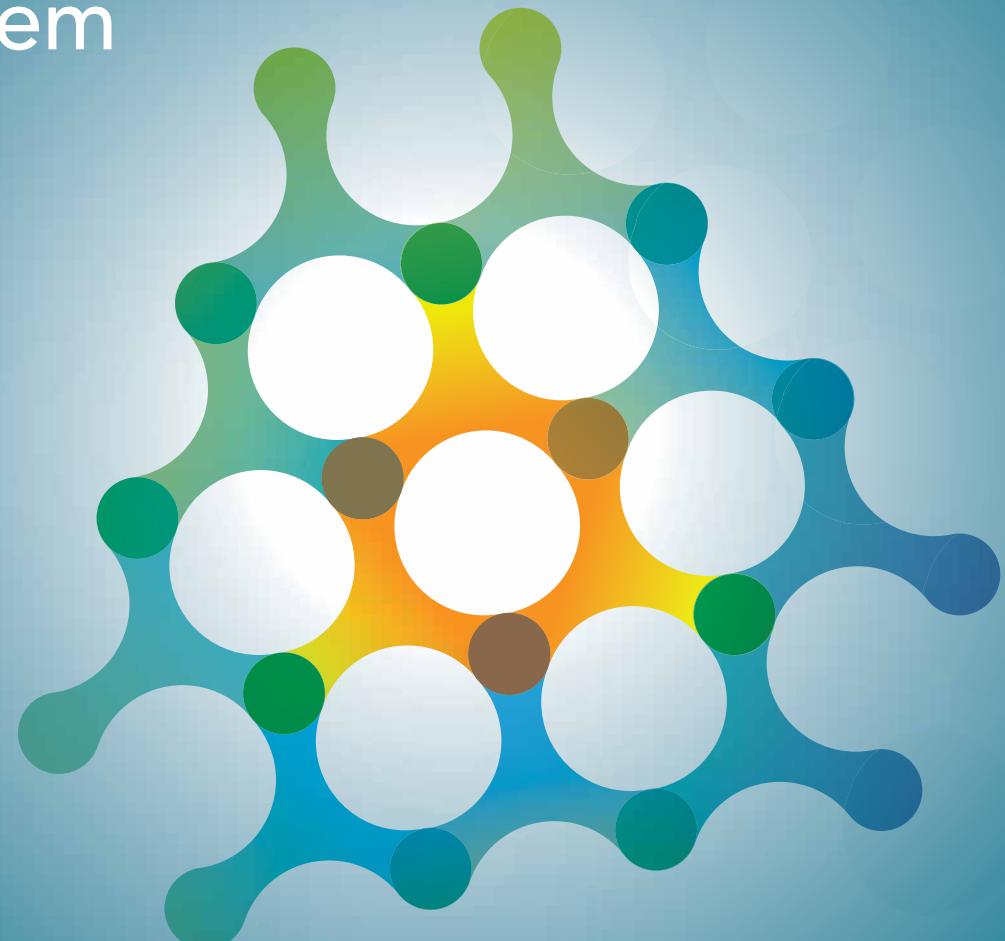


THE FIVE PITFALLS OF CULTURE DESIGN

and how to avoid them



Simon D'Arcy,
Founder, Next Level Culture



next level **culture**

Culture is critical to everything your company does.

Ignoring culture is the surest way to depress profitability and other key performance metrics. In fact, a study on corporate culture and performance found that companies who made culture a priority over an 11-year period, had 4 times higher revenue, 12 times higher stock price, and 750 times higher net income than those that did not.¹ Given such drastic differences between cultural “haves” and “have-nots”, why do so few companies successfully transform themselves into high-performance cultures?

Because it's hard. There are many ways to fail. The landscape is littered with failed culture change efforts. Successful implementation is counterintuitive. None of the usual methods works: it can't be delegated, can't be mandated, can't be outsourced, can't be hired/fired, can't be given to internal SWAT teams. To succeed, everyone from the CEO down to the janitor must be involved. Cultural fitness requires every person in the company to do their own pushups. The goal is to change corporate DNA and intentionally transform the culture of your team, organization and company.

Next Level Culture

Over the last 20 years, our team at Next Level Culture has worked with more than four hundred different teams and organizational cultures. Along the way we've discovered some of the best practices for creating and embedding a culture code that:

- builds a culture that is more easily embraced and practiced
- creates a resilient, high-performing culture that can scale as the company grows
- becomes the DNA of a thriving place to work.

