

Preface

This book is based on my twenty-five years of experience consulting to various organizations striving to shape their culture to become something better and thereby create value. Though mostly U.S. firms, these companies span a wide spectrum of size, industry, and location: more than seventy-five separate engagements in all. As I worked to help these companies realize, define, and then execute their culture change journeys, some very clear patterns emerged:

- *Difficulty.* As you will see in the thoughts that follow, there is no question that culture can, and does, change. Like any change of comfortable patterns, it is exceedingly difficult and requires a good reason—but there is no question that *it is possible*.
- *Evolution not revolution.* Like losing weight or changing a habit, culture change happens gradually over time and can be hard to see day to day. Even when there is a dramatic shift in leadership or company ownership, the “actual” culture changes slowly. Indeed, unless someone sets out to accelerate change in a specified direction, it is not unusual to hear members of an acquired organization talking about “our culture” ten to fifteen years later! “Accelerated” and intentional culture change can happen in as little as three years. In twenty-five years of observing this phenomenon, I have never seen a culture change noticeably in less than a few years.
- *Leadership makes the difference.* Cultures are changing all the time—though there are always forces of equilibrium that maintain the status quo. Pressures in the external and internal environment cause all organizations to adapt—whether they are aware of it or

not. What makes the difference is leadership that first recognizes the need for change, and then acts strategically and effectively to shape the culture.

- *From here to there.* As with any journey—whether business strategy or family car trip—a clear picture of the destination is the single biggest determining factor. Without a destination, there is no journey—though culture will still evolve as a result of the interplay of natural forces.
- *Authenticity.* After a clear destination, there is no more powerful critical success factor for culture change than the behavior of the leadership. And let’s be clear, this is not the *words* of the leaders but their *actions* day in and day out over time.

This is a practical book aimed at helping those in CEO and senior executive positions create greater value through the shaping of culture. It is my strongly held view, based on dozens of culture change experiences, that the CEO and top team must be actively involved in determining the scope and priority of the effort. Only the CEO can answer the question, “Will our organizational culture act as an accelerator, or barrier, to successful strategy execution?” Only the CEO can translate that enterprise priority into the appropriate level of attention and resource. With this premise in mind, as I move through the best-practice steps of culture change, I answer this question: “What does the CEO need to know about (human capital levers, Shadow Cultures, change accelerators, and so on) to effectively sponsor and lead the culture change that is required by the strategy?” In the course of answering this question, I will touch on a wide territory of material crossing several disciplines: human capital, psychology, organizational behavior, strategy management, and organizational development.

Beyond those areas of culture change in which the CEO must be directly involved, for example, in managing the top team, my goal for tangential, culture-related disciplines is to give CEOs sufficient working knowledge to make them effective culture change sponsors and leaders. In pursuing this goal, I have summarized some technical areas—for example organization design or behavioral competencies—in ways that might seem like, well, executive summaries—exactly what they are intended to be. Some of the wisdom that I hope to impart to CEOs is a more finely-honed ability to judge how, when, and where they must be involved in the culture change process—at every step. To make those judgments, it is necessary to have some grounding in what best practices are, so they can make the determination between what is their decision space and what is the subject-matter

expert decision and execution space. Although human resource and organizational effectiveness experts will find much to learn in the book about culture change, that non-CEO audience is forewarned that many technical subjects are approached through a filter of “What does the CEO need to know?” and *not* “What is a scholarly or comprehensive review of the culture change subdiscipline.” Irrespective of the CEOs’ experience and technical or functional background, they must understand enough about finance, marketing, and operations to do precisely the same thing as they will need to do in culture change, that is, prioritize strategy and attention with CEO-level domain knowledge.

All of the cases cited in the book recount real events—most of them consulting engagements that I was directly involved with. For obvious reasons I have changed the names of some, though not all, of these companies. The case material remains true to life.