

# LEADING YOUR CULTURE

## FOUR KEY AREAS LEADERS SHOULD FOCUS ON

*by Mindy Hall*

Leadership and organizational culture are inextricably linked. An organization's behavior ripples out from the individuals leading the organization and shapes a company's identity, its values, and the results that it can achieve. In the absence of leaders who are intentional—consciously considering the environment they want to create and taking deliberate action to bring it to life—a culture will form on its own and may or may not serve the organization's needs. However, when leaders see the proactive development of culture as one of their primary responsibilities, the positive impact on the organization is profound.

Although culture has historically been viewed as a “nice to do,” it has become an essential factor in a company's success. Each year brings new examples of the business impact of lackluster cultures:

- FIFA, the global body that governs World Cup Soccer, saw fourteen individuals indicted in May 2015 by the United States on charges of racketeering, wire fraud, and money laundering, which many say highlights a culture of corruption within the organization. The ongoing investigation and cries for reform led FIFA president Joseph “Sepp” Blatter to resign.
- After a series of well-publicized White House security lapses, a 2015 report on the US Secret Service Agency found the organization “starved for leadership” and pointed out the need for leaders to “help strengthen a culture of accountability.”
- In August 2014, Transportation Board of Canada (TBOC) officials pointed to a “lax culture of safety” as a primary contributing factor in the crash of seventy-two tanker cars filled with crude oil. The resulting inferno killed forty-seven people, burned fifty buildings, and destroyed nearly sixty vehicles.
- The US Centers for Disease Control found that an “insufficient culture of safety” contributed to a lapse in which eighty-one employees were exposed to the anthrax virus in 2014.

- An internal report from General Motors blamed cultural failings as a cause of the faulty ignition switches and subsequent recall delays that resulted in at least 100 deaths and 184 injuries, as of May 2015; there are still 37 death and 589 injury claims under review.
- In May 2014, a culture of cover-ups at the Department of Veterans Affairs was cited as contributing to health care delays for veterans, with top White House officials calling for the agency to be “restructured and reformed.”

But culture is more than a cautionary tale; it is also an opportunity:

- For each of the cautionary examples listed, there are countless other companies whose cultures have been a catalyst for success: Southwest Airlines, Zappos, Pixar, and Google, to name just a few. These companies have turned their unique cultures into magnets for talent and sources of long-term competitive advantage.
- According to John Kotter and James Heskett’s landmark book *Corporate Culture and Performance*, “Corporate culture can have a significant impact on a firm’s long-term performance. We found that firms with cultures that emphasized all the key managerial constituencies (consumers, stockholders, and employees) and leadership at all levels outperformed firms that did not have those cultural traits by a huge margin.” Put simply, companies with strong cultures tend to have more revenues, stronger workforces, higher stock prices, and larger profits.
- Both research and practical experience show that employees who feel connected to the culture of their organizations are more productive. For nearly two decades, the Gallup Organization has been measuring the engagement of US employees. In 2014 (the most recently released numbers at the time of this writing), fewer than one-third of workers were engaged in their jobs. Imagine the impact a company could have if it inspired the other two-thirds to become actively engaged!

- As younger generations become a larger part of our workforce, the impact of culture is likely to grow. The millennial generation now entering the workforce is the largest since the soon-to-retire baby boomer generation, and is projected to account for more than 50 percent of the labor force by 2020. According to a 2011 global survey by PricewaterhouseCoopers, millennials hold attitudes and attributes that are strikingly different than those of generations that have come before: “Millennials are looking for more in life than ‘just a job’ or a steady climb up the corporate ranks. They want to do something that feels worthwhile, they take into account the values of a company when considering a job, and they are motivated by much more than money.” The larger sense of meaning they seek is strongly affected by a company’s values, reputation, and culture. Given millennials’ growing influence, organizations should make strengthening these elements a priority.

