Eight Essential Elements for Building a High Performance Culture

Michael Callanan Sr. and Luann Barndt

Eight Essential Elements to Building a High Performance Culture

Michael Callanan Sr.       Luann Barndt
mC³

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  www.necanet.org/NNSurvey2017
Organizational Culture Agenda

I. What is Culture?
II. How is Culture Created?
III. Why does Culture Matter?
IV. Eight Essential Elements
V. The Culture of IBEW & NECA
I. What is Culture?

Organizational Culture Word Cloud

Graphs: Source: http://www.36dollar360.com/organizational-culture-in-less-than-10-words/
Organizational Culture Learning Outcomes

What is Organizational Culture?

Culture: the competitive edge in a commoditized world.

What is **Culture**?

“**a pattern of shared basic assumptions** learned by a group as it solved its problems of external adaptation and internal integration, which 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”

-Edward Schein

*Organizational Culture and Leadership*

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**Best Reads - Culture**

Culture Models

Three Levels of Culture (Schein)

Table 1: Defining Characteristics of the Three Perspectives (Adapted from Martin, 1992)

<table>
<thead>
<tr>
<th>Perspective</th>
<th>Integration</th>
<th>Differentiation</th>
<th>Fragmentation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orientation to consensus</td>
<td>Organization-wide consensus</td>
<td>Subnational consensus</td>
<td>Multiple sets of norms (as consensus)</td>
</tr>
<tr>
<td>Relation among manifestations</td>
<td>Consistency</td>
<td>Inconsistency</td>
<td>Complexity (not clearly consistent or inconsistent)</td>
</tr>
<tr>
<td>Orientation to ambiguity</td>
<td>Encourage it</td>
<td>Channel it outside</td>
<td>Subordinate it</td>
</tr>
<tr>
<td>Metaphor</td>
<td>Clarity in jungle, mazes with subways</td>
<td>Islands of clarity in sea of ambiguity</td>
<td>Jets, jungle</td>
</tr>
</tbody>
</table>

Schein (1985)

Artifacts

Espoused Values

Basic Underlying Assumptions

March 28, 2017

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Cultural Iceberg

Formal (Overl) Aspects
- Goals
- Technology
- Structure
- Policies and procedures
- Services/Products
- Financial resources

The way we say we get things done

Informal (Covert) Aspects
- Beliefs and Assumptions, Perceptions, Attitudes, Feelings (anger, fear, liking, despair, etc.)
- Values
- Informal interactions
- Group norms

The way we really get things done

Created by Stanley N. Herman, TRW Systems Group, 1970

“Timkins - I want a coherent new corporate culture that will take us into the third millennium and I want it by this afternoon.”
II. How is Culture Created?

Leaders

- Actions and Behavior of Leaders
- What Leaders Pay Attention To
- What Gets Rewarded & What Gets Punished
- Allocation of Attention & Resources

Culture

"If you get the culture right, most of the other stuff will just take care of itself." – Tony Hsieh, CEO, Zappos

Culture is Priority One – Tony Hsieh (Zappos) (5:42)
Founder-inspired Culture

III. Why Does Culture Matter?
Why Culture Matters

Culture

Assumptions > Behavior > Results

Organizational culture eats strategy for breakfast, lunch and dinner.

Culture

Strategy
IV. Eight Essential Elements of Culture
No. 1. Culture Assessment

It all starts with finding out what you’ve got!

Culture Assessment

Current Culture → Contributors → Behaviors & Attitudes → Detractors → Future Culture

How to Assess Organizational Culture

Adaptability
Pattern...Trends...Market

Translating the demands of the business environment into action

"Are we listening to the marketplace?"

Involvement
Commitment...Ownership...Responsibility

Building human capability, ownership, and responsibility

"Are our people aligned and engaged?"

Mission
Direction...Purpose...Blueprint

Defining a meaningful long-term direction for the Company

"Do we know where we are going?"

Consistency
Systems...Structures...Processes

Defining the values and systems that are the basis of a strong culture

"Does our system create leverage?"
How to Assess Organizational Culture

No. 1 - Culture Assessment

- Study of 161 publicly traded companies from a broad range of industries
- Contrasts the performance of the 10% of the organizations with the best culture scores with the 10% of the organization with the worst culture scores
- Average ROE for the organizations with the lowest culture scores is 6%, average ROE for organizations with high culture scores is 21%
- Highly similar results for return on total investment
No. 1- Culture Assessment

Four Major Culture Types

Clan
- A collaborative orientation
- Successful leaders are viewed as facilitators, mentors, and team builders.
- Underlying theory of effectiveness is "human development and participation."

