

INTENTIONAL CULTURES ARE RESILIENT

Organizations that Design Cultures with Intentionality are Prepared for Anything



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KEY TAKEAWAYS

The problem: Culture, though celebrated in the abstract, is often taken for granted in the day-to-day operations of an organization, especially during good times. Leaders tend to focus on more direct influencers of organizational performance such as strategy, execution, and brand while leaving culture “alone.” When an organization is confronted by a serious crisis or threat, however, culture can become the scapegoat that “must be changed.” In fact, organizations with long-track records of success, find that threats usually arise when people veer from cultural norms or expectations.

The analysis: Culture is not as intangible as most leaders think. It can and should be actively monitored and managed by leadership to assess engagement, ensure alignment, push performance levels, drive innovation, and promote change-readiness and resiliency in the face of change.

The solution: To monitor culture with intentionality, leaders can manage culture through a combination of eight key levers. These levers operate in tandem and they can be adjusted as needed to:

- Keep the organization aligned with its values and purpose
- Push 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—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 rather than turn away from it when navigating a new challenge or threat.

Consider Umpqua Bank's evolution into a "human-digital" company when faced with disruption in the banking industry. As a community bank, the company differentiated itself by turning its branches into uniquely welcoming spaces and emphasized face-to-face interaction. However, the industry changed as smartphone banking became the norm. To remain competitive, Umpqua Bank had to become digitally-focused¹.

To address this problem, CEO Cort O'Haver could have blown up the company's culture and established a new one that aligned with its digital strategy. But that would have destroyed much of what customers and employees loved about Umpqua Bank - and that had empowered it to grow.

Instead, Haver embarked on a mission to establish the bank's core values and ensure that its cultural value proposition did not change despite the changes to its business

model. To do this he spent several months visiting every branch location to discuss the organization's values with employees, and to set the precedent with management that changes cannot come at the expense of culture.²

Ultimately Umpqua Bank's culture was a guiding light amid disruption. The organization retained its respected foundation and ensured that its fundamental brand promise go unchanged.

Many CEOs and senior leaders react slowly or poorly to crises. In companies that sustain success long-term, 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.³

By actively managing culture just as Umpqua Bank did, business leaders can lift performance, drive ongoing innovation, and maintain organizational resiliency.

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.⁴

A culturally-focused environment, 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 environment 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. Leaders must bring intentionality to culture and shape and direct it deliberately.

THE EIGHT LEVERS 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 levers.

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

This framing helps leadership and others realize how much impact they can have on culture on an ongoing basis. While each of these isolated pieces can be adjusted specifically to make a meaningful impact on the organization, when operated in concert they amplify the power leaders have to build, manage, shift, or change culture as needed.

1 VISION & VALUES

Strategic ambitions, grounded in shared beliefs, that connect the work 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 TEAMWORK

The structure and interactions 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 layout, décor, amenities, etc.) 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



THE EIGHT LEVERS OF CULTURE

VISION &
VALUES

RECOGNITION

CAPABILITY

MEASUREMENT

LEADERSHIP

ENVIRONMENT

TEAMWORK

COMMUNICATION



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

TEAMWORK 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 teamwork and communication levers, 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 levers 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 lever 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 tenants 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 lever 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 levers. By operating those levers 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.⁵ 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 levers offer a look into a single area of the cultural makeup within an organization. Viewed in tandem, the levers 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.

ORGANIZATIONAL RESILIENCY IS AN OUTCOME OF CULTURE

In our 2017 Harvard Business Review Analytic Services Survey about resiliency, 88 percent of those surveyed said their employer had recently experienced or was currently experiencing a disruption. Most said the people of the organization were deeply affected or very deeply affected as a result, but less than half felt the organization was successfully promoting a culture of resiliency.⁶

Organizations are more resilient and adaptive when people know that leadership will adjust culture intentionally only for good reasons. This helps the organization not only weather a crisis by leaning into the culture but also develop the readiness needed to adjust culture when circumstances warrant it.

One of the biggest mistakes leaders can make today is to fail to see culture as an urgent priority that must be managed, shaped, and directed.

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.”⁷

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 levers to overcome challenges. Most companies and most leaders need to take that to heart and start using their culture levers more effectively and often.

Absent a crisis, CEOs rarely discuss culture as a means of responding to or managing change. In normal times, leaders focus on strategy, operations, people, or sales to achieve critical organizational goals. When performance falters, however, or the company is rocked by scandal or some unexpected event, leaders often look to culture to help course correct.

We can’t wait for a crisis to test culture. It must be built, maintained, and examined regularly so that it does not fail when you need it most. In the same way that 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? Caring for the places where people spend their time is paramount. Leaders must make sure that the culture supports an environment where people want to work and where customers want to do business. 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 employees know will support and guide them appropriately in tough times is the ultimate source of an organization's resilience and innovation. 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 today means using culture to play offense.

ABOUT OUR PEOPLE & CHANGE 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 is a global management consulting firm known for helping clients solve their most complex challenges related to customer experience, performance improvement, technology and digital, and transformation. We add value and support our clients across the full spectrum of consulting, from strategy through delivery. We bring the big ideas, then we make them real. North Highland is an employee-owned firm, headquartered in Atlanta, Georgia, with more than 3,000 consultants worldwide and 60+ offices around the globe. The firm is a member of Cordence Worldwide (www.cordenceworldwide.com), a global management consulting alliance. For more information, visit northhighland.com and connect with us on [LinkedIn](#), [Twitter](#) and [Facebook](#).

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Mindy leads North Highland's People & Change capability. She has over 30 years of experience helping organizations realize their business objectives through people practices. Mindy has deep expertise in leadership alignment, organizational change management, technology implementations, and other practices that drive transformational change.



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Kelli is an expert change, people, and culture consultant with over 15 years of experience. Her areas of expertise include cultural transformation, employee engagement, human capital management, and change. She has led efforts across multiple industries including public sector, retail, hi-tech, and financial services. Kelli passionately believes in the importance of culture to help shape and transform organizations to achieve their highest potential.

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