Culture will develop as a matter of course and time; the question for leaders becomes, “How intentionally will you shape it?” Make the development of your company’s culture equally important to delighting your customers, ensuring profitability, and creating innovative products and services, and you will distinguish your company as a leader in your field for years to come.

## What Is Culture?

Edgar Schein, a foundational thinker in the field of organizational culture, offers the following in his book *Organizational Culture and Leadership*:

The culture of a group can now be defined as: A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.

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## *Culture is a social energy built over time.*

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Although this definition is widely accepted and of proven worth in academic discussions on the topic, leaders often find the language overly conceptual or see little connection to concrete business actions.

Working in the field over the past twenty-five years, I have developed an alternate definition:

Culture is a social energy built over time, which can move people to act or impede them from acting. Culture will develop by design or default; an organization's ability to shape its culture is determined primarily by its level of intention.

To some encountering this definition for the first time, the term “social energy” can feel esoteric. The reaction is understandable given the intangible nature of culture. At its root, however, this “social energy” is composed of interactions among people: everyone from the CEO to the frontline employee, in forums ranging from structured company meetings, to one-on-one interactions with managers, to casual conversations around the water cooler. When we talk about culture, we are talking about the quality of those interactions and whether they make individuals more or less engaged with the organization. As a result of their interactions, how do people choose to *behave*?

Looking further at this definition, it is important to stress that cultures are built—and change—over time: it takes thousands of individual actions, both large and small, over a period of weeks, months, and years. Cultures are continually evolving and reacting to shifts in the organizational environment, and the culture that serves your organization's strategic goals today may not be the culture it needs to be able to compete in the future. Given this dynamic nature, culture must be viewed as a living construct in need of continued support and attention.

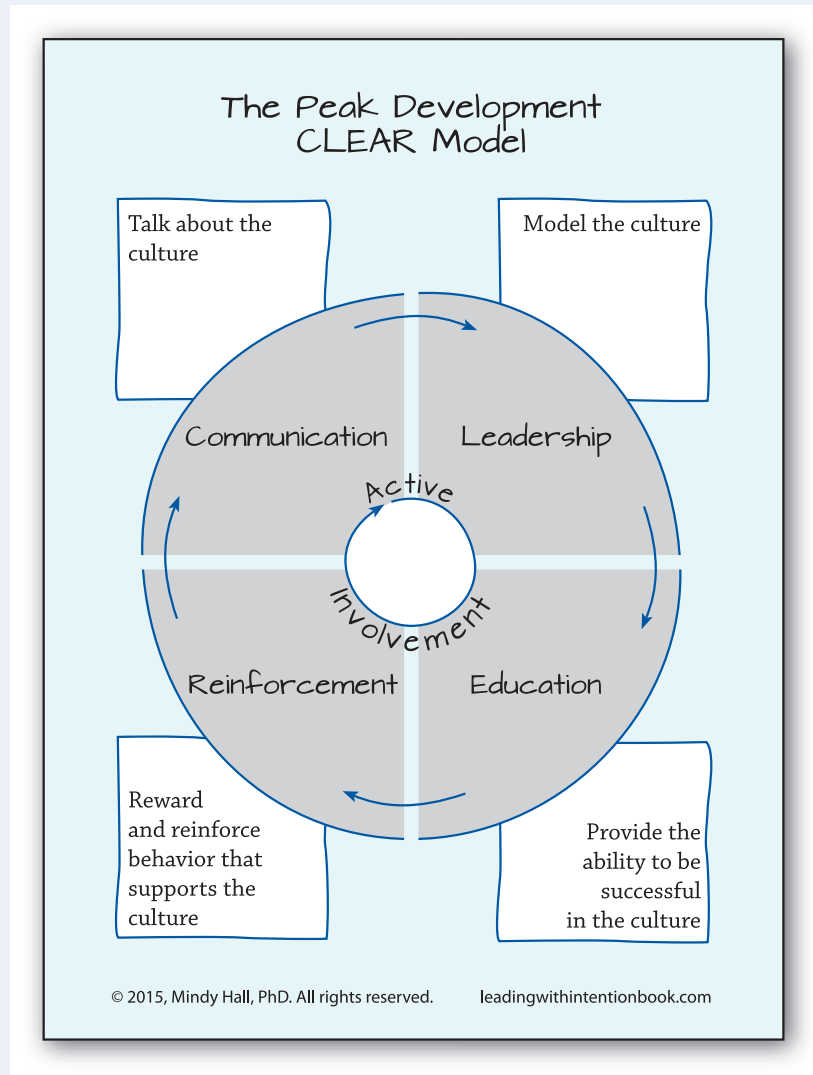
Finally, this definition for leaders reinforces that the ability to shape organizational culture is a matter of choice. The importance of that sincere commitment—to make culture a strategic imperative and to follow through on its development, despite roadblocks—cannot be stressed enough. There is a Native American saying that states, “In the confrontation between the stream and the rock, the stream always wins . . . not through strength, but through persistence.” In Western business, there is a propensity to abandon initiatives when they do not produce results quickly. Those who are most successful in shaping culture are those who exercise good, old-fashioned “stick-to-itiveness” right at the moment when abandoning the effort would be the easier course of action.

