

Perpetual:

Empowering talent. Fueling brands.



**empowering a people-driven
high performance culture**

What is this culture that you speak of?

Culture eats strategy for breakfast” is perhaps one of the most enduring quotes coming from the study of modern management and it’s as true today as when Peter Drucker published those words back in the 1980’s. And whilst having a plan will always be preferable to not having one, its efficacy is dependent on the team that will bring it to life. It’s the people culture in any business that will make the difference and therefore the implementation and maintenance of a strong and vibrant high-performance culture needs to be at the top of any leaders to do list.

Indeed, chief executives and their leadership teams often spend considerable time and resource on developing and implementing plans – be that multi-year strategies or in-year ‘budgets’, having refined the process for doing this over many years. This is considered to be one of the key roles required of leaders in any business and quite rightly so. Disruption and innovation in traditional markets in recent years has shortened the planning cycle and the modern trend is to establish multi-year strategies of shorter duration (perhaps 3 years rather than the traditional 5) accepting two things. First that the operating and competitive environment will require a

flexible path between the start point and the desired outcomes and second that the culture of the organization will need to be agile in order to navigate this journey successfully. Long gone are the days when executives could set a 5-year plan and sit back and adjust the tiller along the way in a highly predictable marketplace.

So immediately we can see some important success factors such as rapid planning and iteration cycles, flexible processes that can adapt to the environment and effective communications so that the entire enterprise can understand and react to the dynamic pace of modern business. These elements are critical to survival in this modern age and companies that fail to adopt these basic tools will find themselves in the graveyard before they know it – nearly 9 out of 10 companies on the Fortune 500 in 1955 are now defunct, merged, reorganized or contracted and this regeneration continues today.

But most companies want to do more than survive – they want to win, providing returns on investment which is itself an evolving concept with updated ideas around what ROI actually means. Whilst the regular report to ‘the street’ is

still a requirement for public companies, this statement increasingly looks beyond the important numbers such as EBIT and ROCE to include new elements such as environmental concerns meeting the needs of an increasing number of identified stakeholders. Competitive advantage is also increasingly won through talent and there is an emerging war for top performers in mission critical areas such as e-commerce and innovation that have been accelerated during the pandemic. With a significant proportion of the workforce now Millennials and Gen Z who want to work for companies where they feel a connection, there is increasing need to create companies to have cultures that appeal to and help retain the highest performing staff. In a recent Forbes study of 1,400 CEOs, 92% identified culture as being important to the valuation of their company while only 15% said that their culture was where it needed to be.

So, in summary having a vibrant and high-performing culture is a business imperative and having made the case for this up front the remainder of this paper will explore what it takes to implement a cultural transformation focused on high performance that will stand the test of time.



Some Prerequisites

The first and most fundamental element to have in place is the absolute commitment to and ownership of the cultural transformation by the chief executive and his/her leadership team. Without this the initiative will fail. Culture is not something that can be outsourced to the CHRO even if he/she may have an instrumental role in implementing the process – it has to be led wholeheartedly by executive leadership who need to live, breathe and personify the new ways-of-working. This needs to be non-negotiable to the extent that if one of the leadership team is not aligned in this way then they should be removed and replaced by someone who is. Only a united front will have the collective power to achieve something as fundamental as a cultural transformation and even silent detractors will have a cancerous effect on the process.

The second thing to understand is that this is a journey – not a project. Projects by definition have a specified end date whereas culture, by its very definition, is enduring. Corporate culture can be seen as an extension of the ethos of the current leadership team and all of the teams that came before it and will live into the future so long as it is tended to, like a good garden. Culture is not something that can be checked-off on a list of things to do – It is always on the list.

Or as Loren Shuster and Zahed Kamathia who jointly led the culture change program at Lego put it – “culture change and leadership behaviors were a marathon, not a sprint.”

That being said – it is also important to note that a focused, collaborative transformation program of typically 9-12 months in duration will create a systemic inflection point that will change the trajectory of any given organization. This type of initiative, when supported by practitioners specialized in these areas will get the “virtuous fly wheel” spinning and create a self-sustaining model that requires only “light touch” support moving forwards. It is therefore important to find the right partner with the outcome-oriented mindset, prepared to roll their proverbial sleeves up and deliver a highly impactful and timely transformation.

