



Culture Change - A CEO's Perspective

Put yourself in the coveted corner office. The board, shareholders, customers, competitors, suppliers, employees, and many other groups will scrutinize your decisions. Each of your decisions will be based on many unknowns and/or partially complete data sources making them some variation of educated guesses.

Culture change is no different. Culture has the potential to be a unique, valuable, and hard to copy competitive advantage, but changing it will always involve "educated guesses". However, if you as the CEO choose to pursue culture change, there are some "puts and takes" that will inevitably surface throughout the process. Here are some of these:

1) *Depth of Engagement* - Consider culture change on a continuum - "complete overhaul" on one end; "ignore" on the other. Most decisions within this context will not be clearly "right" or "wrong". I once told an executive team that "we're going to get a culture whether we like it or not. We just need to decide whether it will advance our strategy." Employees don't often think this way, CEOs should. (See 3) below for culture's impact on employees.)

2) *Where to Start if You Pursue Culture Change* - CEOs and employees naturally use "shortcuts" to convey organizational culture ("Innovative", "Tolerant", "Fast" for example). Not inherently good or bad, just appropriate for most work situations. However, shortcuts are



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not enough if a CEO chooses to pursue culture change...primarily because shortcuts don't clarify underlying behavior. For example, the shortcut "Fun" can have its roots in productive work, large-scale engagement activities, team dynamics or any combination of these three at a minimum. [Amazon's Leadership Principles](#) avoid shortcuts by driving culture down to behaviors. They probably aren't "right" for your organization, but they do provide far more clarity regarding desired culture. This makes them more valuable than shortcuts in the context of culture change.

3) *Balancing Strategy and Employees* – Almost all employees naturally think about culture as it impacts them. This is a byproduct of observing and evaluating "culture" from their perspective. Of course, CEOs are responsible for strategy and business performance, so their perspective is likely tilted toward leveraging culture to create a competitive advantage in the marketplace.

Bear with me here – this may sound harsh – but it really isn't. CEOs should strongly consider creating a culture primarily (or exclusively) to advance organizational strategy. Doing so will attract and retain those that "fit", and there will always be plenty of people in that category. There won't be a desirable cultural principle derived from strategy that is so caustic that it drives away large groups of employees/recruits - practically speaking. (Imagine promoting "Be Abusive to Colleagues" as part of a desired culture.) Not to say that there isn't room for behavior that isn't strategic – there is – but strategy-based culture benefits the business and its employees by putting the business in a valuable market position (provided strategy is "right", of course).

If you buy the idea that culture derived from strategy will not promote caustic/inappropriate behavior, it alone will also not prevent it. There



are other systems that should support culture/strategy – a topic we'll address in future posts.

4) *Don't Underestimate Execution* – We advise executives considering culture change to dive deep into “what it takes” to deliver it BEFORE they decide to pursue it. This helps them come to terms with the prolonged and consistent effort required to make it work. If there is only moderate commitment (or less) for changing culture at the outset, it will only dwindle from there. What's worse is that employees will interpret any pause, temporary or otherwise, as a leadership issue. This situation is likely worse than doing nothing at all.

5) *Turnover May Increase* – Culture change is one of those rare initiatives where success may make your environment less attractive to some of your employees. There are degrees here, but recognize that some currently valuable employees may be less attracted to your organization when different expectations become reality. This will make the decision to pursue culture change challenging for most leaders. At the same time, the decision to pursue culture change knowing that valuable employees may leave is a clear sign of executive commitment to the effort – making it an invaluable “educated guess”.

Final Thoughts

Peter Drucker is often quoted as saying “Culture eats strategy for breakfast.” [He actually didn't say that.](#) What he did say is that culture is a relatively enduring organizational attribute that could change with effort. So, if you're going to go through the effort to change culture, why not create one that has the potential to create a sustainable competitive advantage? All employees (even CEOs) will enjoy the benefit of a firmly-held and valuable position in the market.

