

**JON
KATZENBACH**

with James Thomas
and Gretchen Anderson

THE CRITICAL FEW

*Energize Your Company's
Culture by Choosing
What Really Matters* ●●●

Foreword by Robert Moritz, PwC Global Chairman
In Collaboration with the Katzenbach Center Community of Practice

The Critical Few

The Critical Few

Energize Your Company's Culture by
Choosing What Really Matters

**By Jon R. Katzenbach, James Thomas,
and Gretchen Anderson**

In Collaboration with
the Katzenbach Center Community of Practice

Berrett-Koehler Publishers, Inc.
a BK Business book

Copyright © 2018 by PwC. PwC refers to the US member firm or one of its subsidiaries or affiliates, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

All rights reserved. No part of this publication may be reproduced, distributed, or transmitted in any form or by any means, including photocopying, recording, or other electronic or mechanical methods, without the prior written permission of the publisher, except in the case of brief quotations embodied in critical reviews and certain other noncommercial uses permitted by copyright law. For permission requests, write to the publisher, addressed “Attention: Permissions Coordinator,” at the address below.

The Critical Few, The Katzenbach Center and Strategy& are trademarks of PricewaterhouseCoopers LLP and/or its affiliates.

Berrett-Koehler Publishers, Inc.
1333 Broadway, Suite 1000
Oakland, CA 94612-1921
Tel: (510) 817-2277
Fax: (510) 817-2278
www.bkconnection.com

ORDERING INFORMATION

Quantity sales. Special discounts are available on quantity purchases by corporations, associations, and others. For details, contact the ASpecial Sales Department@ at the Berrett-Koehler address above.

Individual sales. Berrett-Koehler publications are available through most bookstores. They can also be ordered directly from Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626; www.bkconnection.com.

Orders for college textbook / course adoption use. Please contact Berrett-Koehler: Tel: (800) 929-2929; Fax: (802) 864-7626.

Distributed to the U.S. trade and internationally by Penguin Random House Publisher Services.

Berrett-Koehler and the BK logo are registered trademarks of Berrett-Koehler Publishers, Inc.

Printed in

Berrett-Koehler books are printed on long-lasting acid-free paper. When it is available, we choose paper that has been manufactured by environmentally responsible processes. These may include using trees grown in sustainable forests, incorporating recycled paper, minimizing chlorine in bleaching, or recycling the energy produced at the paper mill.

Library of Congress Cataloging-in-Publication Data

ISBN:

First Edition

25 24 23 22 21 20 19 18 10 9 8 7 6 5 4 3 2 1

Book producer and editor: PeopleSpeak

Text designer: Marin Bookworks

Cover designer: Nancy Austin

*To all those we love, whose support we rely on,
and especially to the memory of Linda Katzenbach*

Contents

Foreword.....	ix
Letter to Readers from the Katzenbach Center Community of Practice.....	xiii
Prologue.....	xv
1. Why Aligning Culture Matters.....	1
2. A Critical Few Traits.....	21
3. A Critical Few Behaviors.....	51
4. A Few Authentic Informal Leaders.....	85
5. Measuring Cultural Action.....	111
Epilogue.....	143
Appendix.....	149
Glossary of Key Terms.....	151
Bibliography.....	155
Acknowledgments.....	159
Index.....	163
About the Authors.....	171
Katzenbach Center Community of Practice Biographies.....	175

Letter to Readers from the Katzenbach Center Community of Practice

Dear Reader,

By virtue of our common interest, we have all one by one found our way into this “club”—the coterie of people within our firm who share ideas, collaborate, argue about the fine points of *mind-sets* versus *behaviors*, and generally boost and enhance one another’s knowledge and passion for the topic area of organizational culture.

Welcome to our community!

We want to add our voice to that of the coauthors and to encourage you to apply this approach to your daily work. The “critical few” methodology is one that we have practiced, as a whole or in parts, in client situations across industries and around the globe. We all stand behind it: it works! And we encourage you in your own research, writing, and work with others to make practical use of these ideas. We trust that you will see a real benefit, and we look forward to hearing about it.

At the end of the book, you will find a biography for each of us. Enjoy reading this book, and please stay in touch.

DeAnne Aguirre

Reid Carpenter

Varya Davidson

Kate Dugan

Jaime Estupiñán

Amanda Evison

Kristy Hull

Per-Ola Karlsson

Paolo Morley-Fletcher

Carolin Oelschlegel

Frédéric Pirker

Roger Rabbat

Barry Vorster

Alice Zhou

Prologue

My name is Jon Katzenbach, and the book you hold in your hands is the product of five decades spent writing, talking, obsessing, and most of all doing *real work* with clients and colleagues related to the topic of organizational culture. Over the course of these decades, I've had countless conversations like the ones around which this book is structured. I have worked hand in hand on real client situations with the Katzenbach Center Community of Practice, and together we have crystalized these ideas into a methodology and brought it to life in client situations. And for the past six years, I have worked hand in hand with my coauthors, James Thomas and Gretchen Anderson, to bring these ideas and methods to life on these pages.

The framework of this book is a year in the life of a newly minted CEO named Alex. Alex and his company, the Intrepid Corporation, are fictitious. However, Alex is a credible composite drawn from deep conversations and working relationships with countless flesh-and-blood leaders—real individuals who have trusted me with their deepest hopes and fears about their organizations.

James, Gretchen, and I chose to feature the fictional Alex rather than any of these specific individuals or companies for two reasons. First and foremost, this approach helps us to convey how common and universal cultural challenges are, how familiar they feel from organization to organization.

Second, the choice reflects how intimate and personal each company's culture issues are. Aligning culture always involves getting to the heart of difficult matters, unearthing the "family secrets" of a company—the emotional histories that lie under the surface of the story the company tells about itself to the outside world. Our clients speak to us with trust; we treat their issues with discretion.

This is how we run our business, but it creates a unique challenge in writing a book! We intend to convey a real sense of how practical and hands-on any intervention in a company's culture can and should be, and simultaneously we hesitate to display the family secrets we've learned over the years. Thus, for this book, we've chosen a hybrid approach of fact and semifiction. Each chapter opens with a dialogue between Alex and me, a fictional construct that echoes the kinds of conversations I've had with leaders over the decades when they've come to me seeking counsel on how to catalyze real shifts in how people think, believe, and most importantly behave. Each dialogue is then followed by a theory-and-practice section that illustrates the ideas that Alex and I discuss using real examples, some from our experience and some from the public domain, and offers practical tips for how to take these concepts forward in your own company.

Intrepid, the company Alex leads, is identified as a retail company. We made this choice because retail is a type of business familiar to just about every reader. But we've deliberately kept the description of the business to a minimum because this tale could just as easily have been set at an airline, an auto maker, a bank, a life sciences company, an energy company, or a telecom provider. Over the years, we've

served clients in all these industries and many more. We also see the culture challenges that resemble those of Intrepid at government, public, and military institutions, and at non-profit organizations. Professional services firms (our peers and other types of advisors, such as lawyers) are also not immune. The challenges that arise with managing cultures to support and enable the strategic goals of the overall enterprise do not discriminate.

Every industry (and indeed, every company or global institution) has its own unique cultural situation, but all organizations have one thing in common. Whenever they summon the collective will to commit to meaningful change, the success or failure of this effort depends on whether and how they choose to engage their organizational culture. And increasingly, “committing to change” is not a one-time occasion or event but a constant challenge of twenty-first century management. Eighty percent of respondents to our Katzenbach Center global survey on culture believe that their organization must evolve to succeed, grow, and retain the best people, and every client we visit talks about “the constancy of change” and “change fatigue.” So the question of just how to guide and catalyze this constant evolution really is the problem that every leader needs to solve. So let’s say it again, in another way. If you are a leader at any level and you see an opportunity to move your business in a new direction, you will be far more successful if you engage your culture in your effort. Conversely, if you ignore your culture or presume that it will resist you, you will be far less likely to achieve your goals. Consider the following business challenges.

Broadly speaking, any type of *transformation* has, at its heart, the imperative that people within a company must

begin to act and deliver in new ways. To make this ask of your workforce, you need to consider emotional engagement—the basic concept that is at the heart of our approach to cultural intervention.

If a company is looking to reduce costs, to invest in differentiated capabilities or improve profitability or, in the term we use within our own firm, become “*fit for growth*,” emotions will run high. No company in history has ever managed a reduction in resources or workforce reskilling without triggering feelings of loss, fear, or skepticism. In this context, a culture-led approach can help leaders acknowledge and address those emotions—and even more significantly, be sure that cost containment is done in a manner that addresses and acknowledges the behavioral element intrinsic to any major change. This is the real key to sustainable, lasting cost reduction and investment in capabilities—not just removal of costs but prevention so they don’t creep back in.

In the broad category of changes referenced now as the *workforce of the future*, companies have begun to look ahead and adapt their structures and ways of working to align with anticipated trends, such as automation of tasks, robotics, and new ways of experiencing the built environment. These types of changes require embedding new capabilities. Often, companies are disappointed to discover that their workforce isn’t prepared to realize these and other future-focused opportunities. Transformation then is viewed as a steep uphill battle instead of an opportunity to catalyze the natural cultural elements that would reinforce and inspire change.

Risk and regulatory issues demand culture solutions as well. Consider a company whose strategy must shift to accommodate emerging trends in policy and regulation. Its leaders

would be well served by not just dictating top-down changes to process but by taking a holistic look at how employee behaviors either amplify or reduce the risk of noncompliance. Similarly, in the realm of *taxes*, new legislation, just like new policy and regulation, often catalyzes the need for changes to an organizational structure. Any time boxes are moved in an organizational chart, people are impacted, so culture must be considered. This is especially true today, when investors and auditors no longer tolerate long-held practices such as shell corporations for tax purposes but require transparency and proof points to back up any company's claim of good corporate citizenry.

