

INTENTIONAL CULTURES ARE MADE FOR CHANGE

Organizations that Design Cultures with
Intentionality are Prepared for Anything



NORTH
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|| KEY TAKEAWAYS

The problem: Culture, easily forgotten during stable times, has become a high-stakes strategic imperative amid rapid employee turnover, evolving workplace expectations, and changing marketplace conditions. Many organizations struggle to shape a new culture while they are responding to the demands of the moment. However, culture cannot be forgotten; the organizations that cultivate and develop it effectively have a sustainable advantage in navigating change, crisis, and uncertainty.

The analysis: It is no longer sufficient to treat culture as an inert force or eternal identity that lives within the organization. Instead, cultures must be made for change. In made-for-change cultures, leaders shape and direct culture deliberately. These cultures maximize employees' potential to evolve, grow, and improve in support of a changing set of organizational imperatives.

The solution: To cultivate a made-for-change culture, leaders can manage it through a combination of eight key drivers. These drivers operate in tandem and they can be adjusted as needed to:

- Sustain alignment with values and purpose as the business flexes with market imperatives
- Measure performance levels
- Navigate periods of crisis, difficulty, or uncertainty
- Steer towards new opportunities



A crisis can hit any company at any time. Scandal, failure, a bold new competitor, a rough earnings report, a poor product rollout or, even a public health emergency or geopolitical unrest. Today, even companies with long track records of success are highly vulnerable to sudden turns of fortune. When a crisis is particularly threatening, it can rock the very identity of an organization.

In such circumstances, a leader may be tempted to overhaul the organization's culture by introducing new processes, leadership, values, codes of conduct, or market strategies that are substantially different from past approaches or beliefs. In contrast, companies with staying power have cultures that are strong and directionally-centered as well as responsive and adaptive. They lean into their culture to navigate periods of growth, change, and uncertainty in a manner that's consistent with their mission and values.

Consider Tesla, known today as one of the world's most cutting-edge car manufacturers. The company owes its innovative reputation to a strong identity and steadfast commitment to its mission. The company's culture is unique and identifiable. It's also mutually-selective; for this reason, employees know what to expect when they choose to work for the company. Guided by shared values, a key culture driver, employees at the company continue to deliver results and high performance. Beth Davies, leading L&D expert and former director of Learning at Tesla, worked for the car manufacturer in its fledgling days: "The one thing that galvanized people more than anything else was the mission... all decisions were about that mission," said Davies. Tesla's mission is simple and resolute: "To drive the world's transition to sustainable energy."

To fulfill that mission, Tesla has leaned into elements of its culture, such as communication. "In the early days, it was really clear... that we weren't to use some of these terms that are... understood within the industry... [We] used real language, real terms..." said Davies. "At Tesla, we were very anti-acronym... all of this [helped] to galvanize [our people] and say 'focus on the mission,

and put your energies towards that,'" she said.

In pursuit of its mission, one of Tesla's greatest advantages is its ability to adapt amid challenges and constraints. When chip shortages forced many manufacturers to cease production in 2021, Tesla adapted around the issue. "We were able to substitute alternative chips, and then write the firmware in a matter of weeks," CEO Elon Musk said during an earnings call.¹

At North Highland, we use the term "[made for change](#)" to describe organizations that possess Tesla-like adaptability in their operational DNA. In made-for-change organizations, employee and leadership attitudes, mindsets, and behaviors—all outputs of culture—champion adaptability, risk-taking, learning, and continuous improvement. In made-for-change organizations, leaders leverage culture to respond effectively to crisis, navigate change, and seize opportunities quickly. Those leaders design, shape, and develop organizational culture with intentionality. They understand culture is critical in helping people understand right from wrong, stay true to organizational purpose, expedite decision-making, and act in the best interests of employees and customers. Most importantly, cultural coherence and alignment creates a supportive and engaging workplace. As a Gallup survey cited, lack of employee engagement is estimated to cost American companies \$450 – \$550 billion annually.²

By actively managing culture just as Tesla has, business leaders can lift performance, drive ongoing innovation, and adapt with the changing needs of customers and stakeholders.