Adhocracy
- A creative orientation
- Successful leaders are viewed as innovators, entrepreneur and visionary
- Underlying theory of effectiveness is "innovativeness, risk, and new resources."

Hierarchy
- A controlling orientation
- Successful leaders are viewed as organizers, coordinators and monitors.
- Underlying theory of effectiveness "control and efficiency with capable processes."

Market
- A competing orientation
- Successful leaders are hard driving, competitor and producer.
- Underlying theory of effectiveness in a market culture is "aggressively competing and customer focus."

Based on the Competing Values Framework
Kim S. Cameron & Robert E. Quinn

No. 1- Culture Assessment

Competing Values Framework
Every organization has its own mix of these four culture types.

Complete Line: Current Culture
Dotted Line: Desired Culture
No. 2. Culture Alignment

- Vision
- Culture
- Experience

How Executives Describe and See The Company
How Customers Experience The Company
How Employees Experience The Company

Strategy  
Culture

What makes it STRONG or WEAK?

Company Culture?
**STRONG AND WEAK CULTURE**

<table>
<thead>
<tr>
<th>Strong culture</th>
<th>Weak culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values widely shared</td>
<td>Values limited to a few people—usually top management</td>
</tr>
<tr>
<td>Culture conveys consistent messages about what’s important</td>
<td>Culture sends contradictory messages about what’s important</td>
</tr>
<tr>
<td>Most employees can tell stories about company history/heroes</td>
<td>Employees have little knowledge of company history or heroes</td>
</tr>
<tr>
<td>Employees strongly identify with culture</td>
<td>Employees have little identification with culture</td>
</tr>
<tr>
<td>Strong connection between shared values and behaviors</td>
<td>Little connection between shared values and behaviors</td>
</tr>
</tbody>
</table>

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**No. 2. Culture Alignment**

![Culture Alignment Diagram]

- Structure
- Systems
- Shared Values
- Strategy
- Skills
- Style
- Staff

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No. 3. Culture Change

CULTURE AND CHANGE
Why Culture Matters and How It Makes Change Stick

Cultural Outlook

60% believe culture is more important than strategy or operating model

84% think culture is critical to business success
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Culture

Values
Attitudes
Beliefs
Behavior
Culture

Behavior
Beliefs
Attitudes
Values

Change & Culture

diagnosing current culture
defining culture shifts required
identifying desired behaviours
deploying programs to engage people in behavioural change
aligning systems and processes to culture
senior management role-modelling
The process is as follows:

– First you announce the change regarding the culture.
– Second, you get managers’ attention by training them in the behavioral practices that will be manifestations of the desired culture.
– Third, you measure their degree of use of the practices.
– Finally, you reward them when they employ the practices.
Organizational Culture Change Models

Culture Change Mechanism (Schein Model)

- Systematic promotion from selected subcultures
- Technological seduction
- Infusion of outsiders

- Incremental change through general & specific evolution
- Insight
- Promotion of hybrids within the culture

- Scandal & explosion of myths
- Mergers & acquisitions

- Destruction & Rebirth
- Ready to Shut Down
Best Read

Top-Performing Companies Adhere to the 3 Founder’s Mentality Traits

<table>
<thead>
<tr>
<th>Trait</th>
<th>Percentage of Companies Scoring 4 or 5 (Out of 5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurgency</td>
<td>75% — Top performers</td>
</tr>
<tr>
<td>Owner’s mindset</td>
<td>50%</td>
</tr>
<tr>
<td>Frontline obsession</td>
<td>29%</td>
</tr>
</tbody>
</table>

Source: San & Company

Figure 1: Too often, a Founder’s Mentality is lost in the quest for scale, causing complexity and then a slow drift toward bureaucracy.

Net Benefits of Size
Relative scale, proprietary assets and superior capability to outmaneuver competition, better serve customers and defend the brand

Net Benefits of Founder’s Mentality
Lean and nimble firms that are battle-hardened, a focus on the needs of their core customers and a commitment to develop the culture, behaviors and voice of the brand into industry leaders.

Source: San & Company
Conditions for Transformational Change

1. Principle 1: Survival anxiety or guilt must be greater than learning anxiety
2. Principle 2: Learning anxiety must be reduced rather than increasing survival anxiety
3. Principle 3: The change goal must be defined concretely in terms of the specific problem you are trying to fix, not as “culture change.”
4. Principle 4: Old cultural elements can be destroyed by eliminating the people who “carry” those elements, but new cultural elements can only be learned if the new behavior leads to success and satisfaction
5. Principle 5: Culture change is always transformative change that requires a period of unlearning that is psychologically painful

Organizational agility is the capacity to be infinitely adaptable without having to change. Agile organizations strive to develop a built-in capacity to shift, flex, and adjust, either alone or with alliance partners, as circumstances change, and to do so as a matter of course.
No. 4. Culture & Leadership

“Culture and leadership are two sides of the same coin. You can’t change one without the other.”