Finally, if a company is considering a *deal or acquisition*, culture can make or break its success. It's never too early to start to consider culture in the context of a deal—for the most forward-looking companies and private equity firms, culture diagnostics are now considered essential to due diligence. Beyond these early assessments, we believe that a number of questions should drive any integration, such as, What are the qualities that the two companies have in common? Are we prepared to accentuate them? Where are the sharpest divergences? How will we reconcile them—and what might get lost if we do? What are the emotional triggers that might either catalyze integration or stand in the way? Who are the individuals on both sides whom others will look to for energy and support during the most stressful moments, and how can we prepare those people to work together from the early stages to ensure a smoother road?

A powerful common thread links these scenarios. When there is a big change to make, a change of any type, powerful emotional forces in the organizational culture seem, at first

blush, to resist it. Under the surface, however, *other* emotional forces are also brewing and multiplying. And these forces are potential sources of catalytic strength. The best leaders succeed by looking past that first inertia or resistance and tapping those sources of strength, as well as resisting the urge to drown simple emotional truths in rational argument and theoretical complexity. This, in a nutshell, is the fundamental lesson of this book, the “secret” I will reveal if you lend me your attention and turn through these pages. Positive emotions matter enormously and can energize any effort. People must feel good about what is asked of them—and the only way to evolve their behaviors is to help them attach positive emotions to the (inherently frightening) idea of any kind of change.

Another secret is that what leaders first perceive as resistance or inertia might be a pace of change that isn’t yet visible to the naked eye. The best leaders know that changing a culture takes real time and are adept at ferreting out and rewarding what is evolving, rather than throwing their hands in the air and despairing about how their organization is “stuck.” The best leaders also know that looking at the organization only at the surface, as a totality, provides an incomplete picture and can consider their company as a morass of subcultures, competing with and catalyzing and rubbing against each other. There is no such thing as a monolithic culture within any global enterprise or large institution: most institutions of any size are, by definition, multicultural.

Cultures can change, but real change is slow unless you undertake a focused intervention. Subcultures exist in any enterprise and can be powerful sources of emotional identification, but an enterprise-wide culture exists as well and

has its own emotional power. These and other paradoxes are at the heart of understanding how to manage your organization's culture. This book aims to teach you how to recognize the emotions and relationships of the enterprise, as well as their local differences, and the effect they have on your strategy and execution capabilities.

If you really want to change your company, you'll need a high level of empathy, great persistence and resolve, rigorous focus, and a practical methodology that brings out the best in your current cultural situation. You'll need something like the critical few. That's what our composite CEO-hero, Alex, discovers in the course of this book.

I've now done quite a bit of talking. Thanks for sticking with me so far. As you'll learn if you read the last chapter (or if we have the pleasure of someday meeting in person), for someone who founded a firm and a knowledge center in his own name, I don't love to hold center stage—I much prefer to listen. So I'll step back here and let Alex introduce himself.

—Jon Katzenbach

Meet Alex

I have always been too ambitious and ambivalent to be easily satisfied. According to my parents, it was easy to picture me making a difference in the world. I was also more pragmatic than academic. When I was a high school student, my ambitiousness kept my grades high enough to capture teachers' attention, but I always knew that I was looking for a broader perspective than schoolwork offered. I got into the habit of stopping by after class to ask my teachers questions—not about the assignments but about life in general. What does

someone need to do to get a good job after school? How smart do you have to be? Why do some people turn out well and others fail? And why are some of the most likeable people less successful?

There were always one or two teachers who made time for me. As I got older, my questions grew more sophisticated. And the answers were more interesting. I went on to college, where I studied economics and minored in psychology and computer science. I joined a dot-com right at the tail end of that trend; then, like many of those left scrambling when the bubble burst, I went right on to business school. As the years progressed, my ambitions grew broader. Like many of my B-classmates, I wanted it all—the opportunity to lead, a comfortable living, and the potential to make an impact in some important way. We all understood that the world was rapidly becoming more interconnected and complex. This both frightened and exhilarated us. I felt separate from the others, though. While they seemed to think that their first job after business school would set their path for life, it felt crystal clear to me that many of the old rules no longer applied. I knew that my first job would not be the end-all but just the first step in a much longer journey. I credit this long view to the many conversations I'd had with older advisors over the years.

After business school, I joined a small strategy consulting firm. Jon Katzenbach, one of the firm's founders and the "name on the door," was short and bespectacled, a cycling enthusiast with an unflappable demeanor. Nobody in the firm, from fellow partners to admins to tech support, ever called him "Mr. Katzenbach"—he was only "Katz." He'd been a partner at one of the premier global management

consultancies, where he'd specialized in helping companies in a wide swath of industries navigate from startups to behemoths. Then he'd focused his attention on what he called "leading between the lines," the informal relationships that made a company and team really work. He knew a lot about strategy: picking a market, channeling investments to win, establishing the right team at the top, and getting the metrics right.

But his real passion was in helping companies figure out how to encourage people to behave in ways that aligned with their company's mission. It was Katz who helped me see the real human need that every individual in a company has for feeling that his or her work contributes in some way to a larger how—and how often leaders fail to speak to and make use of this need. Katz called this "obtaining emotional commitment versus rational compliance." As my peers and I worked with Katz and his partners, we learned some of those insights and skills ourselves. Our commitment to that firm and each other was intense: to this day, some of my closest confidants, the ones I'll call on for help and advice for both personal and professional challenges, are friends whom I met in that firm.

Even with as little actual work experience as I'd had at that time, it was clear to me from the start that my passion was for running things, rather than for advising those who had that privilege. After a few years, I left consulting to join a tech startup, and my hours were even more grueling than they'd been at the firm. It was at that startup that I met my wife, Jane, and after we married we decided to diversify—she stayed in technology and I moved over to a large manufacturing company, running digital analytics. That

led to other plum assignments and then an offer to move to Intrepid, a relatively small but well-respected retail company. I was hired to join the strategy team and within a few years ascended to chief operations officer. Then, ultimately, the brass ring: after six years at Intrepid, just as I was entering my midforties, I was offered the CEO role.

I'd known and admired the previous CEO, the affable and gregarious Toby Manfield, since my first days at the company. He'd been in the role for more than a decade. Two years ago, Toby had a cancer scare and made no bones about the fact that he feared for his life. A timely intervention and the work of a skillful surgeon spared him, but he returned a changed man. Last year, he announced his decision. Although he was ten years from conventional retirement age, he would leave Intrepid for a leadership role in the nonprofit sector. His departure was abrupt and amicable. He and the board agreed on me as a successor, but we did not have much time to overlap and plan. The board needed a strong hand at the helm right away. Fortunately, Jane and I felt that this move lined up with the priorities for our family. I accepted with pride and pleasure.

When I joined it, Intrepid was a sixty-year-old company that had once been at the top of its category. Sure, there were press reports that it was resting on its laurels, and even my children can tell you that retail in the twenty-first century is an industry under siege (Jane and I never lost the habit of talking about work over dinner). But I was sure that I was up to the challenge. I was particularly impressed with the experience of the board. We could energize this company, I believed. By leading with innovation and making careful investments, Intrepid would return to the top.

Now here I am, six months after taking the job. When I interviewed with the board in the weeks after Toby announced his retirement, I was full of confidence—and I promised them that they'd see a real difference right away. But now, from the CEO seat, I see the company as it really is—all the angles and issues that weren't as clear from the operations perspective. There's just no way we will make our growth targets this year; we barely made them last year. And if we don't find a way to cut costs, some private equity firm will gladly do it for us: forced acquisitions haunt my dreams. I've seen and studied this situation enough to recognize the signs of danger, but I don't yet have the experience to see how to avoid what feels, at this moment, like the inevitable.

So one Tuesday, I glanced through LinkedIn and saw that Katz had posted a link to an article he'd recently written, and it hit me: he's the perfect person to talk with. I called him immediately. It turned out he knows my predecessor. He agreed to meet me, casually and outside the office, for a one-on-one. Nothing special, I insisted, just a casual conversation. But Katz realized, as soon as he saw me, that I was under more pressure than I would readily admit.

1. Why Aligning Culture Matters

SCENE: January, lunchtime. Casimir's, a classic steakhouse restaurant in the Midwest.

KATZ: It's great to see you in person again, Alex. And you look terrific. Challenging positions seem to agree with you. How is Toby doing? He has been a dear friend for years. And he seemed very supportive of you.

ALEX: He was. It was gratifying. And I hear that he's very satisfied with his new role leading the nonprofit and shaking things up already.

KATZ: I'm glad to hear that. And I'm glad the board picked you. How is your new job going?

ALEX: Well, you and I have known each other for a long time, so I won't put a happy face on it. Most of our people seem happy that we have a new CEO in place. Or at least that's what they tell me. But seriously, we've got a lot of problems. Intrepid has been falling behind. We haven't hit our top-line or bottom-line numbers in the last two quarters since I became CEO. This is worse than the hit we took some years ago, when Amazon first began to compete with us. We recovered then—the nature of our products means that customers like to touch and

feel before they buy, so we'll always have brick-and-mortar locations. But now sales are drying up again.

Meanwhile, there's so much we need to invest in. Of course, like everybody else, we need to improve our customer experience online, so we have a digital initiative underway. It's taking a long time to come up to speed, though, and it's costing more than we expected. We still don't do the kinds of analytics that some of the other big chains are doing. We hear that new retailers from China are going to come in and underprice us. And to be frank, we've underspent on cybersecurity; I'm terrified someone will hack our credit card files because we're not really prepared for it.

Everybody loved Toby, but I've been shocked to see how many problems he swept aside or played down. We knew there were challenges out there, but we thought we were stronger overall than we really are. Some of the board members warned us all along that we had to move quicker, to be more agile, to be ready to close stores and lay people off. And now they're warning me directly. My neck is on the line if I can't make a miracle happen. I don't think I have much time to turn things around.

KATZ: How are you handling the pressure?

