WHAT IS CULTURE?

There is nothing more important to any organisation than its culture. In his 2017 Letter to Shareholders, Amazon's Jeff Bezos explained, 'Building a culture of high standards is well worth the effort, and there are many benefits. Naturally and most obviously, you're going to build better products and services for customers—this would be reason enough!' According to accounting firm Deloitte, 'Building a Future Focused Culture' is the number one priority for global organisations, yet only 19 per cent claim they have the 'right' culture for success.

Culture permeates absolutely everything an organisation is and does, from the behaviour of senior leaders in large global companies to the way a sports team trains for a game at the weekend. It dictates where people sit in a classroom, how meetings are run in an office, how decisions are made on a ship, how construction projects are delivered, how orchestras play together and how clothes are marketed online.

Culture is the thing that gets people out of bed in the morning and is often the last thing people think of before they go to bed at night. It brings people together and tears them apart. It generates optimism and can make or break a weekend or holiday.

When the culture is vibrant it's something you want to be part of, whether you work in it or not. It's not limited to winning teams, Ivy League universities or technology titans. In a coffee shop, hair salon, design agency, doctors surgery or lecture theatre you can sense it, feel it and touch it. It's infectious, intoxicating and electric. You ponder what it would be like to work there. You see the smile on people's faces, hear the music they're playing or the conversations they're having. You want to create a great place to work for yourself.

Stagnant cultures are equally noticeable. There's little interaction between people, no laughter or human noise. It feels cold, lost, and you want to get away from there as soon as possible.

Culture is not 'owned' by anyone, as everyone gets a say in culture. A People and Culture department, teacher or team manager may be the custodian of culture, but they don't get to pin a tail on it and say it's theirs.

Wherever you sit on an organisational chart, whatever your length of service or performance, you get a say in the culture, because culture is the totality of everyone's behaviours, stories, beliefs, traditions, skills and habits.

A large corporate organisation can employ a firm of consultants to come in and work with the senior management team to define the culture, but this exercise will fail because (a) the consultants aren't part of the culture; (b) the staff who work within the culture every day can (rightly) reject it as not being something they agree with; and (c) the whole exercise is often undermined by the fact that senior leaders don't change their own behaviours to demonstrate that this is different from what's gone before.

While senior managers don't own culture, they have the power to destroy it through their actions or inactions. This is the dichotomy of culture for those who own businesses. They know it's important, and they want to do something about it, but by doing nothing, or by doing the wrong thing, it gets worse and results continue to suffer.

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This is true of sports teams that persist with a manager when the players have rejected the culture. It's true of an engineering company where one person's behaviour undermines the work of others. It's true of organisations whose leaders act unethically and expect others to do likewise. Recent examples such as those at Enron and Volkswagen are testament to this.

There's a growing recognition of culture's importance because there are more and more books and blogs that talk about it. But too often the response is to assume that changing it is too hard and to look for quick-fix solutions instead. Implement a new way of working, tear down office walls, sell a star player, restructure a company or buy new equipment. All of these initiatives could benefit the culture in the long run, but they ignore the fact that culture is ultimately about the people in it right now.

As Daniel Coyle puts it in his book *The Culture Code*, 'Culture is a set of living relationships working toward a shared goal. It's not something you are. It's something you do.' Put another way, culture is teamwork. Get your teamwork right and you have a good culture. A good culture leads to happy people. Happy people feel empowered to make decisions and to do their best work. This work leads to good results. Good results benefit the staff and the company, and consequently lift the culture.

Conversely, get your teamwork wrong and you have a poor culture. A poor culture leads to unhappy people. Unhappy people don't feel empowered to make decisions and inertia sets in. Targets are missed and opportunities are lost. Good staff leave and the culture suffers.

BUT WHERE TO START?

'About 700,000 years ago,' writes Yuval Noah Harari in his book *Sapiens*, 'organisms belonging to the species Homo Sapiens started to form even more elaborate structures called cultures. The subsequent development of these human cultures is called history.' It's important to start with the very thing that keeps cultures together and drives them apart. People.