The final prerequisite of note is for the leadership team to be clear on and to be able to communicate the need for change. In an underperforming business this may be self-evident but if the converse is true this may require additional thought. Typical themes are building for the future and ensuring that the enterprise is adaptable and resilient. Time invested in this subject area will be well spent as the developed narrative will form the bedrock of understanding

throughout the company. Most people naturally fear change to degree and having a clearly articulated and compelling reason to go on this journey will help engage the hearts and minds of the staff who will be asked to do things differently in the future.

Netflix, is a good case in point. In 2013, CEO Reed Hastings released an 11-page memo to employees and investors detailing a commitment to move from just distributing content digitally to become a leading producer of original content that could win Emmys and Oscars. His memo said, “We don’t and can’t compete on breadth with Comcast, Sky, Amazon, Apple, Microsoft, Sony, or Google. For us to be hugely successful we have to be a focused passion brand. Starbucks, not 7-Eleven. Southwest, not United. HBO, not Dish.” Since unveiling that new purpose, Netflix revenue has roughly tripled, its profits have multiplied 32-fold, and its stock CAGR has increased 57% annually, versus 11% for the S&P 500.

This paper focuses its attention on a wholesale shift for an enterprise. Clearly not every company needs such a radical undertaking but in articulating a whole system approach, executives will be able to quickly identify the areas of change that will be the most useful based on their situation.

Whole System Change – Some theory to start with

Cultural transformation is something that impacts the whole enterprise and a whole system approach is required to enable a successful outcome. It cannot be an experiment in one part of the business to see if it works or not followed by a roll-out to the remainder of the company. These efforts always lose momentum because culture is more than just how we operate in the day-to-day; it involves aligning things like structure, compensation and processes behind bigger ideas

such as purpose and values. These experiments typically gather momentum at first but fizzle over time as people return to how they operated before, not least because that is how they are compensated and how everyone else in the company is working.

So, what does whole system change mean? At its heart, it means ensuring that the values, beliefs, actions and behaviors of both the individuals in the organization and the collective

are aligned behind the new high-performance culture. This is perhaps best articulated in the diagram below:

The four quadrants explain the journey that is required to achieve enterprise level cultural change. Starting in the top left corner, when individuals change their values and beliefs (1) then their actions and behaviors will change also (2). When a sufficient number of people change their values, beliefs and behaviors then a shift in the collective values and beliefs occurs (3). This will then create a change in behaviors of the whole group (4). This journey takes time but by following the suggested steps articulated in the remaining paragraphs it can happen with purpose and in a meaningful timeframe. Key is to maintain momentum such that there is never an opportunity for the transformation to be seen as the latest fad – more a seamless and positive journey to a brighter future for everyone.

Understanding this whole system approach is important as it forms the purest understanding of what needs to happen to enable a successful transformation. Double-clicking in each of these quadrants will reveal a top-down view of where effort needs to be applied which can be articulated as follows:



- Personal alignment: There must be an alignment between the values and beliefs of individuals and their words, actions, and behaviors. As discussed earlier, this is particularly important for the leadership group. It is important that leaders are authentic— that they walk their talk – so that this can be witnessed and emulated by the broader organization.
- Mission alignment: There must be an alignment between a sense of

motivation and purpose of all employees, and the mission and vision of the organization. It is important that every employee, manager, and leader has a clear line of sight between the work they do each day and the mission or vision of the organization, so they know how they make a difference.

- Structural alignment: There must be an alignment between the stated values of the organization, and the behaviors of

the organization, as institutionalized in the structures, systems, processes, policies, incentives and procedures.

- Values alignment: There must be an alignment between the personal values of employees and the stated values of the organization. It is important that all employees feel at home in the organization and can bring their whole selves to work.

Every culture change or transformation initiative must aim at satisfying all four of these conditions if it is to be successful: it will fail if the whole system doesn't change.

