Leadership and Culture: Part 2 – Engaging the Enterprise: Creating a Growth Mindset Tribe

By Sean Culey

Part 1 of this article (published in The European Business Review, May/June 2012) set out the case for Culture; its impact on financial performance, talent, effectiveness and morale, and why developing the right culture is possibly the most important skill for a leader to develop. Now Sean Culey describes how leaders can develop a culture that supports their aspirations and strategies, creating alignment and integration throughout the organisation.

Introduction

On Monday 28th May 2012, Dewey & LeBouef filed for bankruptcy, creating the largest law firm collapse in US history. The major cause attributed for this collapse was Dewey’s discarding of any focus on values and teamwork in order to transform the firm into a short-term bottom-line focused, profit-maximizing business. William Henderson, a professor at Indiana University who studies law firms commented, “the lack of shared cultural values meant that money became the core value holding the firm together, and money is weak glue.”

Now take a minute to think about the culture in your organisation: how strong is your glue? Culture reflects the realities of people working together every day, so listen to the conversations, look at the way decisions are made and the way departments cooperate. Does it inspire or frustrate; speed things up or slow things down? Are people bound together by a common cause and shared values? Do they work well together? Are they focused on themselves or the organisation? Leaders know when their Culture isn’t right. But knowing about an issue is one thing; knowing what to do about it and taking action is something else entirely.

Overcoming Fear

Before any Cultural transformation can take place, fear needs to be replaced by hope. Change is not inherently frightening, but our willingness to change can be complicated by the disjunction between our rational and emotional minds. Chip and Dan Heath reference Haidt’s analogy that the emotional side of our mind is like a headstrong Elephant, while the rational side of our mind is the guiding Rider. When facing uncertainty we are typically torn between our rational, logical reasoning (the Rider), our emotional, intuitive feelings (the Elephant) and the surrounding environment (the Path). The rational, logical Rider holds the reins and seems to be the leader, but can easily be overpowered by...

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the Elephant, especially if the path is unclear, insecure or ever changing. People who are uncertain and fearful will prioritise defending their position over focusing on delivering the organisational goals – ‘I have to win, and I don’t care who loses.’ The challenge for business leaders is to direct the Riders, motivate the Elephants and shape and prepare the path. The Heath’s state that; "if you can do all three at once, dramatic change can happen even if you don’t have lots of power or resources behind you."

Light a Fire! Start a Movement!
To paraphrase Peter Drucker, ‘Degenerative diseases are not resolved by procrastination; they require decisive action’ – and the fastest way to rejuvenate a degenerative culture is through engaging the team’s emotional Elephants by providing an exciting Path that they can embrace and believe in. This has to be more engaging and revolutionary than just words - you need to start a ‘movement’.

The late Steve Jobs’ incredible turnaround of Apple in the late 1990s is well documented; however, what most people don’t know is that Jobs did not start by focusing on Apple’s products — he started with their culture. Apple had lost its sense of purpose, its ‘specialness’, so one of the first things Jobs did was to start a ‘Think Different’ movement inside the company (long before the ‘Think Different’ ads appeared), particularly aimed at the product developers. “Steve was inviting everybody in that company to rethink everything,” recalls long-time Apple ad chief, Lee Clow. “At the time, he didn’t have any new products, and Apple was almost out of business. But to him, the first mission was to get everybody singing off the same song sheet again.”

We are emotional beings – real talent isn’t simply driven by money or power, but by the opportunity to be part of something great; something they are passionate about. Collins and Porras made the observation in ‘Built to Last’ that truly great organisations build a ‘cult like culture’ within their ranks; unifying the team. Setting out a vision for the future and creating a movement that people can get behind and contribute to can help to satisfy people’s emotional needs, whilst also providing them with a sense of security. They think, “I can buy into that. I like it and want to be part of it.” This recognises the basic truth that people who are passionate can achieve much more than people who are disengaged but highly paid.

Take Wikipedia vs. Encarta. Ten years ago, few people would ever have imagined that Encarta, Microsoft’s Encyclopaedia product developed at huge cost by a large team of well-paid content providers, would be defunct - whereas Wikipedia, written collaboratively by largely anonymous and unpaid Internet volunteers would flourish. Wikipedia has 85,000 active, willing, unpaid volunteer contributors constantly working on more than 21,000,000 articles in more than 280 languages. This amazing achievement is what people can achieve when they passionately believe in something, and leaders need to tap into that passion and move the needle from complacency to urgency. Unfortunately most companies never dedicate the time to figure this out.