BRINGING INTENTIONALITY TO CULTURE

After more than four decades as the world's dominant software company, Microsoft began to seem more like a follower than a leader in the IT industry. The organization's culture of innovation had grown tired. Collaboration was impeded by internal fiefdoms. Talented employees were frustrated by a relentless focus on sales and internal processes over new ideas and promising new directions.

When he came on board, new CEO Satya Nadella decided that the key to making the company vibrant again was to hit "refresh" on its culture. Steeped in that culture for 25 years, Nadella knew what made it dynamic and what stifled creativity and innovation—and that learning was the key to upping performance. He decided to double down on learning.

Now, the company fosters a "growth mindset" culture by encouraging employees to keep learning and asking questions as a way of discovering new solutions and pushing on the status quo. Microsoft reinforces that by making it okay to fail. This shift in values from "winning" to "learning" is an intentional recalibration that permeates hiring, promotion, development, collaboration, compensation, and decision-making. Most importantly, it's modeled actively by senior leadership, especially Nadella. Microsoft's share price has tripled after this shift and the company has become known for bold new directions in AI, healthcare, and collaboration.³

A culturally-focused atmosphere, such as Microsoft's, is established when leaders make intentional decisions about the direction of

that culture and role-model desired behaviors and mindsets. It's reinforced by hiring the right people, managing them appropriately, and creating structures and processes that facilitate the right decision-making, actions, and attitudes. Over time, culture becomes, "the way we do things around here." It's a set of implicit guidelines that are clear to employees and often even to stakeholders like customers, partners, suppliers, shareholders, and outside observers, showing up in everyday decisions and behaviors, even when no one is "looking."

Until recently, culture was considered to be organic—evolving slowly, if at all, over long periods without direct intervention. CEOs were stewards of culture, not shapers of it.

That view suited a world in which product life cycles were also long, markets were relatively stable, technology developed slowly, competition was predictable, and market leaders stayed on top for decades. Today's fast-changing and uncertain business and societal atmosphere makes the future difficult to predict. To survive and thrive in choppy waters, organizations need cultures that enable them to respond quickly and effectively to opportunities and threats while keeping people aligned and rallied around a larger cause.

It is no longer sufficient to treat culture as an inert force or eternal identity that lives within the organization. Instead, cultures must be made for change. In made-for-change cultures, leaders shape and direct culture deliberately. These cultures maximize employees' potential to evolve, grow, and improve in support of a changing set of organizational imperatives.

THE EIGHT DRIVERS OF CULTURE

Culture shows up as the output of how the organization thinks, reacts, communicates, collaborates, and makes decisions. The amorphous quality of these activities makes it seem difficult to guide or direct culture except by leadership role-modeling and recognizing appropriate behaviors, making speeches that clarify values, direction, and purpose, or developing policies that reinforce correct conduct and expectations.

In fact, the behaviors, actions, mindsets, and perspectives of culture can be grouped into eight specific categories, which we identify as culture drivers.

Culture drivers are distinct areas of focus that create an interconnected understanding into an organization's ways of working. Initially, these drivers must be intentionally created and aligned with each other. Once established, leaders can use these drivers to monitor the condition or status of the culture and ensure alignment with vision, values, and purpose. They can also lean into specific drivers or combinations of drivers to steer the organization through periods of difficulty or towards new opportunities.

This framing helps leadership and others realize, in more tangible terms, how they can manage culture to drive incremental change and continuous improvement through attitudes, mindsets, and behaviors. While each of these isolated pieces can be adjusted specifically to make a meaningful impact on the organization, when operating in concert they amplify the power leaders have to build, manage, shift, or change culture as needs adapt.

1

VISION & VALUES

Strategic ambitions, grounded in shared beliefs, that create a sense of belonging to the greater purpose of the organization

2

CAPABILITY

The skills, expertise, and professional development of the organization and its employees

3

LEADERSHIP

Management styles, decision-making approaches, and governance that guide the organization

4

COLLABORATION

The structure and tools of an organization, its people, and how they enable or inhibit collaboration

5

COMMUNICATION

Content (language, voice, messaging, substance) and its delivery (formal/informal, medium, channel, frequency)

6

ENVIRONMENT

The functional (physical and virtual) and emotional (mood, atmosphere, spirit) setting of an organization

7

MEASUREMENT

Key performance indicators, how they are measured, and their impact on accountability