Our experience over many years of helping Chief Executives to deliver high performing cultures has revealed an interesting shortcut to the above published theory in this area. Well facilitated and impactful team-based workshops focusing on high performing team behaviors can paint a snapshot of what

the desired culture might look like. Delegates get to look and feel how teamworking might evolve and get to use the tools and experience the rituals that their new culture will exemplify. It is then much easier to align personal beliefs and behaviors behind the transformation, thereby accelerating the whole process. 2-3 days for such a team-based immersion has proven efficacy and a program starting with the top team and cascading throughout the organization has shown to be effective in

landing the human elements of the cultural transformation. This management 'hack' has accelerated the journey toward a high-performance culture for many companies over the years across multiple industries and global footprints. Pace is important in transformation and as renowned leadership consultant Mark Sanborn notes – "Your Success in life isn't based on your ability to simply change. It is based on your ability to change faster than your competition, customers and business."



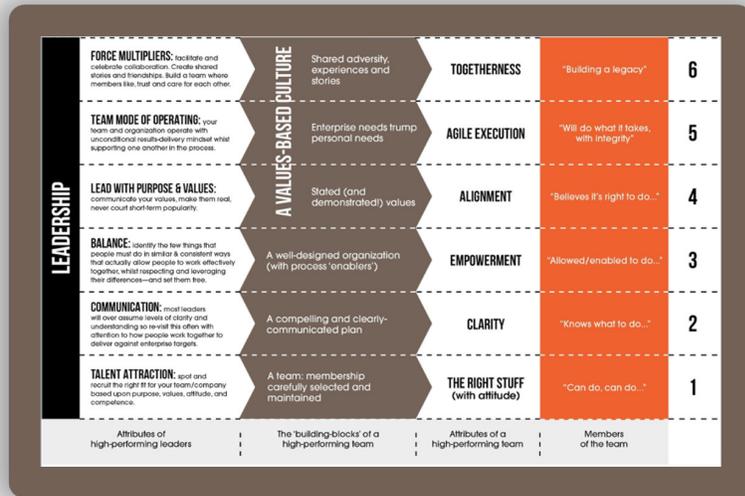
Now - Let's get practical

Some critical steps have been articulated above as prerequisites, namely 100% commitment from the entire leadership team, being able

begin engaging the broader organization in the process.

1. Establish the baseline (t3 diagnostic)

and this is where the Perpetual t3 Diagnostic tool comes in handy. Via 40 questions that can be asked online and some follow-up interviews with key staff to provide additional insight, a clear picture of the culture can be gleaned. The t3 tool uses the data to measure cultural status against 6 Attributes of high performance which relate directly to the workstreams articulated below. As such, it provides a useful 'mirror' to be held up so that senior leaders understand the opportunity areas in clear technicolor and will help direct resources to those attributes that require the most attention.



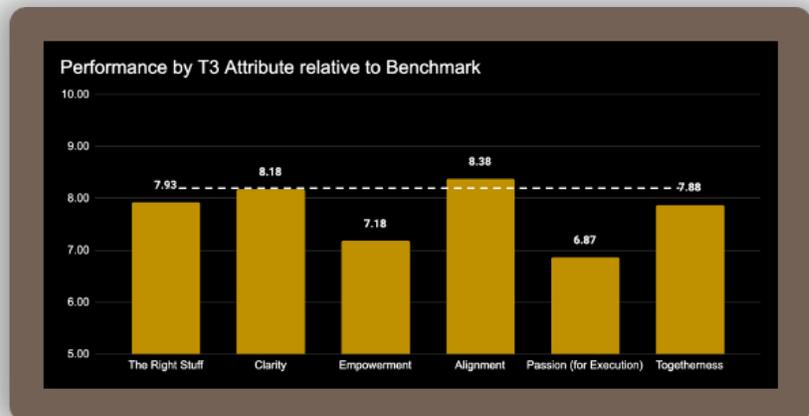
to clearly articulate the need for change and recognizing the need for a whole system approach to the transformation. With these in place what are the next steps to be taken to start the transformation journey?

This is where we can start to get really practical and

It is important to know where the company is right now in regard to its culture of high performance. Every journey begins with a single step, but it has to begin from somewhere. A simple yet powerful survey of the organization will provide a useful snapshot of the current status

Beautifully, the t3 Diagnostic tool can be used again at the end of the initial transformation phase to understand the uptick in performance against each of the attributes, providing useful data on ROI and areas that might need tending to moving forward.

