sense language and approaches that applies across all levels of any industry.

Why Culture Change Efforts Fail

Culture change efforts fail for three primary reasons:

- ◆ **No clear focus on performance:** Culture is considered a separate entity from strategy and other performance improvement initiatives instead of being an integral part of any effort to achieve sustainable high-performance in support of the organization's purpose or vision. Developing culture may be relegated to a single functional area like human resources or operations instead of being a critical priority that leaders shape and manage over time just like strategy.
- ◆ **Lack of isolating one to three value or behavior shifts:** It's rare for top leaders to believe they are seeing all the important behaviors from their people that are necessary to support work on the top performance priorities. Leaders may understand the "values on the wall" they or others established, but they have no clear understanding about how their team is hard-wired from a values standpoint. This foundation understanding is key in order to be clear about the one to three specific shifts or behavior changes that may be necessary to support performance. The shifting or alignment of behavior over time must be clearly addressed.
- ◆ **No clear alignment framework to leverage the unique culture and to support the behavior shift:** Leaders understand and often manage some of the key alignment areas such as strategy, goals, measures, and communication but fall short of covering *all* the critical operating drivers of an effective culture. There is no clear understanding of the steps or phases to effectively align an organization so it's difficult to clearly engage the organization in the journey to build a high-performance culture.

A Common Sense Framework

This guide addresses these shortcomings as part of a clear and common sense framework. It's a framework, not a rigid structure, and should be interpreted that way. You should find value in the framework and not necessarily every point of view or specific approach. The concepts apply in all organizations even if the level of structure and

formality may be very different. These concepts have been successfully applied in small businesses and large, diverse global organizations. They are common sense, but rarely communicated as part of an overall operating model. The framework for building a performance culture will be covered in plain language without complex philosophies. It's not a general overview but a thorough and connected framework reinforced through examples, graphics, and workplace tools.

The framework will be covered in three logical phases: 1) Build the Foundation, 2) Expand the Approach, and 3) Go Deep. The *foundation is by far the most critical*. Surprisingly, many great organizations that apply concepts far beyond what's covered in the last two phases of the framework still lack the clear and aligned foundation to make the most of their comprehensive approach.

One Big Thing

It's possible to apply all the concepts in the first phase, Build the Foundation, to just one major improvement priority, or "One Big Thing," to build momentum and make substantial measurable progress. Improving one area in a very clear way is great, but it still falls short of the goal of building a performance culture that delivers sustainable business performance as new challenges and opportunities emerge. This guide covers the entire journey from building initial momentum around a small number of priorities through the much deeper actions to anchor improvements in the culture.

The Performance Culture Framework

It's important to understand the overall framework for building a performance culture in order to fully understand why the foundation drivers are so critical. You'll be returning to the foundation many times when there are major issues managing a priority or as your organization reevaluates priorities and plans in response to market, resource, or other issues.

It is sometimes overwhelming for leaders to make sense of the ideas from books, magazines, blogs, and other great sources. They must also deal with countless ideas they hear from employees, bosses, owners, or other stakeholders. The performance culture framework will help you understand how to sequence and prioritize work to logically support performance based on the status of your current culture. Best

practices and improvement ideas are incorporated in the appropriate phase of the overall framework. Josh Bersin, founder of Bersin & Associates, a provider of research and consulting to guide human resources, learning, and talent strategies that is now part of Deloitte, shared how research has shown that someone new to a subject needs a framework in which to learn. It's important to understand the basics first in order to understand the more advanced topics later since all major business concepts build on each other.¹

This guide is organized in three phases over time but all the operating drivers we will focus on in each phase fit into one or more of four categories:

- ◆ Strategic and Financial Alignment
- ◆ Motivation
- ◆ Talent Management
- ◆ Core Process Improvement

These four categories of operating drivers are the focus of this book and comprise the Performance Culture Framework (see Figure 1). They are presented in three phases with an emphasis on implementation so