A “next level” culture is one that has incorporated these best practices.

We have also seen many well-intended and well-funded efforts fail. Here are the top five pitfalls to avoid for a successful long-term culture-building effort:

- Pitfall 1:** Culture Blind Spot
- Pitfall 2:** Default Culture Denial
- Pitfall 3:** Faulty Culture Code
- Pitfall 4:** Talk Without Walk
- Pitfall 5:** Lack of Practice

In this report, you will discover:

1. The four critical behaviors that fuel thriving workplace cultures.
2. How to identify more clearly the default culture on your team or company that causes unnecessary drama and costs you time, energy and money.
3. What it really takes to be a culture-builder in every moment.
4. A road map for designing, embedding and activating a “next level” culture in your team, department or company.

¹ * John P. Kotter and James L. Heskett, *Corporate Culture and Performance* (New York: The Free Press Maxwell Macmillan Int'l, 1992), 11

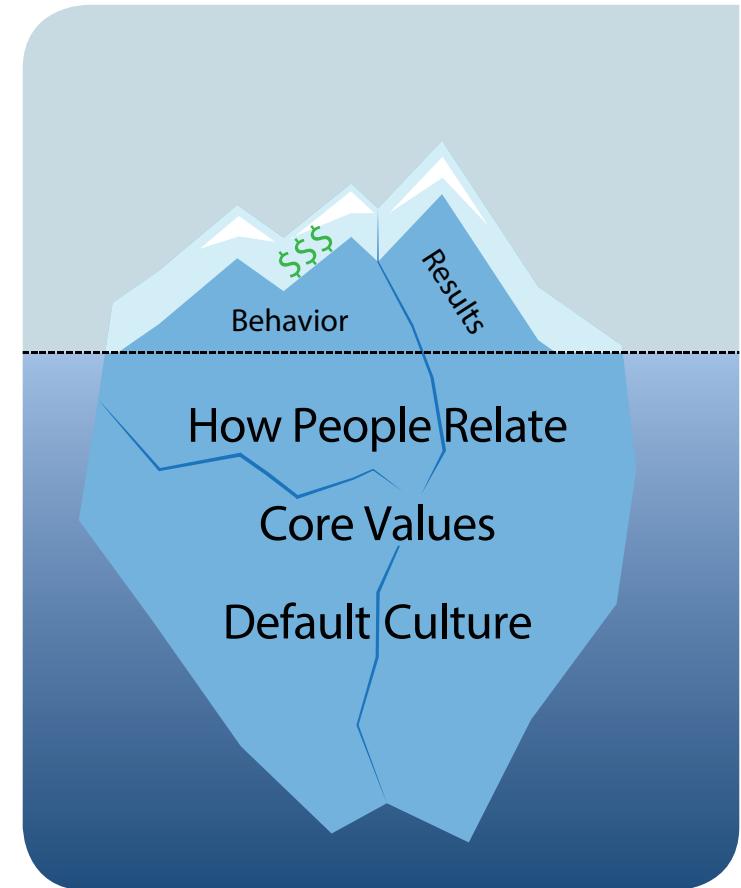
Pitfall 1: Culture Blind Spot

In a company with a culture blind spot, top executives may have heard that culture is important, may believe that culture is important, may say that culture is important, but they don't fully comprehend what culture really is and so they fail to make it a top priority.

There are two main mindsets that leaders have that result in culture being pushed to the side or ignored altogether. The first is that of the results-oriented leader. Leaders who believe that results are all that matters—what Franklin Covey refers to as “the tyranny of the urgent”—often are focused on the “whirlwind” of emergencies, deadlines, and other short-term goals, at the expense of focusing on long-term results, like culture.

The second mindset to watch out for is one that reduces culture to a thing or an object that HR should do, rather than a complex social system that requires participation from everyone. When culture is unconsciously reduced to a quarterly goal or dismissed in the face of business demands, it is a clear sign that culture is not being taken seriously enough, perhaps due to “cultural reductionism” on the part of the leaders.

Seeing culture as something that can be relegated to one person or forsaking culture altogether is like just focusing on the tip of the iceberg: great, **but only part of a much bigger picture.**



LESSON

Consider culture an equal dimension of your whole business reality. Find ways to make it real, qualify and quantify it.

