The FOUNDATION: Strong Values and a Culture of Character
How do we build a culture of trust where people feel energized, contribute their best ideas, and want to stay?

The Foundation is essential, and much of the writing on culture in the past few years has focused on that foundation – the importance of creating a culture that is engaging, inspiring, and purposeful. Senior leaders are critical to shaping the foundation, and, as we noted in 2017, considerable research has found that trust in senior leadership has a profound effect on financial performance. Without a foundation of integrity and trust combined with respect **for** each other and responsibility **to** each other, sustained success is rare. Our work over the years has focused on the importance of what we term "Leadership Character," the character leaders need to create cultures of trust, commitment, and mutual accountability.

Without the foundation the house falls, no matter how aligned the strategy or powerful the brand. A line of research that has produced some profound insights over the past few years is how culture affects team performance. Personal psychological safety is a part of the foundation of trust, and we are finding that it impacts more than we ever thought. I still remember the goose bumps I got reading Charles Duhigg's NY Times article, What Google Learned from its Quest to Build the Perfect Team, in 2016. Project Aristotle was an internal research project at Google designed to find out what makes some teams so much more productive and creative than other teams. The Aristotle team spent months looking at group composition, diversity of personalities and background - all the factors they could think of. What they found was that a concept originated by Amy Edmonson from Harvard - psychological safety - were far and away the most productive. The top groups had norms that assured safety.

When I read Edmonson's definition of psychological safety used in the article, ''a sense of confidence that the team will not embarrass, reject or punish someone for speaking up,'' my first thought was of that hospital floor. No one wanted to call the surgeon because they didn't feel safe to speak up. The team of health care professionals on the floor that night with my sister clearly did not feel safe speaking up. It felt way too risky to call the surgeon. No one felt safe but the top dog. Interestingly, Edmonson was studying healthcare when she coined the term.

The call was finally made when they realized that another suture was leaking. By this time she had lost even more blood, and a transfusion was now essential. Two precious hours were lost as the blood was given, and in that time tissue began to die. Psychological safety doesn't just make people feel comfortable at work, and it doesn't just improve performance and creativity. If you are in an airline seat or on a hospital gurney, you'd better hope that the team you're relying on feels safe to speak up.

ALIGNMENT with Strategy, Business Model, and Brand
How do we shape our culture to support our strategy?

A strong foundation comes first, but alignment is critical. We all recognize that a mismatch of culture and business model is a recipe for disaster. For example, it goes without saying that a "culture of safety" will be critical for a mining company but much less so for an advertising firm. There are two big areas where alignment is essential, alignment to strategy and business model, and alignment to brand.

Alignment with Strategy

Technological change often drives a change in strategy, and that in turn drives a change in culture. General Electric has gone through massive changes in strategy over the past fifteen years, and remains in the process of changing the business they are in. Immelt, CEO from, began focusing on creating a digital business around the data generated by GE's big engines. That shift required massive cultural change, inspiring articles calling GE "a 124 year-old software start-up." That change was not nearly enough, though, and the stock remains at historic lows. Immelt was replaced in October of 2017 by an insider who was quickly followed by an outsider, Larry Culp, the first in GE's history. There are already strategic changes afoot (the digital business has been spun off), and culture will again need to shift.

Alignment with Brand

Alignment to brand is the area of culture that HR guru David Ulrich describes eloquently. Ulrich defines culture as "what we want to be known for by our best customers made real to our employees through systemic processes every day." Kimpton Hotels has remarkable congruence in their external and internal brand – their headquarters building, for example, imitates the lobby of one of their boutique hotels.

SUSTAINABILITY: Enduring into the Future
How do we create a culture of adaptability and agility?

The "roof" of the culture house is made up of two cultural capabilities every organization must have in order to endure. Every organization must (1) develop their human potential and the next generation of leaders and (2) must be agile, quickly sensing change and responding quickly.

Sustainability through feedback

The more "brain-based" our economy becomes the more dependent success is on helping people learn and grow. We have always needed a strong pipeline of leaders; now we need strong talent throughout the firm. Cultures where feedback is frequent, honest,

and constructive are vital. Developing a "culture of feedback" is difficult, but the payoff is forever.

Almost all companies are re-thinking their performance management system, trying to make it more discussion and feedback-rich and less focused on simply assigning a rating. The recent book on Deliberately Developmental Cultures – The Everyone Culture – shows the power of massively feedback-rich environments where employee development is front and center.

Sustainability through Agility and Adaptability

What do these names have in common - Blockbuster, Kodak, and Blackberry? All seemed to lack what Kotter and Heskett found to be cultural attributes essential to corporate performance – agility and adaptability. Agility is connected to a culture of feedback – only when every voice is heard do organizations have a chance to remain agile enough and "smart" enough to survive.

What do these names have in common - Blockbuster, Kodak, and Blackberry? All seemed to lack what Kotter and Heskett found to be cultural attributes essential to corporate performance – agility and adaptability. Only when ideas move easily and every voice is heard do organizations have a chance to remain agile and "smart" enough to survive. Nimble, agile organizations have

A theme throughout most writing on culture is the power of leaders to shape culture. In the video that accompanies this article you'll hear Alex Gregory, long-time leader of YKK, say that "Leaders drive values, values drive behavior, and behavior drives culture."

Click here to view video

That power is evident in all "Full House" cultures – leaders take very seriously their impact on the culture. This post on Slack founder Stewart Butterfield makes it clear that he has focused on a foundation of trust and respect for employees, knows when to pivot strategically, and has infused the culture with the DNA of agility and innovation.

I doubt that my sister's surgeon ever considered his impact on culture, but the culture he created has left its mark on our family. She lived, but had a long, arduous recovery from what should have been much simpler surgery, and lives with scars and pain from the tissue damage.

Culture doesn't just eat strategy for lunch; it's literally the difference between life and death. To build a sustainable enterprise, a create a strong foundation of character, align culture and strategy, and make adaptability a North Star. A Full House always wins.

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