To point out that people are at the heart of everything is to state the obvious, right? Of course, cultures are about people, you say. Who else could they be about? But if it's so obvious, then why does so much cultural activity not involve people? People often don't get to choose their favoured way of working or get asked for their opinions on the way things should be done. Their hours are dictated, their leaders chosen for them.

It never used to be this way. Early humans did pick their leaders. They selected the strongest, bravest person to lead the tribe, organise them into groups to hunt and protect them from danger. These leaders created followers, who wanted to emulate the leader. If the leader was strong and aggressive, the tribe would be likewise. If the leader was kind and empathetic, the tribe would reflect this. If the leader was weak and the tribe went hungry or was put in danger, then the tribe would kill him. Hey, that's early humans for you!

The same is true of today's business leaders. Without the killing, obviously. If there's an aggressive and bullying leader, there's a good chance their team will copy that behaviour. Same with a kind and empathetic leader. Organisations with weak leadership tend to tolerate and excuse it.

In the past we were far more subservient as employees. As a 17-year-old entering the workforce in 1987 I was told to keep my head down and do as I was told and I'd be fine. So that's what I did. Until I didn't get a decision I needed, didn't get help when I had too much on my plate or wasn't granted development to ensure that I could do the job to the best of my ability. At that point, I lifted my head up and started asking questions of my teammates, manager and (where I didn't get the response I was looking for) *their* manager. At that point, I was influencing the culture of the organisation.

Still, back in 1987 I could be told—quite forcefully—to be quiet and do my job. Empathy really wasn't a thing that was done consistently. When it *was* done, it was a breath of fresh air and almost everyone within the culture responded to it.

The workforce of 2019 and beyond—regardless of which generation they were born into—expect empathy by default. We're more attuned to our emotions than ever before and we want to be part of an experience that inspires and motivates us, one that we can talk about positively.

In offices and classrooms we're using digital tools to inform, support and replace the work we do. These tools often lie at the centre of transformation programs. IDC Group estimates that global spending on digital transformation alone will exceed US$2.1 trillion by 2021. This money will transform the way students learn, doctors diagnose, teams build and organisations work.

But the tools alone don't transform anything. After all, as my friend Dom Price says, 'a fool with a tool is still a fool'.

What digital transformation requires above all else is for the people using the new tools (or ways of working) to think and act differently. Not to have, in the words of Dr Carol Dweck, a *fixed mindset* about what's possible or what's gone before, but to have a *growth mindset* that talks of opportunity and is curious by nature.

Understanding the mindset that individuals are adopting at a particular point in time is a key facet of what it means to be self-aware. People who lack self-awareness and who resist change and being part of these new ways of doing things will hold back culture, digital or otherwise, and results will suffer.

A 2017 McKinsey report noted, 'The narrow, parochial mentality of workers who hesitate to share information or collaborate across functions and departments can be corrosive to organizational culture.' A first sign of this is a lack of trust between teammates. In a culture without trust bad behaviours are rife, decision making is poor, poor performance is excused and the ability of people to work together—or collaborate—is undermined. One study in 2017 reported that 78 per cent of staff interviewed said they didn't trust their teammates.

This kind of environment encourages more rules and less autonomy. The worst of people is anticipated and people start to leave in droves. Good people, that is. The bad ones, the ones whose poor behaviours include favouring individual glory over collaboration, stay on to ensure that all future cultural change is frustrated.

And this attrition costs money, lots of money. The US Bureau of National Affairs found in 2017 that US$11 billion is lost in this way annually. And all because organisations don't take the time to continually define and evolve 'the way we do things around here'.

MONEY ALONE CAN'T FIX CULTURE

After getting US$150 million in VC funding from (PayPal co-founder) Peter Thiel in 2012, Airbnb CEO Brian Chesky asked him what was the single most importance piece of advice he had for them as a business. Thiel replied, 'Don't fuck up the culture.'

What Thiel was warning against was the age-old practice of investing in quick-fix cultural solutions. Got some money to spend on culture? Here are some great ideas:

- Throw money at people to show them how much they're valued.
- Change the office space to make it easier to collaborate.
- Buy lots of new tools to show staff you're on the cutting edge of technology.
- Send everyone on a training course on the latest method of working.