Pitfall 2: Default Culture Denial

The culture of your team and your company is constantly changing, whether you attend to it or not. Unfortunately, culture doesn't just evolve the way you want it to. Put a group of people together, add complexity, uncertainty, and the fast pace of today's business environment, and you will probably get a fairly uninspiring company culture—one that is unintentional, unfocused and often, unproductive.

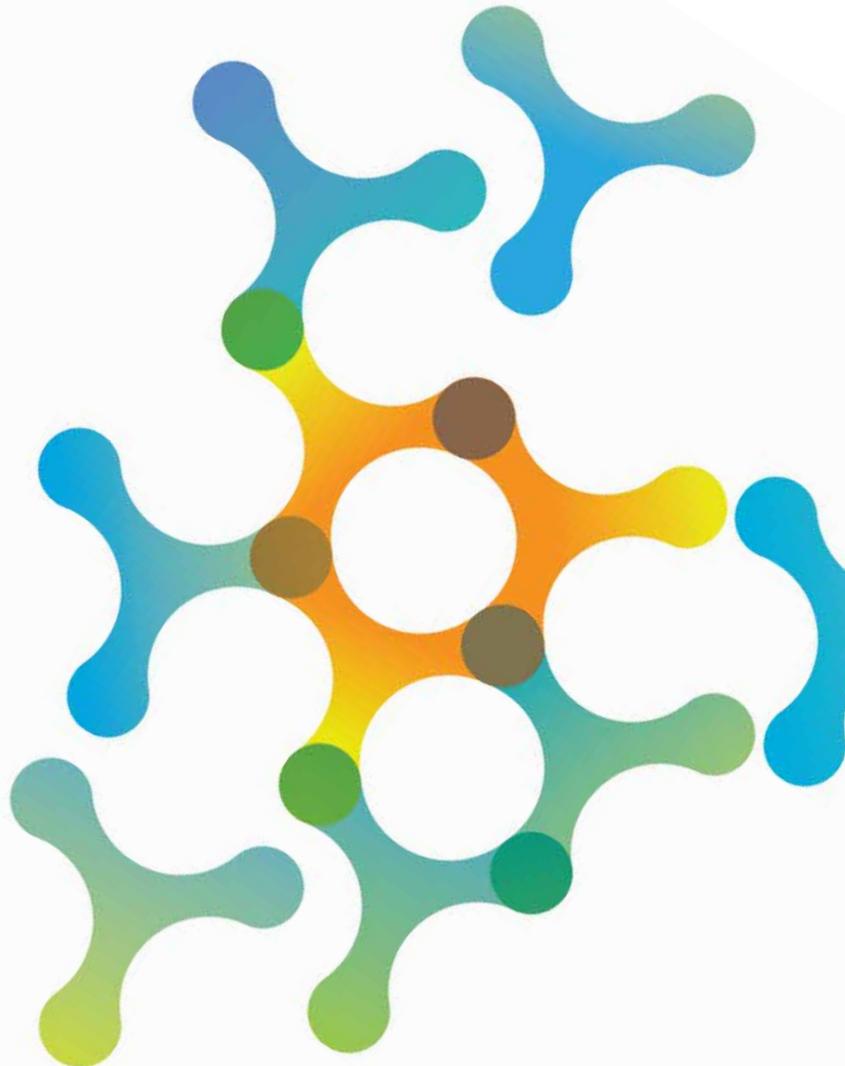
Ignoring Culture = Default Culture

When we refuse to address culture, we are settling for a culture by default. Symptoms of most default cultures include:

- “Us vs. Them” thinking
- Unnecessary drama (Victim / Adversary / Rescuing mentality)
- Issue avoidance, superficial conversations
- Indirect, incomplete and withheld communications
- Absence of debate
- Narrow task focus that excludes the relationship dimension
- Lack of clarity about priorities
- Poor or failed execution

Multiply these behaviors by the number of employees in your organization and they create a significant drag on performance that is felt in lost time, money, energy, alignment and results. Many leaders have made efforts to change their team culture only to see default culture reassert itself as soon as they were looking the other way. After a while, many leaders tacitly begin to accept or become resigned to the default culture as a given.