The t3 diagnostic provides a snapshot of organizational health based on the 6 Attributes of High Performance. It is used to identify areas of strength and opportunity for any business and over time can measure the ROI of the transformation program.



2. Personal alignment

It is critical at the start of the process for the Leadership Team to come together, typically at an offsite location with the intention of understanding how they can operate as a

act as derailleurs unless identified and acknowledged early in the process.

Talent analytics is important to understand the personalities of the leadership team and identify the likely friction points that will

also some important discussions to be had during this meeting such as “what is important that we should keep from our old culture vs what should be new (without apology)” and “what do we need to stop doing?”, among others. By taking this



Sample report extract from Predictive Index.

high-performing team with the energy and commitment required to implement change (see our ‘management hack above’). Our experience has shown that 2-3 days is typically the right amount of time for this initial work which focuses on a number of key areas. First, it is important to understand at a deeper level the personalities that make up the leadership team and the use of talent analytics followed by a well facilitated discussion is important here. A diverse mix of personality types will pay dividends because this will represent different points of view and capabilities that will be important throughout the transformation journey. But there will also be ‘blind spots’ and potential friction points that will

arise during the transformation journey. Beyond understanding the personalities on the team – it is also important to know how the team operates under pressure as this typically highlights the areas where improved team behaviors can make an important difference. Again, a well facilitated and experiential program will enable the team to truly come together as one high-performing entity that will immediately begin to role model the right behaviors, setting the tone for the upcoming journey. There are

time to ‘slow down to speed up’ the Leadership Team will immediately begin operating as a high-performing entity to the extent that others in the business notice a difference, personified in the new behaviors, rituals and general cohesiveness of all involved.



3. Clarity around vision and mission

Most leaders accept that having a plan is a distinct advantage over not having one! Some have complex strategies while others are increasingly experimenting with agile planning, where the desired outcome is clearly defined yet the route to achieving it is accepted as being a winding path that may head in directions unforeseen at the time the plan is constructed. Either way, the key is having the plan distilled into a format that can be meaningfully cascaded throughout the enterprise, that employees can rally behind, and where actions can be prioritized to deliver success and bring joy to people's lives as they work to implement it.

There are some fundamental building blocks that are required to enable any strategic intent to come to life. Key is a Vision* that is both time-bound (so that we can measure progress toward achieving it via meaningful KPIs) and inspirational (such that it will drive engagement throughout the company), with a set of strategic initiatives that will bring the overarching strategic intent to life. With a suitable coach/facilitator, Leadership Teams can put such a plan together in a matter of days, not weeks/months, and then spend some time to think of the implications for individual functions before coming back together to refine the plan and get it ready to be communicated.

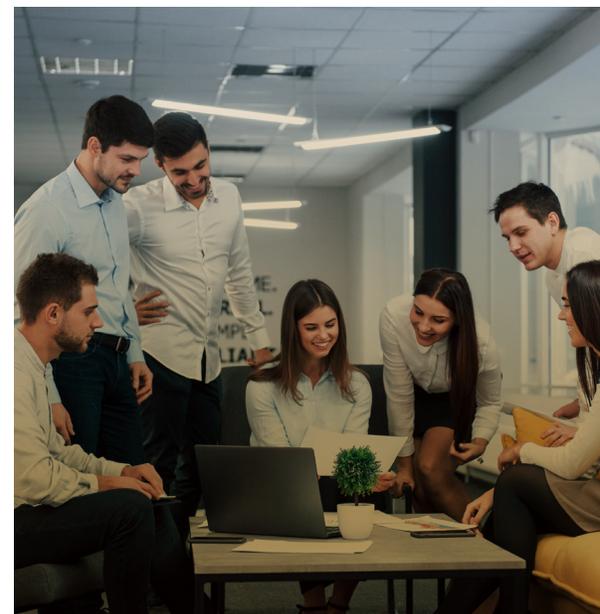
Even if a strategy already exists, it should be revisited to ensure that it is still fit for purpose and that everyone in the leadership team is aligned behind it, particularly if there are new

members of this top team. It should be pressure tested – a war gaming initiative is often useful here – probably including the next tier of leaders in this program so that they become more engaged behind the plan with greater understanding of its contents and where the likely friction points might be in its delivery. This next tier is typically where 'the rubber hits the road' so early involvement in this cohort will pay dividends later.