“No. 4. Culture & Leadership.

Culture is the shadow of...

the leader...

“The larger culture of management says: once you’re a manager, now you have the right to tell other people what to do which is really how a lot of young managers behave. They think, ‘OK, now I’m the boss, so I get to tell......In today’s world, “The manager now has to orchestrate, create relationships and make sure everything works together. I don’t think very many managers have figured that out. They still think they’re the boss rather than the orchestrator.”

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The only thing of real importance that leaders do is to create and manage culture. If you do not manage culture, it manages you, and you may not even be aware of the extent to which this is happening.

Edgar Schein

“Kotters Eight Steps of Change”

1. Increase Urgency
2. Build the Guiding Team
3. Get the Right Vision
4. Communicate for Buy-In
5. Empower Action
6. Create Short-term Wins
7. Don’t Let Up
8. Make it Stick

No. 5. Culture & Learning

Developing Learning Culture

- Align Learning with Business
- Integrate Learning with Business Process
- Provide appropriate Learning opportunities
- Manage Learning Effectively
- Support Learning Transfer in the Workplace
- Create Learning Culture
- Evaluate Learning

Why is Learning so Important?

VUCA

+ Complexity Multiple key decision factors
+ Volatility Rate of change

- Ambiguity Lack of clarity about meaning of an event
- Uncertainty Unclear about the present

How well can you predict the outcome of your actions?

How much do you know about the situation?

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The Learning Organization

An organization that is skilled at creating, acquiring, and transferring knowledge, and at modifying behavior to reflect new knowledge and insights.

The 4I Framework of Organizational Learning

Individual Level (Intuiting and Interpreting)
Group Level (Integrating)
Organizational Level (Institutionalizing)

Organizational Learning

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LEADERS’ QUEST

Why do we struggle so very much to learn in our Organizations?

Business Model Innovation

The Ambidextrous Organisation

You engage in enough exploitation to ensure current viability.

You engage in enough exploration to ensure future viability.

© Lab MineZero - source: Strategies.com
According to a 2016 Gartner Financial Services Innovation Survey, "the biggest threat to innovation is internal politics and an organizational culture which doesn’t accept failure, doesn’t accept ideas from outside, and/or cannot change."
No. 6. Culture of Engagement & Innovation

How to Shape a Culture of Innovation

• Build Clarity & Alignment Around Innovation
• Create Psychological Safety
• Encourage Dialogue
• Challenge Your Assumptions
• Invite Diversity

What does it take to free our Company’s from the Pull of the past?

“There is nothing quite so useless, as doing with great efficiency, something that should not be done at all.”

Peter F. Drucker
The Three-Box Solution

By balancing the three boxes, managers can resolve the inherent tension of innovating a new business while running a high-performing business at the same time.

Create the Future
Invent a new business model

Manage the Present
Optimize the current business

Forget the Past
Let go of the values and practices that fuel the current business but fail the new one

“In the long run, the only sustainable source of competitive advantage is your organisation’s ability to learn faster than its competition”
- Peter Senge
Step 1: Learn from Every Failure
Step 2: Share the Lessons
Step 3: Review Your Pattern of Failure
Assessing a Project’s Return on Failure

Even when initiatives flop, they can still provide tremendous value to your organization—if you examine them carefully and capture the critical lessons. Use our Project Review Worksheet to get a complete picture of the benefits and costs of your failed project.

Download the Project Review Worksheet

“We recommend bringing senior leaders (across a unit or the whole organization) together on a regular basis to talk about their respective failures. These reviews work best when they are fast and to the point; take place frequently, through good times and bad; and are forward-looking, with an emphasis on learning. We call them Triple F reviews.”
No. 7. Culture of Trust

A CULTURE OF TRUST:
It's all about communication and integrity.

1. Establish an open-door culture.
2. Decisions are explained.
3. Accountability is mutual.
4. Mistakes are learning opportunities.
5. Management sets the tone and culture.
6. Management sets an example.
In its 2016 global CEO survey, PwC reported that 55% of CEOs think that a lack of trust is a threat to their organization’s growth.

Compared with people at low-trust companies, people at high-trust companies report: 74% less stress, 106% more energy at work, 50% higher productivity, 13% fewer sick days, 76% more engagement, 29% more satisfaction with their lives, 40% less burnout.
No. 8. Culture & People

Healthy Organizational Culture

- Display Authenticity
- Share Leadership
- Healthy Organizational Culture
- Build Community
- Develop People
- Value People

Graphic Adapted from: http://www.olagroup.com/
Best Read

The future of organizations is the growth of the people in them.