ALEX: Well, I'm doing okay. We've had a few victories—a couple of inventory problems that were recurrent under Toby are now under control. I altered some reporting lines, moved boxes on the org chart, and it seemed to clarify who owned the core issue, at least around that specific inventory problem. But I shouldn't have had to pay attention to details like that. And all sorts of other crises are coming across my desk that should be handled

further down the line. I suspect that the top team sometimes escalates an issue to me just to avoid having tough conversations among themselves; we like to slap each other on the back and talk about what a great team we are, how we're all such great friends, but I'm questioning what the difference is between being convivial and being conflict avoidant.

KATZ: There isn't really a difference: they're two halves of the same coin. We'll get back to that in time. For now, suffice it to say, every CEO I've ever known has complained about the top team.

ALEX: [*Sighs*] I don't want to be that guy, pointing fingers. Every one of my direct reports is super qualified. They've got the right intentions and their credentials are as good as anyone's in the industry, and I know they tell the truth.

KATZ: But . . . ?

ALEX: But they don't see how much trouble we'll be in if we don't change how we do a lot of things now. And when I address it with them in one-on-ones, mostly they blame each other. So the needle isn't moving.

KATZ: How about the rest of the company? What's the culture like? How do people feel about the way things are going?

ALEX: It's pretty bad. Departments don't feel recognized. There is a lot of infighting—most departments don't like working with each other. People complain about one another, then turn around and behave in the exact same way. We need a performance culture to replace our excuse culture!

KATZ: How do you know all this?

ALEX: We've done an engagement survey for the past few years, so I have data that demonstrates a general erosion in people's faith in the direction of the company. Most worrisome to me is a question about how connected the respondent feels to the company's mission—the number of people who responded positively to that was very low, around 37 percent.

KATZ: I'd be concerned about that too. But I'll caution you not to rely on engagement surveys alone—they can be a pretty blunt instrument when it comes to cultural challenges. I haven't seen many leaders make good use of those sorts of scores without supplementing them with other insights.

ALEX: I'd like to hear more about that. But you also get a sense of people's mood by just walking around the halls. The other day, I stuck my head into the real estate management group and asked a manager, this guy named Michael, why he seemed so out of sorts. "No matter what I do for people here," he said, "nobody says thank you." I hate to say it, but I agree with Michael. Even worse, no one takes responsibility. When something goes awry, we point fingers and make excuses. That's what the culture's like.

KATZ: What are you doing so far to change things?

ALEX: That's why I want to talk to you. We need to light some kind of fire to wake people up. So I've been thinking about some drastic measures: closing stores, divesting some part of the business, making a bold move with a balance sheet. Just to send a message: "It's serious this time! You're holding us back!" *[Alex's voice gets a little too loud, and Katz raises an eyebrow and looks around*

the restaurant. They both laugh a little, as people do when they've known each other a long time; then Alex starts again in a softer tone.] Obviously, I get that that isn't the right approach. If I started to let people go for holding the company back, I'd have to replace half the company. So we're looking at a reorg.

KATZ: Moving some boxes on the org chart again.

ALEX: Yes, but with real purpose. And not just doing it to fix one issue, really being bold. Maybe shaking things up and getting a fresh start will help.

KATZ: What was Toby's point of view on the current cultural situation and whether or not it was working in Intrepid's favor? What did he say before he left?

ALEX: Toby and the board felt strongly that the company needed to make changes around increasing efficiency and reducing waste—we had some strategy work done two or three years ago that spelled that out in no uncertain terms. A few cross-functional initiatives got started around that time, but they weren't consistently applied, so it's hard to see whether they had any effect. Right before he left, Toby sent out a sternly worded company-wide memo, spelling out our strengths, our problems with online and inventory, and the consequences for us if we didn't raise our bottom line.

KATZ: And the response?

ALEX: Mixed. Most of the people in the company tried to justify what we were doing. The whole industry is changing; it's not our fault" or "We're not paying our people enough," or "Some other department is screwing up"—that kind of thing.

KATZ: Most people probably just want to keep doing what they're comfortable doing and hope that somebody else thinks of the brilliant idea that will save the company.

ALEX: Yeah. And it could be that playing it safe is the best option for now anyway: we're doing well enough to keep from going under this year or next. But I don't know how long that will last. *[Pauses]* So what do you think?

KATZ: Well, at least you're not starting from scratch. A lot of companies don't even have a clue about what matters most to their people. They think it's all about the money. Their leaders seldom consider how people actually feel. At least you have identified some of the emotional aspects of the problem already, even though you haven't said it in those words.

ALEX: What do you mean?

KATZ: The crux of the problem is your cultural situation. What's holding you back isn't just outside Intrepid's doors but inside its walls: the way your people feel, think, behave, and relate to one another. In other words, the way they work together. That's why everybody's so frustrated—even you. Look at the way you talked about change. Maybe a reorg. Maybe a few layoffs of redundant staff. You don't sound convinced that any decisions you make actually could inspire or catalyze real change.

ALEX: I've been there before. I want to be optimistic, but in the back of my mind I know it never works.

KATZ: No, it never does. Or rather, to be more specific, you see a few impulsive responses right away, but you rarely see the kind of sustained results that lead to true transformation. *[Pauses]* Look, you're a well-established company. Most of your people have been here a long time.

None of them are going to change easily what they do or how they do it. Bad habits persist. Culture is stubborn and self-reinforcing.

ALEX: So you're saying I can't fight culture. What does that mean? Do we just go slowly into oblivion?

KATZ: No. You have to find a way to get important emotional forces in your current culture working with you. You identify and make use of what already exists. You have not yet said much about the *positive* emotional commitment that many people already have to Intrepid. It has to be there—there is always a reason other than a paycheck that people show up for work every day. Chances are, there are some reservoirs of genuine positive emotional energy lurking somewhere within your current cultural situation that can be harnessed if brought to light.

ALEX: You mean by proclaiming some grandiose mission? Toby did that with his “green store” initiative. Everyone thought he was completely out of touch. They hated that stuff. Posters about recycling and protecting the watersheds were practically flying off the walls when Toby left.

KATZ: Well, Toby is a nice guy. Great fun on bike-a-thons. But a top-down approach like what you describe is exactly the opposite of what I mean when I talk about generating emotional commitment. Toby decided what he thought others would get excited about instead of putting a finger to the pulse of the emotional connections people have with Intrepid. I don't think you'll make the same mistake.

ALEX: I don't think it's possible to make an emotional connection with ten thousand people.

KATZ: Maybe you're not focusing on the right places or asking the right people. Have you ever really listened to your company's people down in the enterprise? Do you know what they care about, why they come to work in the morning? How they describe to their kids what they do for a living? Believe it or not, if you're ready to hear it, people really will open up to you. And you don't have to ask everyone—just the people who intuitively understand “how things get done around here.” The best thing you can do, if you want to start a movement, is to empower Intrepid people to start solving their own problems—and then get out of the way.

Every Company Has Cultural Challenges

Most companies are founded with high energy and lofty aspirations. They need to be. Just earning enough to pay people is a prodigious challenge for startups. They also want to delight customers, produce remarkable products and services, and make a mark on the world—and, of course, turn a healthy profit. But over time, these ideal early aspirations tend to erode. Executives and employees lower their expectations, often without realizing it. They come to believe that only a limited kind of success is practical or realistic. When times are tight, they cut budgets without necessarily considering the long-term implications. When times are good, they become complacent and fail to acknowledge and recognize the cultural forces that enable success. They overlook and even lose the value inherent in their culture.

When corporate boards fire CEOs, the official reason is often a lack of financial success or failure to meet targets. But each is an outcome of a deeper issue: an inability to

connect strategic choices and operational shifts to the company's people in ways that motivate and energize them. The CEO has set goals that people aren't prepared to meet or has made promises that the enterprise can't yet deliver. And people can't perform at their best because they lack direction and operational support, as well as the emotional energy to deliver at a higher level than the status quo.

Cultures are important and powerful because they determine what your company is capable of doing. An organizational culture is a collection of deeply held attitudes, entrenched habits, repeated behaviors, latent emotions, and collective perceptions of the world. Culture is the shared set of assumptions we all bring when we work together—our unspoken expectations of one another. Do people in your company start meetings on time, or is it okay to be a few minutes late? Would eyebrows lift if someone in the room opened and ate a bag of chips, talked openly about a personal situation, or answered emails on a smartphone while listening to the conversation? Does the company have shared stories that “everybody knows,” even shared jokes that wouldn't make sense to others who hadn't ever worked there? These and hundreds of other daily choices, actions, and occurrences are visible examples of behaviors that constitute the fabric of a shared culture. This amalgam builds up over time, influenced and shaped by each individual. Leaders may be in a natural position to have a greater impact, but people at all levels are a part of the fabric. People in organizations naturally influence and are influenced by those around them; their attitudes, feelings, behaviors, and perceptions come to echo one another, to have a “family resemblance.” The patterns of these interactions take on a presence that is greater than

the behavior of any single individual. Everything coalesces into an informal but broad-based and well-established sense of what is appropriate and what is not: “how we do things around here.”

(If you completed the paragraph above and thought, “Wait, so what is the definition of culture?” or are tempted to fold down the corner of this page to come back to later and see if you agree, let us call your attention to the glossary, where we’ve tried to provide relatively lucid definitions of the abstract terms like *culture* on which our methodology is premised. We hope that this will be a useful tool and primer to you, both as you read and as you refer to this book in your future pursuits. In other words, *those* are the pages whose corner should be turned down.)

It’s also true—and this sounds like a bit of a paradox, but stay with us—that every company has both an overarching, consistent culture and competing, divergent subcultures. To understand this point, it might help to step back for a minute and look at one of Katz’s favorite images, what he likes to call the “three circles” slide (exhibit 1.1). This is an image that has, over the course of the past few decades, been drawn by Katz on more restaurant napkins, PowerPoint slides, and hotel conference room flip charts than one can possibly begin to count. Leaders never seem to tire of it though, because it makes an elegant point about culture.

