Book Summary by Wai Yan Chan

Renovation Versus Transformation

"You really need to figure out what's at the core of your culture—what you want to keep and what you want to evolve and grow," said Pat Wadors, chief people officer of Procore. "Just throwing away your culture is really hard to do, and I wouldn't suggest you do that. In fact, you have to give a nod to your past in order to move forward," advised Wadors. Microsoft's CEO Satya Nadella agrees with Wadors. Prior to the stunning cultural shift he engineered at the venerable software company, Nadella recognized that—while you can't completely change who you are—to successfully turn around the company's business fortunes he needed to build on the past and renovate the culture.

Even in successful companies, culture is never something to be taken for granted. Markets and society continue to evolve, and companies need to evolve in unison. The goal for leaders should be to future-proof the organization, and corporate culture is the key to making that happen. The reality is that—as the world changes, so must culture. Renovating culture is never quite complete. "You can't freeze culture in a declaration," advises Kathleen Hogan, Microsoft's chief people officer.

While 18 steps can seem daunting, any organization that studies and implements these steps carefully will reap the benefits of a healthier culture, along with an engaged workforce, better execution, resiliency in the face of challenges, and more loyal customers.

Step #1: Develop and Deploy a Comprehensive Listening Strategy

Listen to your employees, listen to your customers, stop talking, and do what they tell you. – John Legere, Former CEO, T-Mobile

It's very clear that over the last few years many companies have abandoned the annual engagement survey for a variety of reasons: it's too slow, cumbersome, expensive, and not actionable enough. When it comes to changing culture, fewer organizations are relying on this traditional tool to accurately gauge employee sentiment because they realize business now moves too fast for it to provide accurate data. Instead, they are moving to more frequent, rapid, and easier methods to gather sentiment and to analyze it more efficiently and effectively in order to act more quickly.

Some companies are even using daily questions to gauge employee sentiment. Amazon, for example, asks its employees one question a day before they log in to the network. The question is often carefully constructed to elicit discussion and healthy debate in the workforce.

Step #2: Figure Out What to Keep

Although 3M has an enviable record of long-term success, the mindset of continuous improvement runs deep in the organization. When Roman was named CEO, he wanted to carry on that mantra, and he approached it by renovating what had made 3M great to begin with.

"3M always had this idea of getting better, doing better for our customers, and that brought our culture forward as much as anything the last decade," says Roman. "We've stepped up in a number of strategic areas that are critical to really maintaining the 3M value model, as I call it. It's served us well for 117 years. We built a big business. We've solved problems for customers. We've created a tremendous capability and culture as a result of that.

"We didn't launch a new cultural initiative with consultants or with a small team. We went out and engaged our employees broadly with multiple collaboration tools, listening, post-engagement steps," Roman continued. "We are not deviating from who we are. We're building on our values and our foundation, and we have some fundamental strengths that are really core to who we are

Step #3: Set Your Cultural Path

When embarking on a culture renovation, one of the hardest decisions is what path to set for the direction of the company. Ideally, this decision will create something of a North Star that will guide the company's path for decades to come. In the spirit of renovation, the new direction should acknowledge and embrace past successes, but set up the organization to forge new ground into an unknown future.

Step #4: Define the Desired Behaviors

Once the path has been established via a strong purpose, a more detailed element of that direction is agreeing on what behavioral aspects of the culture will best support that purpose and require more focus.

Step #5: Identify Influencers, Energizers, and Blockers

Practically every organization has a well-defined organization chart—a hierarchy the workforce recognizes as the formal chain of command. However, ask almost any employee a simple question: "Is that how work gets done?" and you'll receive a resounding "of course

not." When workflow is truly studied, it typically reveals patterns of communication and influence that are very different from the formal hierarchical structures that the company has painstakingly created.

Here's an easy way to think about it. Every organization has "go-to" people whom others in the workforce turn to for answers, comfort, opinions, and guidance. As you are reading this, someone's face probably popped up in your head. Most executives would agree that those people are the lifeblood of the organization.

Step #6: Determine How Progress Will Be Measured, Monitored, and Reported

Ultimately, the reason for a culture renovation is to enable the organization to execute on its go-forward strategy. Because this change can sometimes take years, it's important to define up front what the indicators of a successful renovation should be and to put in place mechanisms to monitor progress. Two-thirds (66 percent) of organizations that have undergone a highly successful culture renovation reported that clear measures and indicators were defined and agreed to up front at the executive level. This is an impressive statistic, particularly when buttressed against a more sobering number: 90 percent of organizations that indicated that their culture change initiative was unsuccessful did not set up measures at the beginning to monitor the change.

Step #7: Clearly Communicate That Change Is Coming

Almost 80 percent of organizations that successfully renovated their culture had a lead architect who made that change happen. In each of those organizations, that lead architect had the same position—CEO. While more than three-quarters (78 percent) of organizations that had a successful culture change started top-down, it's important to establish a co-creation mindset within the organization,

But it's clear that when it comes to communication about the culture change, the message needs to come consistently and frequently from the top.