## How Leaders Shape Culture

To strengthen your organization's culture, focus your efforts in four key areas: communication, leadership, education, and reinforcement. I call this the CLEAR model, and it's what I use when working with companies to intentionally shape their organizational cultures. It is displayed in Figure 1.

Before applying the model, we start with the strategic plan and determine what kind of culture is needed to drive the success of the organization's strategy. Once the cultural tenets have been determined, one or two actions for each quadrant are identified; consistent delivery of these actions is the key to a lasting culture. Let's examine the model to see how it works.

*Communication.*—The communication quadrant includes talking about the culture, determining the right cadence, methods, messaging, and providing venues for as many people as possible to engage in generating ideas to bring the culture to life. To the extent possible, a change in culture depends on clear, consistent messages. What two or three key messages do you want to permeate the organization? Don't just communicate top-down, but create forums for two-way communication so leaders can listen as much as they talk, and give voice to the knowledge and experience of people at all levels in the organization. Give people a voice in shaping the culture and they will nourish what they help create.



**FIGURE 1. THE PEAK DEVELOPMENT CLEAR MODEL**

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*Leadership.*—The leadership quadrant is the powerhouse quadrant of the model because the number one way culture gets shaped is by what leaders model. Identifying leaders at all levels who do and do not exemplify the desired culture allows you to leverage or coach individual leadership performance. In particular, employees will watch to see whether leaders’ actions match their words. If they detect inconsistencies or insincerity, trust and engagement are undermined, and change will have little hope of taking root. As such, *all* leaders in the agency must be keenly aware of

the behavior they’re modeling and learn to lead with intention. As a leader, every interaction—whether you’re presenting to the entire organization or talking one-on-one with a colleague—is an opportunity to influence and inspire others to achieve extraordinary results. Your ability to do that depends on two factors: how aware you are of your impact and the care and discipline with which you choose your actions, day by day, moment by moment. Everything you do sends a message: what you say and how you say it, what you do and how you do it, even what you choose not

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## *Everything you do sends a message.*

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to say or do. Seeing your “self” as the primary tool for achieving high-level results is a concept that may seem like common sense, but it is far less commonly practiced and even less often developed in leaders as they grow in their careers. Pay attention not just to *what you are doing* as a leader, but *who you are being*, and your behavior will start a ripple effect that spreads throughout the organization.

*Education.*—The education quadrant focuses on providing the skills necessary to be successful in the culture. As an example, if one of the cultural tenets is to “put the customer at the center of our business,” make sure to provide education, tools, and tips on how someone would do this in practical terms. To be truly effective, the design of development opportunities must take into account how adults learn best and allow ample opportunities to underscore the organization’s values and demonstrate desired behaviors.