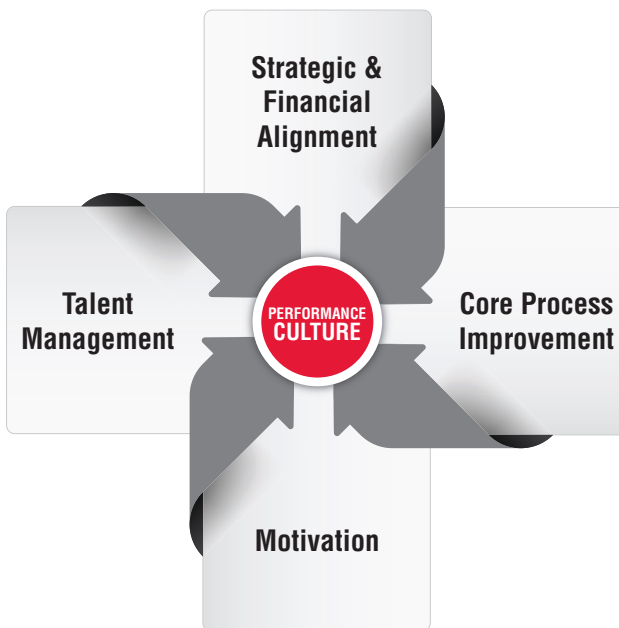


Figure 1. Performance Culture Framework

the information will ideally be beneficial whether you are experienced or just beginning a culture alignment effort.

Consistent with Other Improvement Approaches

The four categories of the Performance Culture Framework are consistent with other models, frameworks, and concepts from well-known improvement experts like Stephen Covey, Ram Charan, and Jim Collins.

Performance Culture “Operating Drivers”	Stephen Covey’s 4 Leadership Imperatives	Larry Bossidy and Ram Charan, <i>Execution: The Art of Getting Things Done</i>	Jim Collins, <i>Good to Great</i>
Strategic & Financial Alignment	Clarify Purpose	Core Process of Strategy	Hedgehog Concept Confront Brutal Facts
Core Process Improvement	Align Systems	Core Process of Operations	Culture of Self Discipline
Motivation	Inspire Trust	Execution Embedded in Reward Systems	The Flywheel
Talent Management	Unleashed Talent	Core Process of People	Level 5 Leaders Right People on Bus

Figure 2. Performance Culture Driver Comparison^{2,3,4}

Operating Driver Explanation

The starting point for application lies in strategic and financial alignment and motivation:

- ♦ **Strategic and Financial Alignment**—the process and supporting structure of priorities and expectations required to align values, strategic priorities, goals, measures, and, most importantly, expected behavior with a clear vision for the future of the organization.

- ◆ **Motivation**—the connection of priorities and expectations to formal and informal systems to reinforce results and behavior. This includes base-level motivators like compensation and benefits, as well as management and peer recognition that leads to higher level motivators like pride and the individual sense of being able to make an “impact.”

These two categories of operating drivers are the backbone of the process to build a performance culture; most of the initial work to Build the Foundation is in these two areas. It is far easier to improve an organization’s culture if there is a very clear sense of priorities and expectations, which are ideally well-connected to higher level motivators, so employees give their maximum discretionary effort. This basic concept of bringing maximum discretionary effort is often emphasized in approaches to improve employee engagement.

The strategic and financial alignment and motivation backbone is supported by two additional categories of operating drivers. These final two areas of the framework are talent management and core process improvement; the “people” and “process” sides of effecting change over time. The supporting work in these operating driver categories may be very formalized in large organizations with extensive supporting systems but they are no less critical in small businesses that use more informal approaches.

- ◆ **Talent Management**—the systems for developing and using the talent in the organization to realize the vision, priorities, and expectations.
- ◆ **Core Process Improvement**—improvement of the primary systems the organization uses for managing work. This includes base management systems for monitoring and managing priorities and plans as well as core “operating” processes (sales, production, customer service, etc.).

There are many improvements in these four categories you implement to positively impact your culture and performance. Some common supporting operating drivers are identified in Figure 3.