Tribal Leadership
In order to understand organisational behaviours and culture, there is an increasing focus on ‘tribal dynamics’, recognising the fact that it is ‘built into the genetic code’ for humans to gather in tribes for support, security and recognition. Strong tribes are secure units, with a common language, a shared purpose and members who passionately and willingly work together for its long-term success. The strongest tribes attract the best people, meaning they don’t just survive – they thrive.

Strong tribes also have courageous, passionate leaders who put the tribe’s success before their own, inspiring others to take up the cause and to willingly volunteer their best efforts to realise it. They reach out to the tribe at an emotional level, setting any feelings of insecurity, and passionately establish a shared vision to aspire to, tribal values to adhere to, and an environment for them to come alive.

Check your Ego...
John P Kotter frequently highlights how a lack of a ‘sense of urgency’ is one of the most damaging aspects in business. Leaders will never state that they have decided to strategically become complacent – however inaction is still a decision, albeit often an emotional rather than logical one. The failure to grasp opportunities to ‘think different’ and take action with a sense of urgency means they have decided to accept the status quo simply because it’s easier for them. This usually has nothing to do with the organisation and everything to do with individual agendas, positioning, ego and ambition. Confronting this brutal fact may be a bitter pill to swallow, but it doesn’t make it less true. In business, it takes courage to focus on your team and inspire them to lead, rather than to just dictate to them – and here lies the leadership / empowerment paradox. You can only create leaders if you yourself are a leader, and you can only be a leader if you actually have followers.
Great leaders create followers when they put aside their own self-interest and fears around position, and instead focus on the growth and prosperity of the organisation as a whole. Humility is perhaps the greatest virtue for leaders; recognised by Collins as one of the defining elements of ‘Level 5 Leadership’ and displayed by those CEOs who created great business performance over a sustained time period. Humility doesn’t indicate a lack of self-confidence – great leaders are very self-confident. It simply means they understand success is built by great teams and they share their success with their teams. They recognise that they can’t do it alone, and that they need to create a guiding team for the culture to change. Humility allows for focus on developing other leaders, and not just followers; encouraging healthy debate and dialog, not just consensus management, group-think or blind obedience.

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They also understand that they themselves have to first become trustworthy before they can build a high trust team - operating with congruence is critical; people need to see that they are serving the needs of the organisation, of the movement, and not just themselves. They lead by example, focusing on ‘doing the right thing, rather than being right’, subliminally declaring to the tribe “do as I do” and not just “do as I say”. They set aside their ego to consider all options even if they seem antithetical, and still having enough sense of self to make a determined decision and stand behind it. They are willing to take responsibility if that decision doesn’t lead to the desired outcome, even if it could be swept under the rug or someone else could be blamed. They are transparent and visible, walking amongst the troops demonstrating their human side - their passion for the cause. Finally, great leaders have the **courage** to implement these insights when the pressure to follow the crowd or take the easy option is greatest, viewing them not as opportunities but **obligations**.

**Values have Value, Principles have Profit**

When I used to work for Cadbury Schweppes, prior to when it lost its way, its values, its culture and finally its independence, we used to say the employees would ‘bleed purple’ (its corporate colour). When Kraft took it over in 2010 this was no longer the case – and those two facts are very much related.

The biggest challenge for executives right now is shaping and protecting the corporate values and culture during these difficult times. A strong tribe needs a credible, just cause for its continued existence and foundational values and principles. Clarity needs to be established as to the longer-term goals and missions of the organisation, and leaders need to provide clear direction and values that people can believe in, commit to and relate their activities to. This is not some glib exercise but the establishment of key foundational principles that answers fundamental questions such as:

- ‘Why should the company exist?’
- ‘What makes it great?’
- ‘What does it stand for?’

It is one thing to have beliefs and values framed and hanging on the wall of a conference room - it’s quite another to have genuine and memorable beliefs that are directional, alive and practiced daily throughout the organisation. If executives want to develop a high-performing organisation, they need to create the right culture through determining what behaviours should be developed and rewarded, and what shouldn’t. **If you want a values-driven culture, hire people using the values as a filter, then drive the right behaviours by using values as a measure.** If you want your company to embody the culture, empower people and ensure every department understands what’s expected, and bring them to life in everything you do. When values are clear, decisions are easy – so discourage politics, personal agendas, and negative tribal behaviours. Destroy unhealthy status quo’s whilst supporting ways of working that promote collaboration, trust and continuous development. If a gap exists between ideals and behaviour, it’s best if the people inside the company come to this realisation on their own. Ask questions such as:

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- What are the most important values that need to be represented in the organisation’s culture?
- Are these values compatible with the current culture and do they exist?
- If not, why not?
- What elements must we NOT change?
- Would our values still stand if the marketplace changed dramatically?