Step #8: Ferret Out Skeptics and Nonbelievers Early

Intuitively, most understand the necessity. To be successful, make sure naysayers, skeptics, blockers, nonbelievers, doubters, and pessimists are out of the way. Make way for the proponents, advocates, supporters, executers, achievers—that's how a culture change will get done. As Jim Collins famously wrote in Good to Great, focus on "First Who, Then What." Get the right people on the bus before figuring out where to drive the bus.

Step #9: Paint a Vision for the Future

Great leaders usually tell great stories, and in high-performing organizations, employees can usually recite stories about the company that embody its spirit and soul. Stories about the past can help set the tone for the culture you want in the future. Some companies have used this to great advantage and—let's be real—in the history of the world, stories about the past are often embellished and shaped to convey the message the storyteller wants the reader to envision. It's no different with good companies; they fashion stories to convey an image of the past that best portrays the image they want of the future.

Step #10: Consciously Collaborate

While most successful renovations paint an enticing vision for the future, they also rely on strong internal collaboration to propagate it across their employee networks. But in many poor-performing companies, collaboration morphs into a cultural norm that is detrimental to change efforts

Step #11: Establish a Co-creation Mindset

Though almost all successful culture change efforts begin top-down, it is critical to also get the buy-in of the workforce by creating a bottom-up (and middle-out) contribution mechanism. That entails enlisting and empowering key influencers at almost every level of the organization to be involved in actively building the renovation—a practice that sustains momentum for the initiative and creates positive energy and supporters throughout the organization. It was a common refrain from CEOs and others who oversaw a culture change: make sure the employee base doesn't see this as a top-down edict, but rather something that everyone had a say in developing.

Step #12: Provide Training on the Desired Behaviors

While leaders as teachers is one of the most effective ways to reinforce behaviors, it's clear that successful culture change relies on overall leadership training across the organization. A full two-thirds of companies that have successfully changed their culture provided training on the desired behaviors for leaders at all levels so that they could model these behaviors in their daily routines.

Step #13: Make Onboarding About Relationships Versus Red Tape

Most companies' onboarding programs start the day the employee starts, but you might be surprised to learn that's too late. If communication and outreach doesn't occur between when the candidate accepted the offer and the start date, that introduces significant opportunity for second-guessing by the new hire. In fact, "ghosting" is a more popular term these days to describe candidates who simply don't show up on day one. This is an

incredibly infuriating yet now more frequent occurrence in companies, and a big reason for it is lack of communication leading up to the start date.

Step #14: Promote Those Who Best Represent the New

To maintain what's been built and prevent regression to the old normal, it's important that the workforce understands that behaviors that support the renovated culture will get rewarded. The most effective way to exhibit this is by showcasing the career advancement of individuals who best "represent the new." Ideally these individuals have the traits and attributes that embody the future direction, are champions of the new culture, and have significant potential to continue to expand the efforts that were initiated during the build phase.

Step #15: Change Performance Management Practices

Companies are often reviewing and changing their performance management programs. In a recent study we conducted, fully two-thirds (67 percent) of 272 companies indicated they were at least rethinking their existing performance management practices. But when a company is renovating its culture, changing performance management takes on new meaning—it's a signal to the workforce that we aren't doing things the way we used to and we are going to measure the performance and compensation of our workforce differently in alignment with our new direction.

Step #16: Leverage Employee Affinity Groups

There's no doubt that culture ambassadors are currently hiding in any organization. So are future leaders. Top companies understand this, and senior leaders in those organizations aren't sleeping on the opportunity.

Step #17: Increase the Focus on Talent Mobility

Talent mobility is a general phrase that can cover a lot of movement types. It might mean moving someone laterally to another business group. Or a division. Or a subsidiary. Or perhaps to another geography. Or even to another company for a while. Or it might mean a promotion. It might even mean having someone transition down in order to eventually transition up.

All of this helps with recruiting and retention. An abundance of new career opportunities is a trait that both attracts and retains top talent in any organization and should be appealing to any manager of people.

Step #18: Don't Underestimate the Value of External Sentiment

While it's clear that many job seekers conduct research on employer rating sites as part of their job-hunting process, companies can utilize external feedback to monitor the progress of efforts to renovate culture. To really gauge whether culture renovation is being maintained, companies need to be aware of what is being said about their employer brand externally. That external sentiment should be improving and moving in the direction the senior team envisioned when it originally embarked on a renovation of corporate culture.

Theory Versus Tactics

Culture is critical, and changing it is difficult. Whether renovating a house or overhauling the culture of a century-old organization, it never goes completely as planned. The process demands optimism, patience, and perseverance.

This is likely quite obvious to most corporate executives. Even though most culture change efforts fail, everyone also knows it can indeed be accomplished.

While we've tried to capture the best and next practices of cultural renovation, we know there are more proven actions that others have used in their successful change efforts; we know that because we couldn't fit some of them in the book. But there also will be new innovations and new next practices. Like culture change itself, this book isn't a one-and-done effort. It will evolve over time, and it will never really be finished.