One of the reasons that many culture change efforts don't gain traction is because, in an earnest effort to create a better culture, leaders bypass discussion of undesirable default culture behaviors in an inclination to keep things positive. This has the unintended consequence of driving these unwanted behaviors even further underground where they become much harder to bring to light and address.



LESSON

You cannot change what you cannot accept.
Creating a thriving team and workplace culture starts with revealing, acknowledging and embracing your default culture.

Pitfall 3: Faulty Culture Code

Think of a culture code as the DNA of an organization, carrying within it a code that defines the character and proficiency of the entire organism. Instead of physical traits, tendencies and aptitudes, it influences how people behave with each other, shaping how they work together as well as the results they produce. When a positive culture code is utilized in a clear, compelling way and is embraced and practiced by a critical mass of people in a group, it has the potential to transform your team, company or community and everyone in it positively.

A well-designed and embedded culture code is like an invitation to bring your finest self to the forefront of your work. It describes the best parts of a culture that already exists while also being a declaration of an intended, possible future.

After studying hundreds of companies' cultures, we concluded that while most companies have some defined culture code, many are missing one or more of the four key behavioral practices that differentiate high-performing and thriving cultures from their mediocre counterparts. We have found that the presence of these four behaviors are highly correlated with a highly functional, high-performing, thriving culture.

4 CRITICAL BEHAVIORS

highly correlated with creating a thriving culture



"Be patient, take the time, invest in the foundation work of defining mission and values. This is the most important information that you are going to provide to your company. Everything else will be secondary. It's going to be your guidebook for decision-making."

—David Friedman
Founder of Epic Burger

LESSON

An effective culture code is values-based, behaviorally explicit, shared by all and includes the four critical behaviors.

Pitfall 4: Talk Without Walk

Most leaders know how to talk a good line on culture, but often drop it as a priority and focus as soon as new business challenges come up. It's either business or culture, but not both. Because they don't commit to changing their own behavior, no one else does either.

The surest way to sink a culture-building effort is for a senior leader to proclaim the importance of honesty or compassion at an all-employee meeting, while that leader is perceived as anything but that. If leaders aren't perceived as an authentic example of their professed values, people will not take the effort seriously.

This is why when building a thriving culture, **leaders must go first.**

When leaders are willing to take the first step in designing, defining and embodying the desired culture, the next step is to embed those values into every aspect of your company's day-to-day activities and assess where existing practices are incompatible. When reflecting upon hiring, performance management, leadership development, workplace design, and conflict resolution, leaders must ensure that the new culture code is embedded and reflected. Building a culture is not something that happens overnight. If you're committed to walking the walk, you're in for the long haul.

"It's a five-year commitment, if you're going to do it. It's a five-to-lifetime commitment; it's not a two-year execution and you're done. If you want to take it on, you've got to be willing to put that type of time into it."

— **Tony Hsieh of Zappos**

LESSON

You get the culture you are willing to embody. Before initiating a team-wide or company wide culture change effort, make sure you are willing and able to consistently model the new culture.



Pitfall 5: Lack of Practice

Lots of companies have already taken the time to define their core values or “culture code.” This is an important first step. However, all too often, employees hear about what the new culture is supposed to be but do not encounter any real management expectation of participation or consequences for inaction.

Culture As a Daily Practice

That set of values, the culture code, is both a destination and a daily practice. It is important that the values are translated into specific behaviors that are practiced by everyone. And, each person must hold himself and each other accountable to these values. Most of the higher-functioning, higher-performing behaviors are not something we are born being great at—they take practice. And just like going to a gym or dojo, the more we practice the better we get.

The great thing about holding culture as a practice is that you don’t need to be perfect and it’s okay to make mistakes. One mistake many companies make is to treat their culture code like a new set of rules. This sets up a “right/wrong” context where people begin to hide and disown behavior that is inconsistent with the culture code.

When you treat culture as something to be practiced by everyone, it changes the tone. The point of the practice is not perfection, but the learning, recovery, improvement and intention developed along the way. Failure and learning are expected, and ownership is shared.

“We have gotten better at catching ourselves when we are out of alignment to that which we aspire. We keep our sense of humor about it. It is not some grim march to culture. We poke fun at ourselves.”

— Pat Christen, CEO HopeLab

LESSON

Create a common language and common set of behaviors to facilitate the practice of culture. This is often accomplished by having teams participate in custom-designed skill trainings that improve internal alignment.