*Reinforcement.*—Finally, the reinforcement quadrant is about the formal and informal systems for rewarding behaviors that support the desired culture. We gravitate toward actions for which we are reinforced and away from those for which we are not. This behavior is powerful but often unconscious. In the majority of organizations, the most visible form of this is the performance management system, but remember that this is only one mechanism. Make sure to look for ways to reinforce desired behaviors throughout the year so that you will accelerate the integration of the culture into the way people are behaving. For any changes in an organization’s culture to be successful, they must be sustained over the long term. Though formal recognition programs can play a part, reinforcing the desired behaviors informally has an equal, if not more profound, impact.

These four basic elements are the same whether you are shaping a culture among fifteen members of a team or fifteen thousand members of a larger organization. At the center of these elements is your active involvement, which requires intention, commitment, passion, follow-through, marketing, charisma, a sense of urgency, patience, and more.

## **The CLEAR Model in Action**

A consumer products company I worked with wanted to improve the way its products flowed from research to market. The motive for the project was hardly altruistic: the company was hemorrhaging. For the five years prior the company had missed its numbers (top line, bottom line, or both) and needed to do something significant to remedy the situation. Several areas of opportunity existed: accelerating innovations, driving a larger volume of product out the door, and improving overall efficiency. We actively engaged the organization in finding its own solutions, working on cross-functional teams to think not only about their piece of the company but the impact of their actions across the entire value chain.

One of the most profound suggestions was that they should change the company’s culture instead of its organization chart. In similar situations I have seen organizations make the exact opposite choice, thinking that moving lines and boxes on a piece of paper would change the company. To truly change an organization, you need to pay attention to the white space between the organization’s boxes: the culture in which people work. This company realized the difference and went squarely about shaping the culture anew. They were disciplined in their communication, focusing on two to three key messages, communicating as regularly and transparently as possible, and creating forums for employees to make their voices heard. With coaching, the organization’s leaders became more aware of their behavior and the impact of their actions, and began modeling what they wanted to see play out in the organization. New ways of working required new skills of employees, so the organization bolstered its educational offerings, with a focus toward on-the-job

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*Culture is formed by invitation, not mandate.*

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learning opportunities. Finally, they made sure their formal reward programs were aligned to the new priorities, while also strongly encouraging informal, in-the-moment reinforcement for behaviors that supported the new culture. Within six months, the organization began to see results as employees witnessed the sincerity of their leaders and the new culture began to take hold. To this day the company counts that work as a cornerstone of its getting back on the right track.

## Conclusion

Culture is formed by invitation, not mandate; by commitment, not coercion. It is not a program that gets implemented; it is built through everyday actions and messaging. It is about how people *choose* to behave, and choice makes a world of difference in the energy that gets generated.

I once met an executive who believed you could build a full-scale culture plan in two ten-minute workshops. Although he was being a bit hyperbolic, the essence of his point was that shaping culture does not, and in fact should not, be about grand programs. Here was his design:

*Workshop 1.* Answer the following question, “What is standing in the way of you meeting or exceeding customer desires?” Stop doing that.

*Workshop 2.* Answer the following question, “What are the behaviors needed for the future success of the business?” All leaders model those; get rid of leaders who don’t; and reward people who exemplify them.

At all levels, we touch our organizations every day in so many ways; and leaders, especially, have impact beyond what they are often aware. Choose to intentionally

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*It is about how people choose to behave.*

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shape the culture of your organization because once you witness the power of culture, it becomes one of the most important levers of success you will ever experience.



*Mindy Hall is the author of Leading with Intention: Every Moment Is a Choice, and president and CEO of Peak Development Consulting, LLC. She works with leaders around the globe to create sustainable organization and leadership development solutions: helping them address today’s challenges, while growing their capacity to lead future initiatives from within. Her work has been featured in Harvard Business Review, Forbes, Inc., Fast Company, and Entrepreneur, where she is a contributing columnist. Her philosophy can be summed up in eight simple words: “I want it to matter that we met.” Learn more at [www.peakdevelopment.com](http://www.peakdevelopment.com).*