Within a company, we all agree that business strategy is our driving direction, the grounds on which we all have decided that we are best positioned to compete. And our operating model is how we plan to get there—the way we structure our reporting relationships and governance such that it will best support the kinds of activity that will help

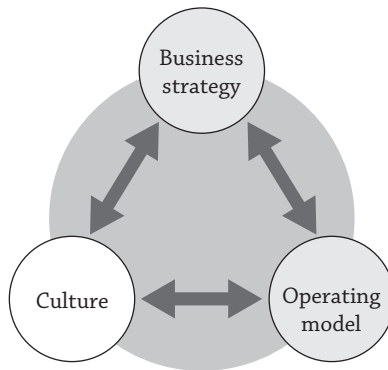


Exhibit 1.1 Coherent elements of effective organizations

us achieve that strategy. Culture is the third component: the motivation that drives and supports both other elements. It's the emotional commitment people feel (or don't feel) when the leaders describe the strategy. It's the commitment and passion that people bring to their roles, to the daily actions that will support any direction. When we say that no culture is all good or all bad or that the highest intent of leaders should not be to fix or change their culture but to align it with their strategy, this is the delicate balance that we always picture—the triad of business strategy, operating model, and culture.

In recent years, the Katzenbach Center conducted a broad global survey on culture and change, with responses from more than two thousand participants. Results from this survey demonstrate that leaders at all levels accept that culture, strategy, and operating model are interdependent. In fact, most of our respondents even assert that culture is *more* important to the success of their enterprise than the other two. And each time we have run this survey, the percentage of respondents who assert this has increased. The

fact that culture determines an enterprise's success is an idea whose time has come.

If you agree that strategy, operating model, and culture are all interdependent, then you'll likely accept the next point as well: just as no complex company has one singular strategy or operating model, no company has a single monolithic culture. Strategies shift and evolve in real time; people make decisions that mostly line up, but sometimes they diverge—and this can be chaotic, or sometimes it can lead to innovation. Operating models are drawn on paper, but we all know that no org chart can ever really capture the complex, organic ways that working relationships thrum and churn. Every company has a cluster of strategies and operating models working in dynamic tension. Sometimes this is explicit, and sometimes it's implicit. The same is true of any company's subcultures: they exist and bounce up against each other like branches of a family tree at a reunion. Is this a problem? Not unless serious friction or misalignment exists.

Leaders of large companies are trained to recognize and address any signs of misalignment between operating model and strategy. They also tend to try to tinker with these if anything about the way that their organization is operating seems to be out of sync. (Think of Alex and how his first idea was that he could fix his culture issues through a reorganization.) The cultural forces are much more difficult to recognize and far harder to address. Therefore, even leaders who nod their heads vigorously at the "three circles" image let the topic of culture slide way down to the bottom of the agenda. But even if nobody talks or thinks about it, every company still has a strong cultural situation that needs to be cohesively aligned with the other elements.

The driving forces of any cultural situation are emotional rather than rational. This is why culture feels so unfamiliar and mysterious to most leaders. Culture doesn't respond to the same levers and pulleys as other types of organizational elements. It tends to elude the traditional change management approaches that many company leaders adopt: large, wholesale transformation efforts. These approaches can be very useful at rechanneling the formal aspects of an organization. They can help roll out communications during a merger, articulate the case for change to a large organization in trouble, or realign incentives to fit a company's strategy. But when it comes to emotional energy, traditional change management efforts can fall short. They don't catalyze the deep and lasting changes that a company typically needs most, those that depend on the authentic emotional engagement of the people involved.

If you are truly interested in having your company transform—if you genuinely want a high-performance organization with a broad cadre of people committed to the success of the enterprise—then you need to become conversant with the emotions, behaviors, and deep-seated attitudes that exist in your company. You need to know what employees feel strongly about, both positively and negatively. We call this knowledge “cultural insight”—it's the clarity that allows you to truly see what motivates your people. Then, with this knowledge fully in your grasp, you can move to what we call “cultural action,” targeted interventions that influence how people behave from day to day. These actions are what can influence the whole climate of how employees behave, think, and feel, bringing it into dynamic coherence with the company's strategic aspirations. To put this simply, first you need

to understand your culture; then you can work within it. This is how to bring out the best in your organization.

Fortunately, this is easier to do than it might seem. And the payoff is immense. Imagine that you are part of a company with a truly vibrant cultural situation: a place where people have paid attention, in the right way, to the attitudes, beliefs, and behaviors of others throughout the enterprise. This is a business with positive urgency—the kind of atmosphere you get when people feel a high level of emotional energy and a commitment to what they do and how they do it. Employees want to move the enterprise forward, not just because they have been given incentives to do so, but because they have a collective sense of responsibility to helping achieve the stated goals. They believe that their own daily actions contribute to these goals and that they will be recognized for their contribution. They have a strong sense of mutual accountability; they don't want to let each other down. They are rarely bored, stressed, or anxious; they demonstrate inspiration and energy in everything they do. They collaborate willingly and naturally—and feel good about doing it. When you ask if they are aware of the reasons for the organization's success, they don't just say yes—they start talking about it at length and expressing their feelings about it in different ways. And then, before long, they are talking about how they can make it better still.

Many companies have, to some extent, cultures like this. They feel very different from one another because healthy cultures are distinctive. For example, at Zappos, the online shoe store owned by Amazon, employees feel personally engaged about their relationships with customers. They apply creativity and ingenuity on the job, knowing that customers

appreciate it and feeling proud of what they can do. At paradigm-shifting Airbnb, people in every role believe passionately in the company's mission of hospitality as a radical idea of feeling at home anywhere in the world and look at every aspect of their business as an opportunity to support and further that idea. At a financial-services institution we have advised in South Africa, employees feel a similarly strong sense of emotional commitment—but in this case it's to their shared mission to help Africa, "our home." The institution has a history of supporting and building the economies of the continent that has lasted for more than a century. A similar outlook exists at one of the largest energy companies in the world. Other companies with strong cultures, such as USAA (an American insurance company for military employees, veterans, and their families) and Southwest Airlines, are known for the way the company cares about customers' feelings and energizes its employees: not just the top management but all employees are encouraged to fulfill their aspirations.

Successful companies can have widely divergent cultures, even in the same industry. Consider, for example, Starbucks and Dunkin' Donuts, two retail chains that serve coffee and food. They are both known for their continued growth and their ability to satisfy customers. Starbucks built its culture around the concept of a "third place," besides home and work, and everything about it is oriented to premium conviviality. Dunkin' Donuts has a culture built around efficiency, frugality, and getting things done. Its slogan, "America runs on Dunkin'," is not just a marketing message. It reflects the culture of the chain. The business has shaped the culture, but the culture has also shaped the business.

You could make a similar comparison across Apple, Intel, Google, and Microsoft—all in the technology industry but with four very different cultures—or Aetna and Geico; FedEx, UPS, and DHL; Unilever and Procter & Gamble; Burberry and Brooks Brothers; Delta, British Airways, and Southwest Airlines; and Four Seasons Hotels and Airbnb.

Even when people agree on a high-level direction for an organization or support a strategy intellectually, they have to make a next step: asking how their *own* actions and decisions and working norms need to alter to make that strategy work. “Emotional support” enters the picture here: people’s in-the-minute reactions and choices are mostly responses to emotional stimuli rather than abstract rational thinking. This is why leaders need to consider what drives people emotionally, as well as rationally, to make a difference in how work gets done. An organization chart—in other words, the formal side of how things run—is never the whole picture. Our survey results spell this out very clearly: 52 percent of respondents agree or strongly agree that in their organization, the way things get done, the real chain of command, is not consistent with how things “should” work, on paper. People will move in new directions, outside their comfort zones, only if the culture supports them in doing so. Thus the famous Peter Drucker expression, “Culture eats strategy for breakfast.”

You can move a company forward only by working with and within the current manifestations of your cultural situation: guiding it, aligning key aspects as it evolves, fostering improvement, enhancing existing values, and showing its relevance. Katz and Zia Kahn’s 2010 book, *Leading outside the Lines*, encourages leaders to take a bilateral view of both the formal and informal sides of organizations and to consider

how they support and enhance each other. The authors urge leaders to aspire to a kind of aligned leadership that is “a holistic style that moves organizations to places they couldn’t otherwise go.” To do this, you need to find ways to identify and then capitalize on existing positive emotional elements embedded in that culture that are overlooked or underutilized, which can then help you accomplish a state of alignment between how people behave and feel and what makes the company successful. We call this “cultural coherence.” Explaining how to achieve this is the purpose of this book. It is a step-by-step guide to harnessing the critical few elements that will help align your culture—its on-paper, formal and elusive emotional, informal elements—and put it to work.

The Concept of the “Critical Few”

If you work in any large or well-established organization, you already know how seemingly impassable an entrenched, repeating set of behaviors can become. A full quarter of our survey respondents reported that a culture effort initiated at their organization had resulted in no visible results. It takes persistence and attention to shift those habits, just as it does for personal habits like smoking and overeating. People don’t change their habits quickly or easily, even when they have excellent reasons to do so. But habits can be changed, and cultures do evolve. And this can be guided by you.

You may be a CEO, another member of the C-suite, a middle manager, or a frontline worker—whatever role you hold in your company, you have the power to evolve the culture. You don’t have to accept the culture as it is. You can accentuate the best of it and use it to help your organization

overcome patterns that seem to be interrupting your progress toward your goals. The road to that end involves selective and targeted alignment, rather than dramatic repeal and replacement.

Once you find basic cultural elements that motivate your workforce, you can cultivate them and align them with your goals. These elements tap the emotions that bring a culture to life. They are broad enough to resonate across the whole organization but focused and simple enough to encourage real actions in people's daily lives. They fall into three basic categories (all of which will be elucidated in later chapters, as well as explained in brief in the glossary):

- *Traits*: A set of shared characteristics that represent the “family resemblance” of your entire enterprise—the qualities that transcend subcultures, and are at the heart of the shared assumptions people bring to work, and their emotional connection to what they do.
- *Keystone behaviors*: A few carefully identified things that some people do, day after day, that would lead your company to succeed if they were replicated at greater scale.
- *Authentic informal leaders (AILs)*: A few people, or at least a reasonably small percentage of your company's people, who have a high degree of “emotional intuition” or social connectedness stand out. (AILs are discussed in chapters 4 and 5).