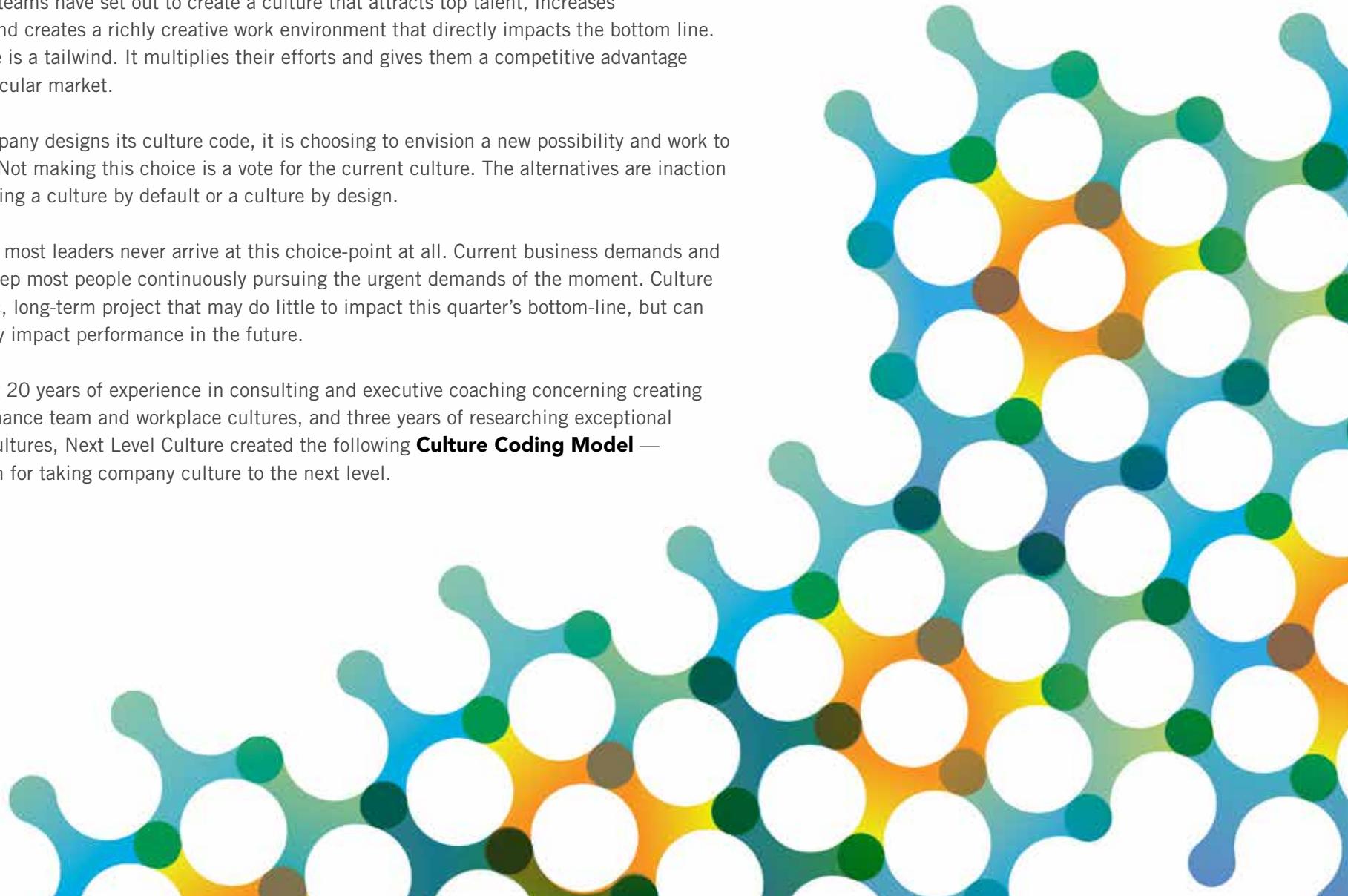
Culture Can Be Re-imagined, Improved and Intentionally Shaped

While many companies unknowingly accept a default culture as a given, some pioneering leaders and teams have set out to create a culture that attracts top talent, increases innovation and creates a richly creative work environment that directly impacts the bottom line. Their culture is a tailwind. It multiplies their efforts and gives them a competitive advantage in their particular market.