As Starbucks CEO Howard Schultz observed, “*the value of your company is driven by your company’s values*.”

**Grow your Mindsets, Grow your Business**

“My experience has shown me that the people who are exceptionally good in business aren’t so because of what they know, but because of
People with a predominately growth mindset focus on constantly improving, believing that abilities can be improved through hard work and persistence. When presented with an obstacle they raise their game, addressing the challenge without fear of failure.

their insatiable need to know more“ - Michael Gerber.

I have found Harvard Professor Carol S. Dweck’s work on Mindset to be both relevant and useful in understanding what differentiates cultures. Dweck’s research established two fundamental mindsets: the fixed mindset and the growth mindset. People demonstrating the fixed mindset do not challenge their abilities because they fear the possibility of failure, of compromising preconceived view of themselves. Fixed mindset people expend their energies defending their existing position and paradigms, negatively viewing challenges and feedback because it is not what they want to hear. When issues arise, fixed mindset people often form into ‘tribal groups’ where they can reinforce their own beliefs by pointing blame to other functions. When whole companies think like this, any changes that are deemed disruptive to the company’s existing structures and power bases may be neglected or actively rejected simply because they threaten the status quo, and focus goes on demonstrating why remedial initiatives won’t work, rather than ensuring they succeed.

In contrast, people with a predominately growth mindset focus on constantly improving, believing that abilities can be improved through hard work and persistence. When presented with an obstacle they raise their game, addressing the challenge without fear of failure. They rarely settle for ‘good’ and know that through focusing on disciplined effort and continual progression, they will achieve their goals.

Growth mindset cultures also concentrate on the long-term prosperity of the business, building what Stephen R. Covey calls a ‘Q2 Culture,’ where focus is on importance, not just its immediate urgencies, and effectiveness rather than efficiency. They declare war on a common tribal enemy, mediocrity and complacency - encouraging their people to develop their mindset and spend time on becoming smarter rather than just focusing on demonstrations of ‘busyness’. They recognise that people need to continually develop the skills and tools required for their organisation's prosperity, but also set standards high, knowing that a good team will step up to the challenge and customers will notice the difference. Unsurprisingly, focus therefore should be on developing a culture driven around the ‘growth mindset’. Status quos should be challenged, limiting beliefs removed, and people encouraged to willingly help each other and not view asking for help as a sign of weakness.

As an example of the Growth Mindset in action, Robert Pink, Industry Head at Google UK, described how they have embedded a cultural philosophy called ‘20% time’ – where people are encouraged to spend 20% of the time on developing ideas and being ‘innovative’. Froogle, Calculator and Suggest are examples of what has developed from this investment. Likewise 3M’s famous ‘15% Dream Time’ led to the creation of the ‘Post It’ note and Sellotape.

Mind(set) your Language

The mindset of the organisation has a major impact on the language used, and vice versa – the language used by the team reflects their attitudes towards work and the organisation. One of the quickest ways to change the culture is to change the tone and context of the corporation's language – its internal voice. Growth mindset cultures speak in predominately positive, proactive terms, asking questions rather than making statements like their fixed mindset comparatives. They ask ‘How can we improve?’ rather than ‘Why should we improve?’ They do not speak about blame, but instead about lessons learnt, and look forwards at projected challenges rather than dissect past failures.

Language differences between functions can also be problematic. The ‘C’ suite talks differently to the shop floor, marketing speaks in different terms to operations. This often originate from the way each function is measured - different functions will talk about EBITDA, OEE, OTIF, DoI, DoS, fill rates, etc. These all mean something to them but little to other functions looking inwards. It is very difficult to build a highly effective organisational culture with disparate functions that communicate in different terms and measure themselves in different ways. Functional measures have the habit of pulling teams in different or too many directions at once - people behave as they are measured, so the measures need to be aligned and integrated together to create aligned and integrated behaviours that support the delivery of the organisation’s goals and values.