In our experience, a sharp focus on these critical few elements reduces complexity and begets a positive, informal, and lasting cultural impact on performance. Most importantly, this approach takes the emotional dimension

of human behavior into account and exploits the power of simplicity. It amplifies community connections because it encourages the workforce to look to peers and colleagues for insight, support, and encouragement. When people you trust and admire model and enable a few key behaviors and help others do the same (and feel good about it!), those behaviors spread quickly, and they stick.

A focused approach like this can feel counterintuitive. Most other methodologies meet complexity with comprehensive thoroughness: initiatives, ideas, frameworks, and change plans all premised on the idea that a culture can be forcibly pushed toward some set of external standards whose achievement means that the culture work is complete. We have yet to meet the leader who can describe to us how a very comprehensive approach changed the way things really worked. Complexity is distracting; comprehensiveness is wasted energy. You need crystal-clear simplicity and a small group of elements that will carry everyone forward together. You don't need a lot of targets to hit or results to generate. You need to unify your organization's people around a common, clear cultural movement, driven by a core of keystone behaviors and positive emotions.

But simplicity requires discipline. As a leader looking for ways to help those in your sphere of influence align with the company strategy, you must make many difficult choices: resonant traits, compelling behaviors, influential "authentic informal leaders."

To recognize how hard this is, consider what would happen if you had to pick, right now, a few keystone actions your company should take immediately to build a better culture. We're sure you can easily name twelve. It's much harder to

boil them down to three or four; often, you'll have a good reason to include every one of the dozen. Yet if you can't narrow down the list, you'll be overwhelmed when you start to work with them, and so will everyone else in the organization. Moreover, it will be very difficult to measure any change; you won't even know which new behaviors have catalyzed new results. If you want to be effective at change or boosting performance, you can't encompass multitudes. You need to focus your attention on the critical few.

More likely than not, the single act you will best be remembered for in the course of your career is the way in which you managed to impact a cultural situation, whether you are a leader close to the front lines or a CEO. If you identify and deploy a critical few elements within the cultural situation in your work environment, you will create clarity and meaning for others. People around you will be more likely to make an emotional, not just a rational, commitment to change. They will trust and respect your choice of direction, and they will look for ways to follow it. You will elicit enthusiasm and creativity and build the kind of powerful company that people recognize for its innate value and effectiveness. And most of all, what you do with respect to your cultural challenges will be much more important than what you say. That's the essence of emotional resonance. The rest of this book will show you how to achieve it.

2. A Critical Few Traits

SCENE: March of the same year. Alex's office.

KATZ: You look a bit glum. What's wrong?

ALEX: I just finished conducting an exit interview with one of our best people, a young buyer named Calvin.

KATZ: That's disappointing. What did you like about him, and why is he leaving?

ALEX: Calvin's ambitious, with great business instincts. He focused on growth goals—both for his product group and for the whole retail chain. He built relationships with some new suppliers in Europe, really interesting merchandise. One of them offered him a job, and he told me yesterday that he'll move to Germany and join them. He said the pay would be a bit more, but mainly he talked about how flexible they seemed, how much autonomy and direction he would have.

KATZ: Why did he talk to you instead of his direct boss? Were there issues there?

ALEX: Not at all—he reports to the head of supply chain, Florence, and they thought the world of each other. And Trans, our head of technology, is another one of his mentors. But I wanted to talk to him as well to find out more. I have a slush fund in my budget for a special projects

role, and I thought I might be able to talk him into a rotation as my direct report. But he seemed determined to go.

KATZ: What did you learn?

ALEX: That he was fed up—not with Florence or with anyone in particular, but what he called “the bureaucracy.” He said there were just too many barriers to doing his job.

KATZ: Are internal operations typically a problem?

ALEX: Yes and no. From an operating model standpoint, we have best practices in place that I’ll match against any other retail chain—in HR, IT, marketing, you name it. And we’re always under budget. But somehow we still don’t see results. On paper we are doing everything right, but just walk around and people will tell you how much is broken.

KATZ: Tell me more. What’s an issue people tend to complain about?

ALEX: Well, the purchasing group always has a bone to pick about our travel policies. Like most retail companies, we aim for pretty lean operations, and this includes a policy that anyone below VP level fly economy. This is fine for domestic flights. It’s tough for Europe, though, and murderous for Asia! And the purchasing team, who are all below VP, are the ones whom the policy hits hard because most of our suppliers are outside the US. Imagine that you’re on that team. A few times, you probably do the right thing and fly to China to meet with vendors. But navigating those relationships on a different continent on just a few hours of sleep is really tough. We’ve noticed that these trips are happening less and less, and

who can blame them? We save a few thousand on airfare each time that they travel, but overall the company ends up shortchanged.

KATZ: How so?

ALEX: Our product mix this season looks a little lackluster. I'm beginning to conclude that the purchasing group would have made better decisions if they had felt more supported in their efforts to go the extra mile to uncover better options. I'm frustrated because I feel like I shouldn't have to be the one to tell people when to bend a rule and why—I want them to have better judgment!

KATZ: What else are you seeing?

ALEX: It struck me the other day that our marketing group also has fallen into some ways of working that might be getting in the way of our goals. Everything they produce is perfect before it goes out the door. That's hard to complain about, right? But a ton of material is written that nobody ever sees. Or we hit a trend two months too late and everyone wonders why we missed the boat. I tried to raise this with Avery, the head of marketing, and he looked horrified. It was like I was trying to get his team to lower their standards instead of trying to work more efficiently. The ways that people work, the things that they congratulate themselves on having achieved—a perfect, flawless document—are at odds with how I believe we need to operate to beat our competitors.

KATZ: That's a great example. It's not that, per se, perfectionism is a bad quality. There are situations when striving for perfectionism can save everybody from costly mistakes. But there are also situations where

the perfectionist habits slow things down, keep people feeling bogged down and frustrated, like they can't accomplish what they are being asked to do—a feeling we describe, in my line of work, as one of the symptoms of “cultural incoherence.” But don't worry—the lecture isn't starting yet. Go on. What else is on your mind?

ALEX: There's the problem of waste. We have as many problems with environmental compliance as any company with brick-and-mortar locations. But we could cut significant cost and materials, and save money in the bargain, if we had a more comprehensive waste-reduction program. One-off ideas pop up—like installing motion-sensor lights in break rooms, having drivers turn off trucks instead of letting them idle to save on fuel costs—but nothing ever seems to stick or gain momentum. We never take ideas far enough to see real results.

KATZ: Do the functional leaders talk to each other about these problems?

ALEX: Not much. They are all at different places. For example, in people practices, some of our leaders are really good at motivating their groups. Others beat down their people and push hard with threats. We don't have any discussion about which approach works best for us—or even when each approach is most appropriate. My gut tells me that the former is more effective than the latter—after all, it was you who taught me that pride matters more than money, and certainly more than stern lectures. [At this, Katz smiles.] But I don't have any data to back that up. Before I confront the leaders who have the reputation of being really hard drivers, I want data to make my case. Until I get that, it's a lot of rumors and

anecdotes without any real specific examples of what works and why.

KATZ: Have you talked to different functional leaders about, well, inviting each other to meetings and confronting these problems more openly and directly?

ALEX: I've made some strong suggestions, and my heads look at me like, "You've got to be kidding!" I feel like I need to be really specific; if I try to just say, "Hey, everybody, start working together," I'm sure that I'll be ignored. For example, marketing and IT need to jointly develop a customer analytics system; we're capturing the data at the stores and online, but as yet we have no real system that lets us pull out any useful insights. But both sides have been holding back on saying what they can offer. They seem more concerned with protecting their turf than making a new idea happen. Meanwhile, the finance department can send in a budget, and then accounts payable won't sign off on it. Weeks of work by the finance team squandered, decisions stalled. It's ridiculous. But truly, I can't step into every decision and interaction.

KATZ: And let me guess. Your leaders say that they can't behave differently because of obstacles and attitudes embedded in the system. Secretly meaning there's no reward, it doesn't help them move up the ladder, or others will get in the way. Basically, it is just not worth the time.

ALEX: Yeah. And there are some real bureaucratic obstacles, such as having to get permission to even talk to someone else's supplier. Some of this has to do with rivalries, fiefdoms, fights over turf. People believe that they're all vying for the same funds, even when that isn't true, even when they pull from separate parts of the overall budget.

At times I suspect there's some backstory no one will tell me, happening years before I came on the scene, that has led to alliances and grudges I'll never understand. But I refuse to believe that unearthing old stories will fix what's broken. I'm ready to just yell out, "Everybody get over it!"

KATZ: And the biggest factor in your favor is that most everyone cares about the company in one way or another—right?

ALEX: Yes, they absolutely care about the company. They just aren't sure how they feel about each other.

KATZ: [*Laughs*] Well, I have some good news for you.

ALEX: I could use some.

KATZ: Last time we met, I said that I didn't think your company was too bad off compared to others I've seen. I still believe that. Even the complaints and fights can give you some reason to be hopeful. Frustration is on the opposite end of the spectrum from apathy, which is the most dangerous condition in any organization. Frustration suggests that people want to see change; they're aware that there are problems. They're blaming each other—or "the system" in general—because they don't see a clear path forward. And since their emotions are involved, you can't just tell them what to do. You have to make them see and actually anticipate feeling good about taking advantage of their common interest.

ALEX: I'll get right on it. I'll have a memo out to them tomorrow.

KATZ: [*Laughs*] What are you really doing about it?