When a company designs its culture code, it is choosing to envision a new possibility and work to manifest it. Not making this choice is a vote for the current culture. The alternatives are inaction or action, living a culture by default or a culture by design.

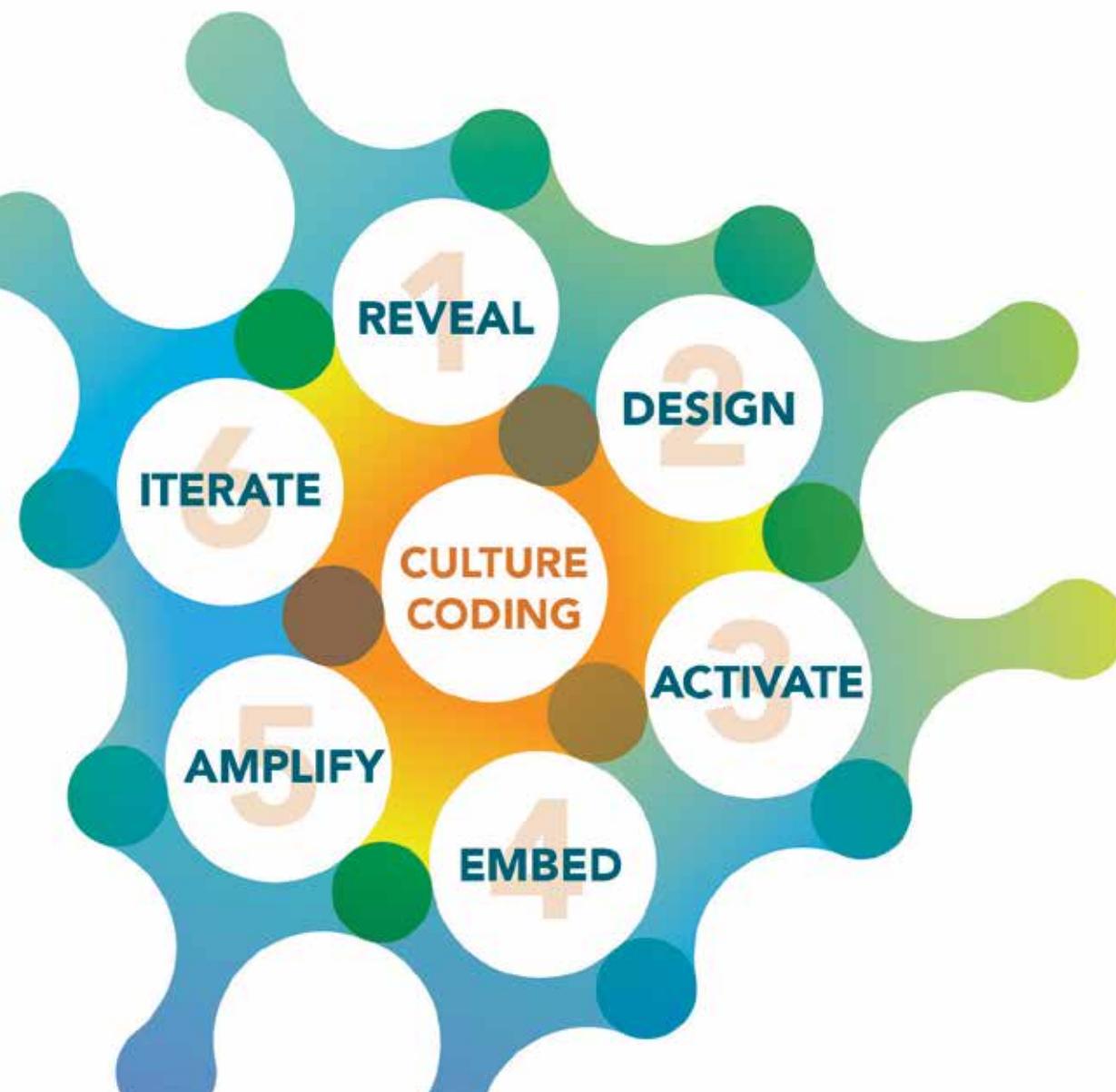
Surprisingly, most leaders never arrive at this choice-point at all. Current business demands and deadlines keep most people continuously pursuing the urgent demands of the moment. Culture is a strategic, long-term project that may do little to impact this quarter's bottom-line, but can exponentially impact performance in the future.