These all look like good things to do to improve the culture and loyalty of your people, yet not one of them will do so on its own. Sure, you may get some short-term gains, but they'll be just that—short-term.

As Chesky himself commented, 'Culture is a thousand things, a thousand times.' Yes, it requires money and time, but they are useless if people don't have a mindset that supports the need to continually evolve and the commitment to actually make it happen.

Commitment to culture from senior management can be demonstrated in different ways. Richard Branson's commitment is one of empathy and fun. Elon Musk's commitment is one of risk-taking and big goals. Steve Jobs was about quality and exceeding expectations. In reality, it needs to encompass all of these things and be wrapped up in humanistic behaviour that is respectful and that communicates in a way that the people receiving the information appreciate and feel able to provide feedback on.

When we talk about 'buy-in', what we mean is commitment to the cause. This commitment is driven by culture. Does the team understand what it has to achieve? Does it have what it needs to support the achievement of these goals? Does the leader ensure that equality exists? Is poor performance and behaviour dealt with? Is the communication tailored to the individual? Are opportunities to grow and develop inherent? Is the 'system' easy to use? Are there opportunities for people to get to know each other better?

INPUT AND OUTPUT CULTURE MODELS

To continually build an environment that's fit for purpose for any type of organisation to achieve its goals, it's vital that culture be the number one investment and not something that's just talked about in boardrooms, classrooms or dressing rooms. It's more important than that.

For example, a retail company whose clothing line isn't selling as expected needs to look at all elements of its culture. Do they understand what their customers are looking for?

Are their clothes on-trend? Are they priced appropriately? Are they easy to buy? Are the stores welcoming? Are the staff polite and helpful? Do the corporate processes allow for quick decisions? Do staff feel empowered? Are budgets sufficient? Are new ideas welcomed?

Every single one of these things exists within a culture. No wonder it feels hard to change! 'It wasn't like Spotify was this amazing idea from day one,' Daniel Ek, its CEO, points out. 'It has evolved.'

The input model

The six pillars that support the culture are:

1. Personality & communication
2. Vision
3. Values
4. Behaviour
5. Collaboration
6. Innovation.

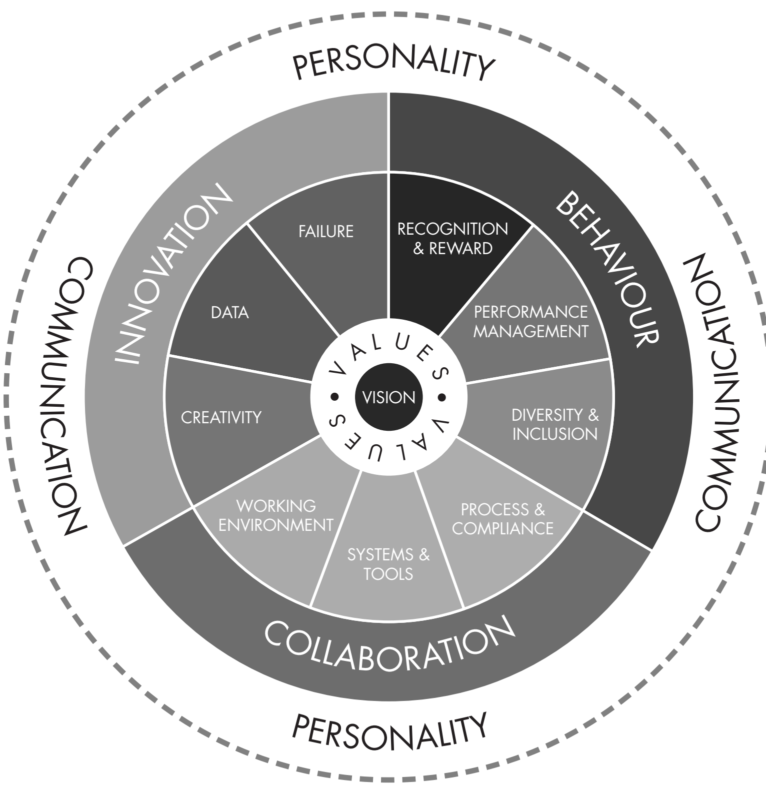
The way into any culture is through the personality of its people and how they communicate with each other. The culture centres on an aspirational vision and strong values, which in turn influence both strategy and goals. Crucial to achieving the vision are the way people behave, and how they work together and make time for new ideas.