8

RECOGNITION

The feedback and review process and how the performance of employees and the organization is celebrated and rewarded

**VISION &
VALUES**

RECOGNITION

CAPABILITY

MEASUREMENT

**THE EIGHT
DRIVERS OF
CULTURE**

LEADERSHIP

ENVIRONMENT

COMMUNICATION

COLLABORATION



THE FOLLOWING EXAMPLES SHOW THE POWER OF OPERATING THE DRIVERS ALONE OR IN CONCERT:

COLLABORATION AND COMMUNICATION

To intentionally direct its culture, the corporate finance group at a large consumer goods company decided that it wanted to help leaders hold themselves and their teams more accountable. Focusing on the collaboration and communication drivers, we facilitated leadership sessions across the function to determine how the group defines their company values, then developed a plan to enable the growth strategy.

Specifically, we co-created six key ways of working that outlined how the CFO wanted to see the organization behave and work together. These definitions reinforced a common language that all of finance could use and clarified a tangible framework to identify whether teams were working in new ways. The desired ways of working were included in an employee toolkit that shared the overall transformation story of the finance group and what is expected of them in the future. Culture is enhanced with common language and behaviors across teams. By identifying these drivers and addressing them in daily operations, behavioral norms are created, and bonds begin to form.

RECOGNITION

After a professional services firm instituted a significant change in pay policies, the workforce went into an uproar over how that would affect overall compensation. Recognition is always a sensitive driver that must be handled deftly. In this case, the change felt threatening to employees. To address those concerns, we facilitated dialogue between employees and leadership to ensure the voice of the workforce was heard.

With that feedback, leadership was able to pivot the policy to more closely align with the expectations of the employee owner base while staying true to cultural tenets of the organization that included care, empowerment, integrity, and accountability. The culture of the organization made that possible. Employees had enough confidence in that culture to work through a significant misstep in the policy rollouts. In the process, they became engaged by the change the organization wanted to make and improved those outcomes. Recognition influences the employee's sense of belonging within an organization. Working the driver of recognition reinforces positive individual efforts and creates opportunities to set an example for other employees related to values.



VISION/VALUES AND CAPABILITY

Another organization wanted to create a renewed culture of service excellence. The strategy included focusing on the customer experience to determine how excellence could be defined and achieved. Our approach to making that culture shift required working the vision, values, and capability drivers. By operating those drivers in the re-design, the organization deepened the definition and intentionality of who they wanted to be and reinforced “the way things are done” internally and externally to create an aligned message of service excellence. The newly-established systems enabled the company to achieve its desired culture. Addressing vision, values, and capability helps determine the actions of people and influence the design of systems and tools to drive the specific actions.

VISION AND VALUES

A retail manufacturer developed an inspiring vision for the organization. It then leveraged that vision by translating it into a set of clear values that drive every aspect of the business, breathing life into shared purpose and guiding employees in their interactions with customers. Innovative activities, marketing strategies, and community campaigns were designed to deliberately link to those values, reinforcing their significance and meaning for employees, aligning them to new business growth opportunities, and connecting them to the values, stories and aspirations of customers. Vision and values create a sense of purpose at both the organizational and individual level. By creating guiding principles, organizations are able to reaffirm what matters most and leverage values and vision in the decision-making process.

Separately, the drivers offer a look into a single area of the cultural makeup within an organization. Viewed in tandem, the drivers offer insight into which areas of the organization can be stretched, modified, or improved to achieve overall goals. These key areas can be linked to the actions of the employees and the initiatives that can be taken to address cultural issues.

MADE-FOR-CHANGE PRACTICES ARE AN OUTCOME OF CULTURE

In our 2021 research, leaders cited organizational capability for change (including tool sets, mindsets, and skill sets) as the factor with the greatest influence on the value of transformation.⁴ Building this capability requires cultural conditions (i.e., the tool sets, mindsets, and skill sets) that sustain change-ready, or made-for-change practices.

Organizations with a made-for-change culture aren't necessarily always changing the culture itself regularly; rather, they wield culture as an instrument of adaptability. In these organizations, growth mindsets and attitudes surrounding change show up in culture. Rather than perceiving change as a burden to endure, employees demonstrate a proclivity toward change by testing, learning, and pursuing relentless improvement.

One of the biggest mistakes leaders can make today is to fail to see culture as an engine of growth and continuous change.