Synthesizing 20 years of experience in consulting and executive coaching concerning creating high-performance team and workplace cultures, and three years of researching exceptional workplace cultures, Next Level Culture created the following **Culture Coding Model** — our approach for taking company culture to the next level.



Culture Building Roadmap

A Guide for Culture Champions, Tribe-Builders, People Geeks and Change Agents



1 REVEAL

Reveal what your default culture is and what it is costing you. Build the case for change.

2 DESIGN

Design a Culture Code that is value-based, behaviorally explicit and an expression of your team or company's highest possibilities.

3 ACTIVATE

Activate a shared context of "culture as daily practice." Provide training that establishes common language and behaviors.

4 EMBED

Embed your culture code throughout the organization: Hiring, onboarding, managing performance, decision-making, role definition and organizational design.

5 AMPLIFY

Your desired culture already exists. Find the people who already demonstrate the culture code and encourage and amplify their efforts.

6 ITERATE

Iterate by tracking leading and lagging indicators to measure progress and continuously improve.

Calling All Culture-Builders

Each and every one of us is a culture-builder. Every time we interact with people, we are reinforcing and/or shaping the culture between us. When we wake up to culture and become aware of how we are relating, we are faced with a choice: We can continue to reinforce what is here, or we can become an active force for creating our “next level” culture.

There are many inspiring examples of leaders who embrace the role of a culture-builder in their organizations. It's not just an HR thing. Culture-Builders are CEOs, COOs, VPs and Directors, Managers, Project Leads, Scrum Masters and Individual Contributors from all parts of the organization.

What they have in common is a natural curiosity about culture. They are intrigued by what is possible in groups, naturally pay attention to group dynamics, and tend to be systems thinkers. They are committed to people feeling empowered, cared for, included, engaged and alive. They are known by many names.

Regardless of your current title and role, you have an opportunity to influence the culture around you actively. You can start by being an invitation for others to remember that we are always, already connected. You do this by remembering that you are already always connected to the people around you and listen, speak and act accordingly.

Join the Tribe

If you consider yourself a culture-builder, we invite you to join the conversation. We gather monthly for interviews and dialogue with inspiring culture-builders.

To sign up for the next monthly culture-builders gathering go to:

www.nextlevelculture.com/community

Project Leader
Chief People Officer
Director of Culture and Integration
Chief Happiness Engineer
Senior VP of People's Well-Being
Keeper of Culture
Head of Team Happiness
Culture Steward

About Next Level Culture

We are here to help leaders take their company's culture to the next level. Our mission is to help leaders actively build corporate cultures that serve the world, honor and grow people and produce better results.

After 18 years of working with and studying leaders who focus on creating great corporate cultures, we have noticed that there is a common set of approaches, practices and tools that leaders employ to build better cultures.

We make culture-building accessible, practical and straightforward. We facilitate meaningful and powerful conversations that elevate the importance of culture in the hearts and minds of leaders. Our work with clients results in:

- More leaders that are consciously and actively shaping the culture of their team, division and organization.
- An aligned, energized and effective “cultural core-team” leading the culture-building effort.
- Increased employee engagement, reduced redundancies, less drama and misspent energy throughout the organization
- A culture that grows leaders, attracts talent and is fun to work within.

Our Mission

1. To help leaders build cultures intentionally that produce better business results, honor and grow people and enable a higher purpose
2. To gather the tribe of culture-builders into a vibrant “community of practice”

Our Values and Cultural Practices

These are the agreements that we make with each other at Next Level Culture. We are committed to practicing every day and are willing to be supported by others in keeping them. Many of our clients adopt their own version of cultural practices that are consistent with their values and the culture to which they aspire. Feel free to borrow from this list and make it your own.

How We Practice Our Values

Listen generously and be curious. Being curious is more useful than being right.

Assume positive intent and find the good purpose for what people do.

Be coachable and committed to learning and growth. Ask for feedback.

Communicate (truth)fully, directly and responsibly without laying blame.

Embrace differences, complexity and paradox.

'Yes AND...'

Show up. Be on the court. When you notice yourself drift, shift back.

Be 100% responsible for your own experience, results and impact on others.