Extend Your Horizon

The organisation's language and measures need to ensure they provide a consistent message – do they drive an increase in overall organisational effectiveness or simply highlight urgent functional inefficiencies? This touches on a key element that leaders need to incorporate into the corporation’s cultural ecosystem - the shift from urgency to importance, allowing the team to spend time focusing on the larger, more important goals rather than the urgent ‘noise’ that infects businesses everywhere. Many companies declare their intention to be more innovative; to clearly differentiate themselves from their competitors. However, this innovation becomes difficult to deliver when managers are driven to deliver immediate results at the expense of spending time and resources on game changing initiatives that may take a long time to bear fruit.
People want to know that they add value; that they are fulfilling both their own purpose for existing and the organisation’s... Providing purposeful engagement creates an environment whereby people become emotionally engaged and motivated volunteers not workers.

Accountable Roles, not Assigned Jobs
One of the defining elements of effective cultures is the fact that their members don’t have jobs – they have roles. Roles are fundamental to human behaviour and can allay fears around security when clear alignment between these roles and the success of the organisation exists. In the past, roles were directly related to the success of the tribe – for example farmers provided food, blacksmiths made and maintained tools, guards protected the village etc. In the knowledge worker age the distinction is nowhere near as clear, meaning that for many there is a lack of purpose in their daily work activities, leading to high levels of employee disengagement. Many businesses are caught in a ‘no-man’s land’ between 20th Century Command and Control management, and 21st Century knowledge worker enablement. The new influx of ‘Gen-Y digital natives’ into the workforce, with their instant gratification mentality and rejection of being ‘told’ what to do, only adds further complication to the mix.

Robert Sternburg, the recognised ‘guru’ of intelligence studies, writes that the major factor in whether people strive to achieve expertise is whether they have ‘purposeful engagement’. People want to know that they add value; that they are doing the right things in the right way, fulfilling both their own purpose for existing and the organisation’s and will gravitate to companies where they can achieve both. Providing purposeful engagement creates an environment whereby people become emotionally engaged and motivated volunteers not workers. When people can relate their activities to organisational value creation, and are measured in a way that supports and promotes the delivery of that value, fears around security disappear creating a sense of responsibility and an increased willingness to be held accountable.

Understanding this relationship between people and roles, and the emotional requirement for a sense of purpose allows those companies with the courage to act on this information to gain distinct competitive advantage. It’s amazing how basic this is, but how absent the principle is in many businesses.

Making it Stick
Even the most successful companies concede the difficulty of maintaining the cultures that led to their success. Fred Palensky, Executive VP of R&D and CTO at 3M, a company renowned for developing a culture of consistent innovation, described the challenge: “that’s the thing about cultures — they’re built up a brick at a time... You need consistency, persistence; and you need gentle, behind-the-scenes encouragement in addition to top-down support. And you can lose it very quickly.”

Cultural transformations require understanding where your people are now. Diagram 1 shows the various stages in which people may currently be within your organisation, and the key is to move them up, one stage at a time. People with stage 1 and 2 behaviours will delay and frustrate those looking to move from stage 4 towards stage 5.

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These stages relate closely to numerous psychological studies and literature on human behaviour within organisations – from Stephen Covey’s ‘7 Habits’ where personal victory comes before public victory and independence precedes inter-dependence, through to Tribal Leadership by Logan, King and Fischer-Wright. One of the major preventers of tribal maturity is the fact that many businesses reward and encourage Stage 2 and Stage 3 behaviours – it’s all about the individual and the results they create, regardless of the methods and the collateral damage. Instead, leaders should shift the reward mechanisms, the structure and the thinking from personal success to team and organisational success.

It is not easy to spark a movement within a company—it can be a large and ambitious exercise in change management.