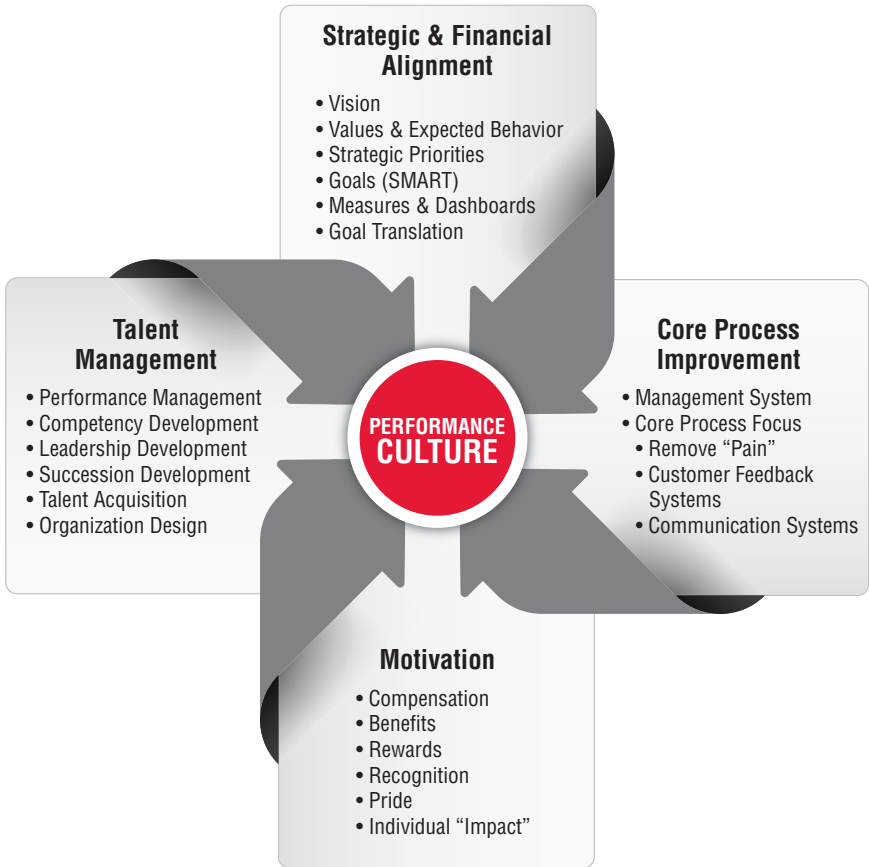


Figure 3. Operating Driver Detail

Work on these areas may all be beneficial, but leaders are left with the challenge of deciding how to prioritize and sequence the work.

Sequencing and Aligning Work

We advocate a framework to sequence and connect the work in a logical way that follows the best practices from many thought leaders and organizations who successfully managed their culture to deliver sustainable performance. The framework includes well-connected operating drivers you consistently manage and directly focus on your organization’s critical performance priorities. The supporting work is

completed in phases that logically build on initial foundation work to build clarity and alignment.

The framework of operating drivers and improvement phases may not be enough for some readers needing a clear step-by-step approach. We further refined the definition as part of the Accountable Culture Management steps outlined in Chapter 11 to support those readers looking for a complete implementation roadmap.

CHAPTER 2: INTRODUCTION

INSIGHTS

- ✓ A culture alignment framework helps leaders accelerate the culture learning curve and focus the work on a logical general sequence of improvements.
- ✓ Culture alignment efforts primarily fail due to three reasons:
 - No clear focus on performance
 - Lack of isolating one to three value or behavior shifts
 - No clear alignment framework to leverage the unique culture and support the behavior shift
- ✓ Culture alignment efforts may be focused on one performance priority (growth, customer satisfaction, quality, etc.) or “one big thing” to build momentum and to increase the likelihood of success.
- ✓ Organizations manage a wide range of operating drivers to positively influence their culture and performance. The operating drivers in this guide fall into the following categories:
 - Strategic and Financial Alignment
 - Motivation
 - Core Process Improvement
 - Talent Management