ALEX: Well, I already sat down with our head of HR, Elin. She's a fixture here; she started her career under Martin,

the CEO who preceded Toby. She told me about a “values” exercise that the organization went through seven or eight years ago. That wasn’t too long before I began working here, but I told her I’ve never heard anyone mention the values in my conversations with people across the company, including the former CEO! Elin wants to revisit and refresh the values for a new era, but I’m skeptical about what that would accomplish.

KATZ: Values—what an organization stands for—absolutely have a part in this discussion, but I agree with your instinct that the conversation about culture can’t begin and end there. However, let’s back up a little. Tell me more about these conversations you’ve been having with people.

[*At this, Alex brightens.*]

ALEX: The last conversation I had with you, in January, really encouraged me to continue, and even expand, the efforts I’ve been making to have one-on-one or informal small group conversations. Not just with department heads but employees all across the company. I asked my assistant to expand every scheduled distribution site visit from a half day to a full day and kept the second half of the day clear so I could just wander around and talk to people one-on-one. I also make every effort to take hierarchy and authority out of the room during these discussions, although I know that is hard to do. Make sure everybody calls me by my first name—that’s always a good start.

KATZ: [*Nods approvingly*] What are you hearing?

ALEX: When we last met, you pushed me to understand Intrepid on its own terms. So I’ve been asking people to

describe the company: “What is it about us that makes us special?” “What does Intrepid mean to you?” But I have to confess, I didn’t get very far. People seemed a little flummoxed by the questions—one person even took out our marketing materials and talked me through our tagline and mission statement, as if I’d never seen them before!

[They both laugh.]

KATZ: That was a terrific start. And I’m also not surprised to hear that you spun in circles a little, and I’m glad we’re meeting again.

To develop an accurate sense of your culture, the set of habits and behaviors and beliefs that determine how work gets done, you have to be a little indirect. Most of the time, as you just experienced, people seem to get overwhelmed by the culture topic—it feels too unwieldy to put into words. Instead it helps to keep conversations focused on behaviors—real, observable, tangible behaviors, things that people do every day in the course of going about the daily business of their work. And then you will stay alert to when these behaviors elicit some kind of emotional response, negative as well as positive. That emotional response tells you that those behaviors are touching on, catalyzing, generating—or getting in the way of—a sense of connectedness between people.

And you don’t just ask the top few layers—or even necessarily start at the top, although you do want to keep the top team involved. You go through the company, and you pull together some discussion groups at different levels. You ask about strengths and weaknesses and start to build a picture. For instance, you might ask, “What do

you tell neighbors at a weekend barbecue about why you like working at Intrepid?” “What does your best day look like?” “When are you excited to go to work?” “What do you tell your spouse when you don’t want to go to work?” “What keeps you up with worry at night?” From these conversations, and from other data points that turn up along the way—the “official” ones, like employee surveys and the values statements you mentioned, as well as “unofficial” ones, like shared jokes that everybody seems to know—you start to build a much more realistic picture of Intrepid’s culture challenges and opportunities. It’s just like developing your business strategy. The final product should be simple: a list of core traits that are accessible to all, a language that everyone can understand. But it takes a lot of input and iterations to get it right.

ALEX: What’s an example of a trait? Would it be something like integrity?

KATZ: No, I wouldn’t call integrity a trait. Integrity is a value—something we aspire to. If I believe that I work in an organization that has integrity, that belief gives meaning and purpose to my work. It strengthens my emotional connection to the others around me. Values, when well articulated and demonstrated, do this very well—they give us something to aspire to. But it’s hard to connect a conversation about values to the real work that people do every day, except in very ideal terms. And values don’t make much of a difference in performance until they are reflected in what highly respected people do as a result.

ALEX: [Looking thoughtful] Or unless a value seems to be missing. I had to fire someone for stepping out of line last year, related to integrity.

KATZ: I'm sorry to hear that—but that's correct. And it underscores what I'm saying. Values are necessary and are also aspirational. Like strategy, they are always out ahead of us—they are what we are trying to achieve. Establishing values, and using them as touchstones to remind us all how to be our best selves, is a crucial part of any effort to work on culture. But values alone don't define a culture. Values reflect how you want things to be done; traits reflect how things are done today.

ALEX: So if integrity is a value, tell me about a trait. What's a trait you see at Intrepid?

KATZ: I'll use your own words. You've described the company to me as thrifty and very process focused: these are perfect examples of traits. A trait is a tendency to work in a certain way. It ties directly to performance. And crucially, it's neutral—you can see how sometimes it helps the business and sometimes it gets in the way. We've all worked with someone who followed every process to the letter and still wasn't deemed high potential and put on the fast track to manager. Being process driven has both strengths and weaknesses. And when you get people to talk about that, you can start to have conversations about culture that feel like they might lead to real change.

ALEX: It's interesting that you mention both strengths and weaknesses. Why weaknesses? You seem to encourage that I take a very positive view of Intrepid's culture. Wouldn't you, then, encourage me just to focus on its strengths?

KATZ: Strengths and weaknesses are two sides of the same coin. If you can't recognize the weak side of a trait, its

potential downside, then you aren't looking at the whole picture. Most importantly, you miss the full set of emotions people have around a trait—the sense of accomplishment and pride that people in a thrifty organization feel when they stay within budget and find clever ways to save resources, as well as the exasperation and annoyance that they feel when they sense that others are shortchanging them, being penny-wise and pound-foolish. Traits are both sources of energy and potential obstacles to what you need to do to succeed. You have to name and recognize them to be able to deal with them in all their complexity.

ALEX: Can I change the company's traits?

KATZ: It's so much easier to work with what you have than to try to change the fundamental nature of your organization. Let's stay with thrift as an example. In an industry with margins as tight as yours, you'd be a fool to try to get rid of it, right? What you need to do is acknowledge it, reward it where it helps you, and point out where it gets in the way.

ALEX: Are you saying that I can't change Intrepid?

KATZ: No, that isn't what I'm saying. But here's the bad news: major change will be slower than you want it to be—it can take decades versus months or years. That's why I refer to it as "evolution." But if you commit and are consistent, evolution also can be real and lasting. That's the secret that the best leaders know, and that's what I'd like to help you accomplish.

ALEX: It's frustrating to hear that change is slow. But at the same time, I've never heard anyone tell the story of an organization or institution changing overnight. I believe

what I'm hearing. Let's try it your way. Given the complexity, where do you suggest we start?

KATZ: When's your next leadership team meeting?

ALEX: Mid-May.

KATZ: Great, that gives us some time to be purposeful about how you engage them. I think that the values exercise that Elin suggested is a good idea. If Elin brought it up, she is surely seeking a way to help you align key emotional elements of your cultural situation, and that's the tool she's familiar with. So let's make that the window we move through. It's a good enough place to begin.

Then, that leadership team meeting can be a chance to engage the other executives on the topic of culture more broadly. In the interim, why don't you name Elin and a few others to help you, and together you can run some interviews of the type that I described. Give Florence a call—if she sees the link between Intrepid's culture and the loss of one of her best people, Calvin, she'll be motivated to work with us to try to see what's going on.

From those interviews, we can develop at least a rough draft version of what Intrepid's traits might be. A conversation about values, what you aspire to, is an excellent time to also talk about who you are as a company, how you work every day.

ALEX: Florence is just down the hall—I'll go talk to her now.

And I like your use of "we." I suppose this means you're offering to help?

KATZ: [*Smiles*] Well, I can't think of anything I'd rather do.

What Are Traits, and Why Are They Important to Culture?

Traits are at the heart of any organization. They are the essential characteristics that form the scaffolding for how any group of people thinks, feels, and behaves. They are the stable, prominent qualities that are shared across a company. For any leader who seeks to understand a business's cultural challenges and how it operates, it's important to start by surfacing and articulating these critical few traits. The process of doing so—the diagnosis, the self-reflection, and the narrowing down—is a crucial first step to both evolving and aligning an organization's cultural influence on how people behave to get things done emotionally as well as rationally in any organization—the cultural insight step described in chapter 1.

Why do the traits matter? Let's start with an analogy—in fact, let's start by considering Alex himself, who is (we hope) becoming clearer to you as a person over the course of this story. Alex has values that he holds dear, like taking care of the people he works with and behaving with integrity. These values have resonance for him and are ideals he aspires to consistently meet, ways that he likes to think about himself, his colleagues, and his goals. Alex also has a core set of personality traits, such as self-confidence and ambition. These are so essential to Alex that they might not even be clear to him—they are like the bones beneath his skin, the fundamental matter of which Alex is made. If you wanted Alex to change or evolve in some way—let's say that, for the good of his company, you wanted Alex to have more conversations with his leadership team and spend less time scrutinizing numbers that could just as ably be overseen by his CFO—you

would be wise to understand and build from not just the values Alex aspires to but also several of the key personality, character, and gender traits that now govern how he acts day to day. Any efforts to understand, work with, and even evolve Alex as a person must begin with an understanding of these traits and an acceptance that they'll be slow to change.

Are we implying that people (and, by analogy, organizations or organizational culture) can't be changed? Let's emphasize the answer here—this is a crucial point at the heart of this methodology. *Organizations can change (or, rather, evolve)—but only if that change is grounded in a solid sense of the steady state of that organization.* It is well documented that most organization-wide attempts at changing culture fall short of the original intent; as we noted in chapter 1, 23 percent of the Katzenbach Center survey respondents reported that an effort had been made to change their company's culture and that they had seen no difference whatsoever as a result. This "failure to budge" on the part of culture is due to leaders' skipping the "traits" step—that is, refusing to surface, articulate, and commit to working with their organization's core differentiating qualities. It is a result of jumping to solutions without pausing for self-reflection and diagnosis.

A client once told Gretchen a story of how he had interviewed at a moribund retail giant, a well-known organization whose brand reputation and profitability had been on a slow decline for decades. The client, Jeff, was interviewed by the newly minted CEO for a role on the turnaround-focused leadership team. According to Jeff, the CEO explained his strategy this way: within a year, he expected to redefine this large, slow-moving, steady-ship retailer as a technology

innovation company. Jeff hightailed it out the door rather than waiting for an offer. He was wise to do so. (And the fact that he told Gretchen this story as a laugh line made it clear to her, right away, that they would work well together.)