Work toward “level 5 alignment”
(100% commitment). No pocket vetos.

Have fun, celebrate successes and appreciate each other.

About the Author, Simon D'Arcy

The first thing most people notice about Simon is his energy: clear, bright, joyful and lots of it. He has a presence that can help lift the mood of a group, that enlivens and makes it easier for people to connect with their own essence.

As a Culture-Building Consultant, he helps business leaders design and create more conscious and high-performing company cultures that enable greater purpose and better results.

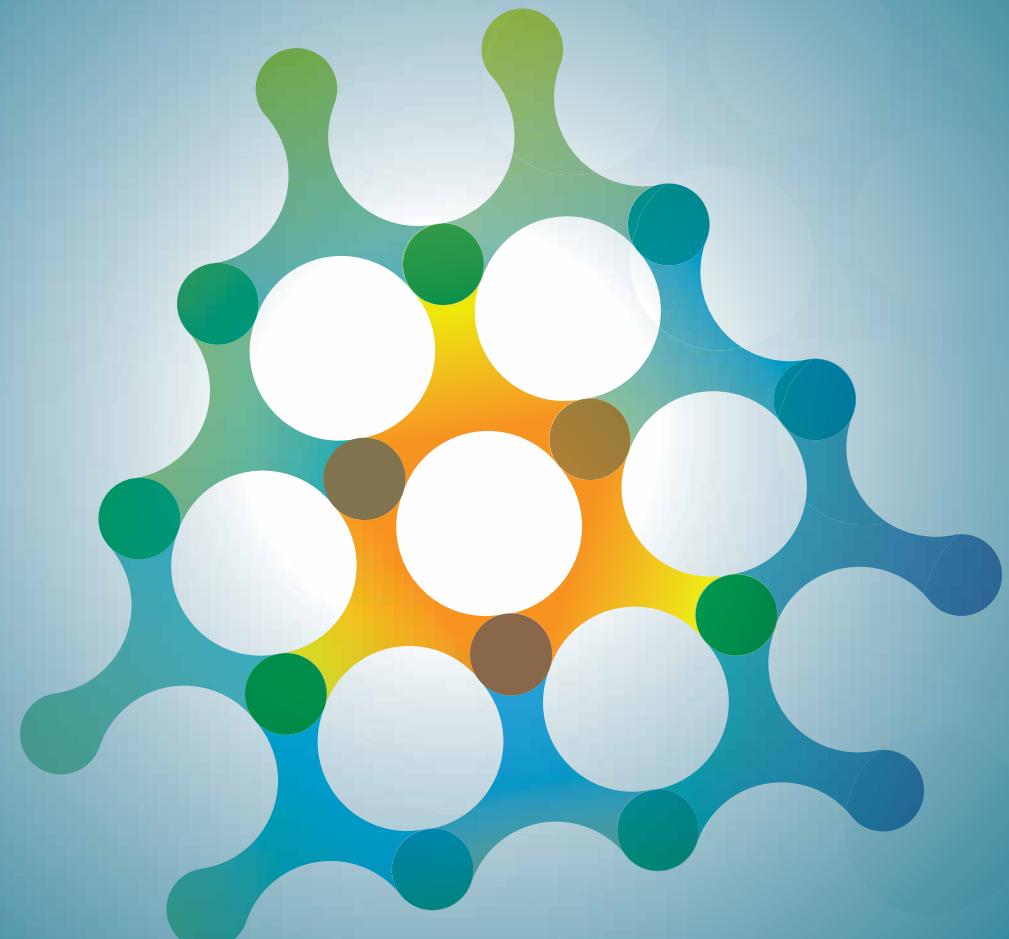
As a Conscious Leadership Coach, he helps executives to reveal their blind spots, discover their genius and lead from their biggest, brightest self.

As a Social Artist, he designs group experiences for teams, companies and communities that invite authenticity and deeper connection.

As a Conscious Practitioner, he practices living life from a place of purpose and presence every day.

Throughout his nearly two-decade career, Simon has consulted with hundreds of senior leaders from companies such as Yahoo!, Tumblr, Edison, ConocoPhillips, Farm Credit Canada and Genentech. He is the founder of Next Level Culture and author of the upcoming book:

“Culture by Design:
How a New Culture Code Can Transform Your Organization.”



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