<table>
<thead>
<tr>
<th>Stage</th>
<th>Driver</th>
<th>Thought Process/Language</th>
<th>Mindset</th>
<th>Individual</th>
<th>Team</th>
<th>Organisation</th>
<th>Society</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Secure Individual Position</td>
<td>I hate my job, but what can I do about it?</td>
<td>No one is great</td>
<td>Lose</td>
<td>Lose</td>
<td>Lose</td>
<td>Lose</td>
</tr>
<tr>
<td>2</td>
<td>Promote Individual Position, Value and Worth and deflect criticism onto other people</td>
<td>I gain worth by being the best around here. I win by proving I'm better than you.</td>
<td>I am great, you are not</td>
<td>Win</td>
<td>Lose</td>
<td>Lose</td>
<td>Lose</td>
</tr>
<tr>
<td>3</td>
<td>Together we are strong – promote and support the team, deflect blame onto other functions</td>
<td>Our team/function succeeds when it shows how it is better than yours</td>
<td>Our team is great, yours is not</td>
<td>Win</td>
<td>Win</td>
<td>Lose</td>
<td>Lose</td>
</tr>
<tr>
<td>4</td>
<td>Deliver Organisational Goals, Support Organisational Values</td>
<td>We succeed by beating the competition</td>
<td>We are great, they are not</td>
<td>Win</td>
<td>Win</td>
<td>Win</td>
<td>Lose</td>
</tr>
<tr>
<td>5</td>
<td>Societal Improvement</td>
<td>We can make a difference</td>
<td>We are all great</td>
<td>Win</td>
<td>Win</td>
<td>Win</td>
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Transforming a corporate culture is an ongoing process, and the daunting nature of this is why many companies avoid the activity and seek quick wins from perceived ‘silver bullet’ solutions. However continual progression in a consistent direction has been proven to be the key. Collins and Hansen’s extensive research identified that companies following what they called ‘the 20 mile march’ approach delivered substantially more growth and profitability long term than those that continually searched for rapid, short term gains through acquisitions, mergers and risky initiatives. Wheeling and dealing at senior levels may be exciting to the executives, but it is scary and disruptive to the rest of the organisation as they are unconnected emotionally from these activities. Acquisitions work when the acquiring company has a strong, embedded positive culture, enabling it to embrace the new acquisition, rather than fear it. Culture is the glue that can bind them together.

Igniting the passion of the team does not come from simply doing the same things you’ve always done only slightly more efficiently. You are not going to start a fire by outsourcing, offshoring or simply focusing on cutting costs; it is not remarkable, and it does not differentiate or create the kind of strategic and organisational sea change that moves companies from good to great.

**Conclusion**

Does Culture still eat Strategy for breakfast? Absolutely. Companies win on their ability to motivate, unify and mobilise their greatest asset – people. People and how well they work together to effectively deliver the strategy and goals of the organisation is what makes the difference, so the real competitive battleground has become how well you can leverage their capabilities. **Those who get the most value out of their talent will win.**

I started with a reference to a company (Dewey & LeBoeuf) that failed to understand the power of Culture, and I’ll leave with one that has recognised it: Lenovo, one of the world’s largest PC manufacturers.

Describing how they have reached #2 in the PC market whilst going through a period of significant change, Mick Jones, VP of Global Logistics credits their cultural focus on commitment and ownership on ‘The Lenovo Way’. “We put people front and centre. We look at every single person within the organisation and focus on harnessing their full potential. It’s all about having the right people with the ambition and drive to succeed. Each and every one of our employee’s focus is on the 5Ps: We Plan before we pledge; We Perform as we promise; We Prioritise company first; We Practice improving every day; and We constantly act as Pioneers. We’ve gone from simply operating to operating very well; from good to great!”

So – challenge the status quo, light a fire, create a movement. Overlay it with the corporate values, add in the right mindset and now create an environment where people are able to associate their daily activities to the delivery of these goals. Engage the hearts and minds of your team, ignite passions, extend horizons. Don’t wait for favourable winds to determine your course – act now, and take everyone with you.

**References**


**About the author**

Sean Culey is a member of the European Leadership Team of the Supply Chain Council, the global, not-for-profit centre for Supply Chain Excellence, and founder of Aligned Integration Ltd. Previous to this he was CEO for SEVEN Collaborative Solutions, and Principal at Solving Efeso.

Sean has worked around the globe helping companies create dramatic increases in profitability and growth, breaking down their barriers to success through the alignment and integration of their people, processes, systems and data. He helps companies to navigate the journey from functional silos, creating foundations of control that enable continual improvement and innovation via his ‘Aligned & Integrated Organisations’ (AIO) approach designed to create end-to-end, integrated customer and profit focused Value Chain teams. This approach also helps companies align their Integrated Business Planning, Management and Execution processes. He also has 20 years’ experience of creating value from ERP investments such as SAP, and is an expert in helping companies to understand how to realise the value of these investments.

Sean is a frequent conference chair, speaker and author with many published articles on Organisational Greatness, Cultural Change, ERP and Value Chain excellence. His book ‘Becoming Great (by taking everyone with you) – Developing the Aligned and Integrated Organisation’ is due to be published late 2013.

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