A quick change toward what's trendy isn't wise or even possible. Leaders must begin with a solid understanding of where they are today, what "family resemblance" exists across the company. Then and only then is it possible to focus on behaviors that bring out the best, most useful aspects of these core qualities—and to encourage more of them, every day.

Recall one of Alex's core traits: ambition. Unlike his value of integrity, which is inarguably positive and aspirational, ambition is neutral. You can imagine scenarios in which Alex's ambition is useful to him as an individual and to the organization he leads. You can also picture certain days or certain situations in which this same quality causes those around Alex to roll their eyes in exasperation. Now imagine that you were Alex's executive coach. You would likely point out that he can't change the central fact of his own ambitiousness—but he can recognize and repeat the best behaviors through which it manifests, like encouraging others to set high goals. You could also teach him to notice and curb ambition-related behaviors that are less productive, like demonstrating impatience with others who are slower learners.

Similarly, in our work with organizations on culture, we strive to help people see their organization's essential traits as neutral—which does not mean that they are bland and nondescript. A trait's neutrality means that it has positive and negative repercussions. Traits also have an emotional component. When we work with organizations to deduce

and define their core traits, this process always involves working through strong feelings that people have about the institution that they are part of, about how it supports them and when it feels like it stands in their way. Getting to a neutral, clear-eyed diagnostic means working through a lot of emotional nuance. Then, when the traits are presented back to the organization, another kind of emotional response occurs: the satisfying sense of recognition of commonality and the pleasure of being seen and understood.

Arriving at Your Traits

You won't be able to arrive at an accurate, emotionally resonant group of traits by asking only a few people. You'll want to engage groups of people at different levels across the organization in structured interviews and focus groups designed to surface their feelings about your organization's culture. There are many ways to approach these interactions; in the appendix, you'll find a sample focus group agenda and sample interview questions to spur your thinking.

Exhibit 2.1 lists twelve common traits from the many we've collected through our decades of research and client work. Don't be constrained by this list, however—it's provided just to give you ideas. A trait that describes ways of working relationships at your organization may be one that is unique to your company. For example, we conducted a client diagnostic at an organization in which people loved to tell stories about the company's origin; "respect for folklore" ended up as one of its core traits. Although one could imagine how respect for folklore could get in the way of some strategic aspirations, such as innovation, it also had very deep emotional resonance for people at all levels—and we'll be

surprised if it appears on a list of traits at any of our other clients.

- | | |
|------------------------|----------------------|
| • Consensus driven | • Cautious |
| • Caring | • “Above and beyond” |
| • Hierarchical | • Process focused |
| • Individualistic | • Opportunistic |
| • Relationship focused | • Optimistic |
| • Paternalistic | • Egalitarian |

Exhibit 2.1 Examples of traits from our work

At a high level in the organization, the best approach to surfacing good data is to avoid direct questions, such as, “What traits are important in our culture?” As with Alex’s first effort with his own employees, that kind of direct approach is likely to yield only platitudes. Instead, get people to tell stories about what’s important to them. Ask what they love about coming to work, what they are proud of regarding the way that they work together, decide, and motivate. Stage some of these conversations as one-on-one interviews and others as small, informal peer groupings. You’ll be surprised and delighted to hear what emerges from eight or ten people who are encouraged to share their thoughts in an appropriate, safe environment. Exhibit 2.2 is a sample of questions we have used at client engagements to spur this type of dialogue.

Also ask people what frustrates them at work. Individuals may take this opportunity to vent. Allow this, but direct the conversation away from common day-to-day complaints that are applicable to any corporate environment and focus on qualities and patterns of behavior that are unique to the

	Questions
General	What are the strengths in your culture—what makes you most proud to work here?
	What elements of your culture (e.g., the way things really get done at your company) get in the way?
Decision-Making	Who makes decisions? Do decisions tend to be made by one person or via consensus?
	Do people here tend to rely more on data and analytics in decision-making or intuition and experience?
Motivators	How important are external customers relative to internal operations?
	Is this a place where people tend to come and stay for life, or is attrition common and expected?
	Do people here tend to be more interested in history or what the future holds?
Attitudes	Is your company made up of experts or generalists?
	How tolerant of risk are people in this company?
	What is more important—self-sufficiency or collaboration?
Process and Structure	How hierarchical is your company? Are all voices treated equally, or do people defer to leaders?
	How rigid are processes? Is improvisation allowed and encouraged?

Exhibit 2.2 Sample questions

organization. If guided in this direction, individuals usually realize that many of the things that frustrate them are the flip side of the things they are proud of. You may hear something like, “We really care about our people, and sometimes

that means we make the ‘caring’ decision rather than the ‘right’ decision.”

Even if the folks you speak with don’t make that explicit connection, you will often find that the challenges and frustrations they describe stem from sources of pride. For example, individuals working at organizations that prize individual empowerment and autonomy often express exasperation at how hard it is to get anything done that requires coordination or standardization. A common complaint is “Everybody thinks all the people here are special and wants to be granted an exemption from the rules.” On the other hand, people working at highly collaborative, consensus-based organizations can be proud of having a voice in every decision that impacts them but also frustrated by the amount of time it takes to get everyone to agree.

Inevitably, subculture traits will appear. This is natural and logical. For example, traits will emerge that are more prevalent in HR and less prevalent in the finance team, like “people focused.” Traits like “safety conscious” will emerge in focus groups with employees on the shop floor but never in marketing. And subcultures aren’t limited to functions. Throughout the decades that we have worked in this field, we have seen an increasing trend toward globalization of large multinational organizations. Most of the companies we work with now have subcultures that cross real boundaries; potential frictions are enhanced by acute differences in language, style of dress, and even religious faith and alphabet. But do not let the presence of strong, differentiated subcultures distract you from the task of surfacing and identifying overarching traits. Our clients have included global organizations with regional offices that spanned continents

and behemoth companies cobbled together by ambitious acquisitions. In every situation, a patient and thorough diagnostic has surfaced traits that were, to the surprise and agreement of all, common and consistent across the full span of the organization.

In addition to interviews and focus groups, other methods and data points can help you enrich your understanding of your culture. The Katzenbach Center team deploys a survey tool that highlights the relative prominence of traits that tend to recur across organizations, but this specific tool is not the only way to crack this nut. Many organizations conduct internal employee engagement surveys. Within our own firm, PwC, the Saratoga Institute developed one of the first consistent sets of HR metrics forty years ago and now has a cross-sector, global database through which organizations can explore how their people-related data compares to that of thousands of other companies across the globe. Whether an organization has an internal, homegrown survey that has been conducted just a few times or has a large annual survey with rigorous external benchmarking that has been done for many years, a common complaint we hear from clients is that survey results do not lead to change. But we encourage them, as we encourage you here, to take out the results and dust them off. It's all good data and can help yield the types of insights you need. Brainstorm with your trusted advisors and with thought-provoking outsiders—one company we work with actually used data from exit interviews with employees who had decided to leave, and this helped leaders pinpoint, discuss, and finally address a culture trait of bureaucracy that had bedeviled them for decades.

Whatever method you use to gather insights about your company's traits, compare the results with your own observations. Watch people in meetings, in casual conversations, and in their daily operations. Consider the surroundings as an outsider would see them: What do people display on their desks? Are the plants being watered? What are the artifacts on the walls? Observe whether people move quickly or slowly to make decisions and consider what either accelerates or impedes this process. Ask yourself whether meetings are more effusive or matter-of-fact and if that is a common preference throughout the company. Is your company naturally global in outlook, mixing people from different nationalities and backgrounds, or does it tend to remain active within just one territory or region? Does the leadership team always meet at headquarters, or do they travel to other regions? What do your people care about? What motivates them? What do they do in the workplace that they wouldn't elsewhere?

Here are some examples of observable detail from many decades of walking onto corporate campuses and beginning to discern a story about culture. Twenty-five years ago, Apple chose to name the main U-shaped drive of its headquarters campus Infinite Loop, a coding term. This playful approach was very unusual at the time, signifying a lack of propriety. Decades later, though, an irreverent (and even indulgent) approach to office space, including whimsical details like slides and scooters and perks such as free snacks and dry cleaning, has become almost an industry norm in the technology sector.

Danaher's unprepossessing offices, in the heart of Washington, DC, say that the company, while plugged into a vibrant capital city and its businesses, is resolutely

unpretentious and pragmatic. A cafeteria full of lush, fresh produce and vegetarian options at a pharmaceutical company we worked with signaled a broad commitment to health and wellness. Bare-bones supply closets at a midstream energy company in Houston that had just acquired a much more extravagant (and less profitable) competitor demonstrated the core trait of extreme efficiency and thrift. At this last company, one of our consultants asked to borrow a gum eraser from an administrative assistant. The admin smiled graciously, took a large pair of scissors and a worn-down eraser out of her desk drawer, sliced that eraser in half, and handed the consultant the larger slice. It's hard to find a better example of how a real-time behavior manifests a core trait!

The goal of this detective work is to generate a list of culture traits that is unique to the organization and to understand the positives and negatives associated with these traits. You can think of a company's traits as a list of neutral descriptors, with positive manifestations (or sources of strength) on one side and negative manifestations (or challenges and barriers) on the other. For example, you may have a company that is consensus driven, in which the entire team feels ownership of decisions. This may be a valuable trait for your company because it can ensure that once a decision has been made, many people will come on board to help execute it. On the flip side, if decisions can't be made without consensus, it's very hard for an organization to act. Further, ideas can be watered down to the lowest common denominator, the least offensive one, because conflicting points of view are too threatening. Articulate all of this. The more specific you can be about the real behaviors related to a trait, the better

it will be for developing an accurate picture of how this trait manifests at your company.