Underneath these pillars are nine fundamentals that provide structure to those cultures that require it. In autonomous vibrant cultures these fundamentals are not as prevalent. For example, Spotify's Code of Conduct and Ethics contains just three bullet points:

- Do the right thing.
- Be nice.
- Play fair.

A similar code of one government agency I used to work for ran to 34 pages. The excuse I hear always centres on the different expectations of private sector vs government/public money, and while there may be an element of truth in that, I know from my own experience that the cultures in government agencies are often driven by self-serving bureaucrats looking to make things more complicated than they need to be.

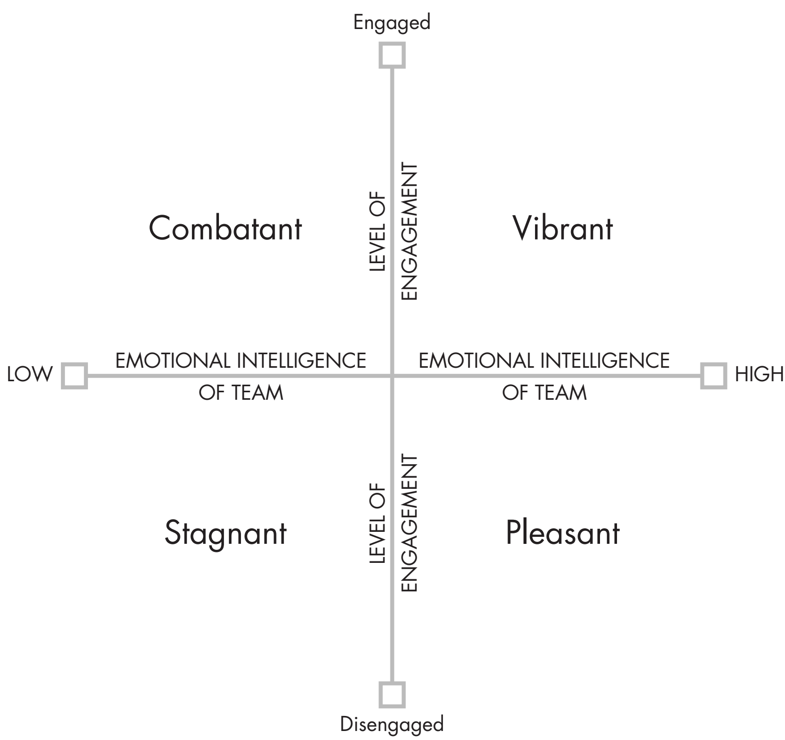
All of the components contained within the input model below must be addressed by the people within a culture so they have what they need to be able to do their best work. Should any of these elements be missing or underinvested in, then the culture will suffer.



This book covers all of the actions you need to take to ensure that each component of the input model is addressed.

The output model

The culture output is determined by the efforts, mindset, behaviours and engagement of those belonging to a culture in applying the inputs. If each is continuously assessed and people behave in accordance with the agreement they have made, then the output is likely to be a vibrant culture. If they aren't addressed and behaviours are poor, then the culture will stagnate.



The output model is built around two axes:

1. The emotional intelligence of the team

Self-aware individuals, suggest Marcus Buckingham and Curt Coffman in their book *First, Break All The Rules: What the World's Greatest Managers Do Differently*, 'are the building blocks of great teams'. Self-aware people are much more likely to be able to recognise and manage their own emotions.

This emotional intelligence (EQ) has been undervalued and underinvested in for too long.

Traditionally, academic qualifications were understood as the single most essential attribute for an employee, yet this often didn't play out in teams where it wasn't required. Psychologist Daniel Goleman found that 'at best IQ contributes about 20% to the factors that determine life success, which leaves 80% to other forces'. EQ forms a large part of this 80 per cent.

Goleman wrote the book on emotional intelligence and categorically proved its value to teams around the world.