Alignment of Organizational Features in a DDO

In a Deliberately Developmental Organization (DDO), the major design features of organizational life—the company's principles, practices, and form of community—are in deep alignment to promote individual development throughout the organization. This alignment is visible in twelve interrelated "discontinuous departures" from standard practices that together make up the deep structure of the developmental organization.

- Destabilization Can Be Constructive
- Closing the Gaps
- Timescale for Growth, Not Closure
- "Interior Life" Is Part of What Is Managed
- Running on Principles
- Adults Can Grow
- Weakness Is a Strength: Error Is an Opportunity
- The "Interdependent Bottom-Line"
- Rank Does Not Have Its Usual Privileges
- Everyone is HR
- Everyone Needs a Crew
- Everyone Builds the Culture
Cultural Dividends

Thriving Culture

- Identity
- Value
- Productivity
- Innovation
- Creativity

Questions to Assess Organizational Culture

- Describe your organization’s culture in three words.
- Where would a guide stop if giving public tours of your company?
- If the local paper were going to run a 4 page article about your company’s culture, what would be impossible not to include?
- What is the best part about working in your organization that is not visible from walking around the building(s)?
- What are the most common complaints employees make about your company culture?
- What do YOU love best about your organizations culture?
Why Millennials Matter

Graphic Source: http://whymillennialsmatter.com/misunderstood-millennial-talent/

Misunderstood Millennial Talent: The Other Ninety-One Percent (3:04):
http://whymillennialsmatter.com/misunderstood-millennial-talent/

Graphic Source: http://whymillennialsmatter.com/
Best Reads - Motivation

- Autonomy
- Mastery
- Purpose

Best Reads - Neuroscience

- Maslow Had it WRONG
- Our REAL Hierarchy of Needs

Social Needs

- Physical Needs
- Meaning

Matthew Lieberman, PhD
Wrap Up/Key Points
Organizational Culture

**TOP 28+ MUST READS ON ORGANIZATIONAL CULTURE**

https://www.torbenrick.eu/blog/culture/must-reads-on-organizational-culture/

Graphic Source: http://www.torbenrick.eu/blog/culture/organizational-culture-is-like-an-iceberg/

V. The Culture of IBEW & NECA
Five IBEW-NECA Culture Killers!

1. Resistance to Change - or anything new!

"I want you to find a bold and innovative way to do everything exactly the same way it's been done for 25 years."
Einstellung Effect

Einstellung Effect (or design fixation)

Challenge

... then resolve this one that way

How have we resolved similar challenges?

Like this ...

Usually works, but discourages creative/innovative thinking
Five IBEW-NECA Culture Killers!

2. Lack of Trust

"WE UNDERSTAND THE NEED FOR A WELL-MANAGED TELEWORK PROGRAM. IT'S THE ANKLE MONITORS WE HAVE A PROBLEM WITH."

TRUST IS THE LUBRICATION THAT MAKES IT POSSIBLE FOR ORGANIZATIONS TO WORK.

Warren G. Bennis
Five IBEW NECA Culture Killers!

3. Loss of Shared Values/ Purpose

Five IBEW NECA Culture Killers!

4. Structure/Hierarchy/Protocol

The challenge: From hierarchy to network structure. We need methodologies for redesign and creating the change!

Traditional model: (centralized functional hierarchy)
- "Decisions" rule!
- Top-down command and control
- Top management is always in charge
- Centralized leadership
- Functions, departments, divisions
- Static hierarchy-creation relationships ("pull")
- Functional division guides structure

New model: (decentralized leadership network)
- "The market" rules!
- Outside-in sense and respond
- Peripheral teams are always in charge
- Devolved leadership
- Network cells as mini-enterprises
- Hierarchical power relationships ("push")
- Functional integration guides structure
Five IBEW NECA Culture Killers!

5. Assumptions on Leadership

Dynamic Leadership Model

- Manage Self
- Manage Others
- Manage Strategically
- True Leadership

“Good leaders make people feel that they’re at the very heart of things, not at the periphery.”

Warren G. Bennis

FamousQuotes123.com
Pause & Reflect
How Will You BE Different?

What did I learn?  How do I feel about what I learned?

So  What?
What new insights can I incorporate into my leadership?

Now  What?
What practices will lead me toward Mastery?
Questions

Up Next: Interactive Break in the Cibolo Canyon Ballroom
- TravelFit
- Workout Challenge
- Tips & Tricks for Taming Your Inbox
- 5 Ways to Keep Hackers Away From Your Personal Info

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