After you develop a “long list” of traits, select three to five key traits that best articulate your company’s current cultural situation. Choose carefully, because the traits will be a touchstone in the process of evolving your culture. Traits describe, with emotional resonance, “who we are” on our best days and on our worst. To be most useful, these traits need to meet several criteria, as shown in exhibit 2.3.

Traits should

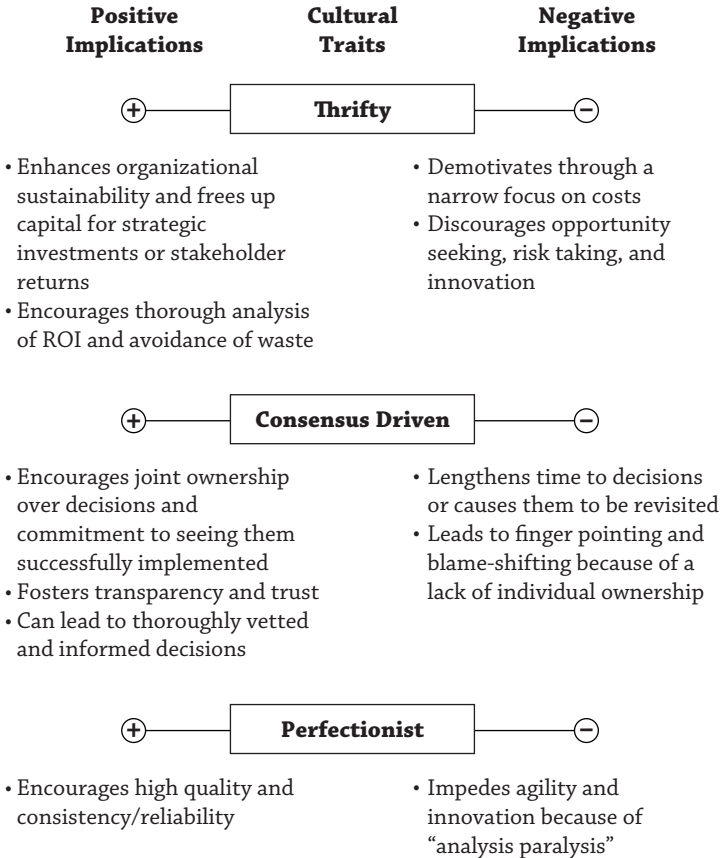
- *Reflect your company’s essential nature.* People throughout the company should be able to recognize the traits as meaningful; there should be broad agreement that they articulate some core essence of how people work together.
- *Resonate across the enterprise.* These traits are not just for the engineers, the people in your home country, or the people at the top of the hierarchy. They should feel relevant to most people, even though the behavioral manifestations of one or more traits may differ across subcultures, functions, or geographics.
- *Trigger a positive emotional response.* The positives associated with the traits should be things that get people excited and that all agree will lead to a better, more effective business. Make sure the traits trigger enthusiasm for and commitment to the company’s goals and that they can keep motivating your people over time.
- *Support your company’s cause.* You began this culture effort for the sake of moving your company in a new direction: to be more resilient, to face an external threat, or to move toward an opportunity. The traits you select should have implications that are relevant for the direction you are trying to go in. The strengths should be sources of emotional energy that support your business goals, while the challenges are typically barriers that are holding you back.

Exhibit 2.3 Selection criteria for critical traits

Exhibit 2.4 is a sample “traits analysis” that we created, over the course of writing this book, for our fictional company, Intrepid. In the story that opens the next chapter (spoiler alert), our estimable (and imaginary) Intrepid culture team will choose three core traits for their company: perfectionist, consensus driven, and thrifty. As part of the exercise of writing the fictionalized Intrepid case study, we pulled together a team of our practitioners, and we all brainstormed behaviors that would manifest the positive and negative sides of these traits, just as we do with our clients. Usually, this kind of analysis takes weeks of conversations, but for our purposes, we just did it over lunch. (People who work with us tend to call this kind of activity “fun”—lucky for us!) When we do this analysis with clients, we call it a “culture thumbprint.” The example in exhibit 2.4 is the result of that lunchtime brainstorm. It is a good proxy for one of our clients’ analyses (which are usually too intimate to be shared outside the company).

From Traits to Emotional Commitment

Emotional, irrational, messy human responses—their attachments, triggers, affiliations, identifications, resistance—are at the heart of any discussion on culture. Katz’s 2003 book, *Why Pride Matters More Than Money*, posits that the best leaders and organizations in the world have succeeded due to their ability to cultivate pride in people. Katz argues that “leaders at any level who develop the capability to instill pride in others can use that ability to achieve higher levels of business performance.” This was premised on the two-factor theory of job satisfaction of American psychologist Frederick Herzberg, who coined the term *motivational*

Intrepid Culture Thumbprint*Exhibit 2.4 Intrepid’s culture thumbprint*

factors for intangible forces that encourage good performance. One of Herzberg’s notable conclusions, surprising at the time but now accepted as truth (and argued by current notables such as Daniel Pink), is the idea that work itself can serve as a motivator. In 1968, Herzberg published an article, now a *Harvard Business Review* all-time classic, titled “One

More Time: How Do You Motivate Employees?” The answer to his question is Herzberg’s core message, which he repeated many times throughout his life: you motivate employees *through the work itself!* This is a fundamental belief of Katz’s as well, and it’s consistent with how we now approach cultural alignment organization-wide. To motivate either an individual *or* an organization, you must closely observe what is happening well and encourage more of it. Emotional commitment flourishes when it is nurtured from seeds within, not applied according to some frame or set of standards that are external to the company.

In the decade and a half since writing *Why Pride Matters*, Katz has continued to believe in its central premise, but he is also more interested in a broader range of emotions. Simultaneously, through the Katzenbach Center’s research and client work, we have developed a method and structure to the process by which leaders can draw a bright line for people between how they *feel* about their work and how their work supports their organization’s overall strategy and goals. And surfacing and defining an organization’s traits is a necessary step to releasing of those powerful emotions, to drawing that line.

But wait, you might say—so much of this chapter has been devoted to the idea of traits as *neutral*. Can traits be both neutral and emotionally resonant at once? After all, how possible is it to get misty-eyed about a term like *performance driven*? Nevertheless, time and again, we witness organizations as they move through the journey of a culture diagnostic and arrive at their traits—and we learn each time that this is truly a process of trying to apply precision and discipline to, paradoxically, open up a space for that which

is *imprecise* and *undisciplined*—the emotional aspect, the nonrational, noncompliance-oriented aspects of the culture. Why is this?

Emotional energy is released as traits (and behaviors, the topic of the next chapter) are defined because traits, when well-articulated, reinforce and remind people within an organization of their sense of belonging to something larger than themselves. At the beginning of a culture diagnostic, leaders of a client organization often express skepticism that they will be able to uncover *any* common traits—they believe that their organization, unlike any other, is composed of subcultures so strong and unique that they have nothing in common but the font on their business cards and the name of the company on the letterhead. And then time and again, as we listen, assess, evaluate, and discuss, we are able to come up with some strong, resonant traits. And the members of the subcultures who had understood themselves as being so divided are able to nod their heads and say yes, we agree, that is just how we *are*. They are also able to recognize, in both the traits and behaviors, their own language that they use to describe themselves.

In recent years, we conducted a culture diagnostic for a North America-based energy company and arrived at the following four traits: consensus seeking, loyal to the company, relationship driven, and respectful of expertise. Can you guess which one catalyzed the most friction in the process of getting to agreement? It was the driest, least “relationship” focused: respectful of expertise. Within this organization, this quality was so dyed-in-the-wool and valued, it was difficult to hypothesize about its neutrality. In other words, leaders were so convinced that their experts were always right,

they almost couldn't stand any conversation implying that they could be wrong!

Over the course of a few hours of good dialogue, however—supported by great, real examples that we'd surfaced through the diagnostic, like the story of a functional leader who'd reduced a subordinate to tears for posing a question that challenged her technical opinion—we were able to help the whole leadership team agree that certain habits and behaviors associated with “respectful of expertise” were indeed getting in the way of the business agenda. Here is what we repeated, over and over, throughout that conversation with the team: We were not trying to get rid of the cultural tendency to value experts—we couldn't root it out even if we tried! We were simply trying to help raise an awareness of it as a trait so that leaders could, going forward, have real conversations about when and how it got in the way.

And sometimes, a relatively neutral-sounding trait has emotional resonance that an individual applies again and again over the course of his or her career. Kate Dugan, one of our Katzenbach Center core team members, began her career at Strategy& in the days when it was Booz & Company. Firm members at the former Booz & Company shared a very hard-work ethos; even partners at the highest level did not hesitate to dig into numbers and format PowerPoint documents side by side with more junior team members. A well-defined, popularly acknowledged trait of this firm was “sleeves rolled up.” It was a phrase that connoted, for members of the firm, both an approach and a set of observable, real behaviors, like staying up late, tackling hard problems, and taking pleasure in real hands-on work. As a new consultant, Kate liked this phrase very much; she thought it represented one of the best

qualities of the firm and how people behaved together as a team at their finest moments. As Kate described it, the way that she learned to do real work was influenced and inspired by that phrase. Even more significantly, she mentioned that a partner had once persuaded her to do something she was afraid of, facilitating a senior meeting on her own, by using that phrase. It had emotional resonance that helped her connect a new, slightly intimidating behavior to a quality that she liked to believe that she shared.

Every great company culture is based, in part, on intrinsic attraction and emotional commitment to important aspects of the company. People want to feel rewarded and recognized. They want to feel the pleasure of being part of a team. They want to learn. They want to work with others who are capable and committed. They want to be part of a culture that fosters all these qualities. When they find such a culture, they choose to be part of the enterprise. Work is no longer just transactional. They are reminded of the passion and curiosity that led them to their chosen field. They feel they can excel at their job, and they are ready to experience feelings of pride, belonging, adventure, achievement, and other personal benefits of accomplishment.