Researcher Peter Salovey further broke down emotional intelligence into five domains:

- knowing one's emotions—self-awareness
- managing those emotions—handling feelings
- motivating oneself—marshalling emotions
- recognising emotions in others—empathy
- handling relationships—social competence.

Each of these domains is critical to an individual's contribution to a vibrant team culture.

2. The level of engagement

Engagement is one of those words dreamt up by unimaginative people—you know, the ones who also brought you, well, *human resources*. In a cultural context it actually relates to how interested you are in the success of what you're doing. Like emotional intelligence, engagement needs to be addressed at both a personal and group level.

For example, if a person is in a job they don't enjoy, then their engagement will be low, and we say 'they're pulling everyone else down with them'. The same is true of a team working towards something they don't believe they can achieve. They talk about their morale being at 'rock bottom' or 'on the floor'.

Lifting engagement requires purpose, clarity and dedication. If someone doesn't feel connected to something, then they have to be shown that the work they are doing is achievable and valuable, and that they have the support of the culture to get there.

Often a new hire can lose their engagement as soon as they walk through the door. If the manager and team are not there to greet them and make them feel welcome, then the enthusiasm built during the interview process is lost and it can take months to recover. By the same token, if on day one the team gather to welcome the new person, share a little of themselves, ensure they have everything they need to do their job and immediately include them in day-to-day activity, then their engagement is likely to be high. And not only theirs, for the team can gain a huge sense of satisfaction from making a new co-worker feel welcome.

The level of emotional intelligence and engagement dictates the culture at any given time.

Stagnant cultures are just 'meh'. No one really understands why they're doing what they're doing or even believes it can be done. There's no sense of teamwork and interaction is low. No one is pushing themselves or their teammates to be better at what they do, and there is a noticeable lack of energy and passion.

Signs of a stagnant culture include:

- apathy
- no visible communication / people avoidance
- lack of energy and passion
- 'hero' mentality
- consistently missed targets and deadlines
- no consequence for poor performance
- teams don't share their thoughts about what needs to change.

Pleasant cultures, on the other hand, are too nice. There is lots of intent, but it's often misplaced. Everyone pretends that everything is good, but privately they're not so sure. Group interactions are inefficient, and lots of time is spent talking about anything but the important issues to be addressed. There is lots of empathy, but also a sense that everything is hard to do.

Signs of a pleasant culture include:

- blind optimism
- lots of discussion but little action
- passive-aggressive communications
- low productivity
- contentedness with sub-par results or performances
- teams agreeing to disagree
- lots of emphasis on relationship building.

Combatant cultures are argumentative by nature. There are many unconstructive discussions that lead to heated debate and people become afraid to contribute. There's lots of infighting and backbiting and everything feels hard to do. Strong personalities insist their way is the right way and are unwilling to consider alternatives. High levels of sick or stress leave are common. Because engagement is high, plenty of action is taken; unfortunately it's often at the expense of the feelings of others.

Signs of a combatant culture include:

- using friction and hostility as a motivator
- progress 'despite' people
- low/no empathy
- raised voices and bad language
- gossip
- poor behaviours
- teams being told what to do.

Vibrant cultures are memorable. There is a buzz about them and you want to be part of what's being created. There's agreement on how they'll behave and work together. In times of crisis, rather than panic, there's resilience and resolve to collaborate to find a good solution. There's safety, open empathetic debate, social interaction, trust, empowerment, and a commitment to personal and group development. Good staff are retained, poor-performing staff are moved out and results are achieved.

Signs of a vibrant culture include:

- having agreed behaviours and cultural principles
- successes being celebrated
- failure being seen as learning
- inclusivity and diversity
- lots of social interaction
- continual investment in culture
- teams challenging each other to achieve their goals.

Whatever they do and wherever they are in the world, every kind of organisation will face cultural challenges at some stage. It's continual investment that will determine whether or not they survive. Over the past couple of years even mega-corporations such as Amazon, Walt Disney, Apple and Facebook have had high-profile culture issues, while transport innovator Uber continues to battle them almost daily. This thing called culture can't be fixed with band-aids or on a whim. It's a living, breathing embodiment of everything and everyone within the organisation.