Satya Nadella says the "C" in CEO stands for the culture and views shaping Microsoft's culture as key to its future growth. He also knows that work will never end:

"Because I've made culture change at Microsoft such a high priority, people often ask how it's going. My response is very Eastern: We're making great progress, but we should never be done. This is a way of being. It's about questioning ourselves each day."⁵

In an era when the nature of vulnerabilities and obstacles are unpredictable but their arrival is certain, the capacity for intentional

cultural evolution change is the difference between faltering and thriving. Every company stumbles. The ability to get back up, realign, and move forward is dependent on the organization relying on its culture and pulling the right drivers to overcome challenges. Most companies and most leaders need to take that to heart and start using their culture drivers more effectively and often.

In the wake of a recent pandemic, geopolitical unrest, and supply chain breakdowns, many business leaders have neglected culture in favor of business continuity, sustainability, and strategic planning, demands that are perceived to be more urgent.

Yet, when culture is left unmanaged, organizations leave themselves vulnerable to an even greater crisis as soon as a scandal hits or performance falters.

We can't wait for the next crisis to test culture. Maintaining intentionality around culture, even through the tough times, is at the heart of what it means to be "made for change." Culture keeps the organization together, serving as a North Star during difficult times.

Culture must be built, maintained, and examined regularly so that it does not fail when you need it most. In the same way, no one would design a new garden, plant flowers and bushes, then leave that garden alone and hope it thrives. Weeds would take over. Needy plants would die. Instead, most gardeners tend their gardens regularly and carefully, monitoring conditions, applying enough water, pulling out unwanted weeds, occasionally moving plants around, or putting in new flowers.

Why would we do any less with culture? Cultures are the cornerstone of creating a sense of belonging and community among often distributed workers. Leaders must make sure that the culture supports an atmosphere where employees never stay static, where they take risks, learn, fail, and continuously improve.

Angela Yochem, Chief Transformation and Digital Officer at Novant Health, explains the importance of creating a made-for-change culture that powers adaptability: "...Being able to test, then pivot accordingly, makes us incredibly nimble and allows us to thrive through changing landscapes, even in extremely challenging times." A cultivated culture is one that can withstand crisis, respond to disruption, and evolve as needed.

Every company needs to be adaptive and responsive to evolving market needs, societal attitudes, employee expectations, and new opportunities. A strong culture that trusts and empowers employees to drive that adaptation is the ultimate source of an organization's performance and innovation through periods of volatility and uncertainty. Waiting for a crisis to recalibrate culture puts an organization on its heels and forces it to play defense. Instead of being reactive, the organization can be intentional and deliberate about change in order meet challenges, seize opportunities, and lead in new ways.

Winning tomorrow means creating a culture that is made for change.



ABOUT OUR WORKFORCE SERVICES

In the face of a volatile economic climate, global competition and constant change, companies are looking for ways to differentiate themselves. The companies that thrive understand that great talent is essential to success. North Highland believes that businesses made up of people with the right blend of capabilities and conviction can do amazing things. Let us help you perfect your organization, stimulate talent potential, and inspire change.



ABOUT NORTH HIGHLAND

North Highland makes change happen, helping businesses transform by placing people at the heart of every decision. It's how lasting progress is made. With our blend of workforce, customer, and operational expertise, we're recognized as the world's leading transformation consultancy. We break new ground today, so tomorrow is easier to navigate.

Founded in 1992, North Highland is regularly named one of the best places to work. We are a proud member of Cordence Worldwide, a global network of truly connected consultancy firms with the ability to think and deliver together.

This means North Highland has more than 3,500 experts in 50+ offices around the globe on hand to partner with you.

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1 "Could Software be the Answer to the Chip Shortage?" Aurora Labs, Jan. 13, 2022.

2 "Why Happy Employees are 12% More Productive," Fast Company, Jul. 22, 2015.

3 "How Satya Nadella Tripled Microsoft's Stock Price in Just Over Four Years," Jul. 18, 2018.

4 Dec. 2021 North Highland-sponsored survey of 515 business leaders at U.S. and U.K.-based organizations with > \$1B in annual revenue.

5 "Satya Nadella: The C in CEO Stands for Culture," Fast Company, Sept. 21, 2017.

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