The successful communication of the strategy is of paramount importance. Historically, there have been many companies with wonderful strategies that gather dust on shelves, while everyone inside the organization went on with what they were doing before. In today's environment, this is a recipe for being disrupted by competitors and becoming obsolete very quickly. Strategy launch conferences are an ideal way to engage teams behind the strategic intent, and well-thought-out agendas for these important events is critical to ensure their success, as they are after all expensive in time and resources to put on. A good conference enables everyone to digest the strategic intent and have time to iterate on their understanding of that via discourse and sensemaking. Done correctly, such meetings have the power to create alignment and engagement behind the strategy and the prospect of an exciting journey ahead for all.

With a clear strategy in place the next area of focus for the Leadership Team should be on Mission – defined here as actionable steps toward the achievement of the Vision. This is typically focused on 'what

needs to get done this year in order to be successful and to bring the strategy to life' which can again something that can be achieved by the top team in a matter of days, not weeks or months. Everyone, including the CEO, must be clear on their immediate priorities for action differentiating between the work-a-day emergencies and BAU initiatives, and the 'big rocks' that need to be lifted to enact the strategic intent. Skills and processes learned from the military are useful in this area and our work with executive teams and beyond has shown the power in each leader having their own annual agile Mission Plan aligned to the strategic intent for the business. On one level this ensures personal clarity around priorities and equally important perhaps this enables conversations around potential friction points, e.g. with a renewed focus on innovation – what will be impact be between supply chain, the marketing innovation team and sales and how can the requisite alignment be achieved to ameliorate this?



4. Mission Alignment

Beyond the excitement of the strategy launch conference, the devil is truly in the detail in regard to gaining true alignment behind the overarching intent and the near-term priorities that will bring it to life. This is where an implementation partner will truly get into the trenches with every part of the business to ensure that alignment is being achieved and that everyone understands what is expected of them and how they are contributing to the desired business outcomes. This is called a Mission Cascade. Each person should have their own Mission Plan that includes 3-5 agreed priorities for action and associated KPIs that will measure their performance against achieving them. Equally as powerful here are the conversations that take place at every level, internalizing the strategy, discussing the friction points and identifying new relationships that need to be formed outside of traditional silos that will enable success. History has shown repeatedly that this methodology is both highly motivating and empowering for those involved.

Modern technology enables all of these plans to be captured and through simple color-coding techniques enables leaders of the business to have clear line of sight of how strategic initiatives are being brought to life throughout the enterprise and vice-versa, employees on the front lines of the business can see how their efforts are tied directly to the goals of the CEO. Importantly these initiatives are kept alive through regular check-in meetings where everyone gets to lift their heads out of the day-to-day work to understand where progress (or not) has been

made against the strategic initiatives, to recommit and reenergize. This is one of the ways that the new culture is kept alive beyond the initial excitement of the kick-off phase.

5. Alignment behind purpose and values

Increasingly, workers are making employment choices based on the values and purpose of any given company and the extent to which that is alive throughout the business and via its interactions with external stakeholders. It is therefore increasingly important to make connections to both the hearts and minds of employees and this is an important factor in the transformation journey.

The aim here therefore is to inculcate the espoused values and behaviors of the organization into the executive team and employee population. Apart from the informational content, the program should give participants the opportunity to explore their own purpose and values and make connections between what they hold dear to that of the company as a whole. There are many interesting and practical ways to bring the values of a company to life, such as values recognition rewards, using company values to structure meetings or presentations and peer appreciation programs – all of which will help to enshrine the values as a living and breathing part of the new culture.

It is critical here to also double-down on the high performing team rituals that have been established by the leadership team and there are several important audiences that will enable this. The Extended Leadership Team are an



obvious choice for investment in developing these high performing team behaviors and a cohort of 'Champions' drawn from across the enterprise is also a concept that has proven validity. These Champions should be the natural influencers (not necessarily the staff holding the leadership positions) who can personify the cultural change, demonstrate the required rituals and become proficient in leading Mission Check-In meetings, as examples. The aim is to get to a tipping point where enough individuals see the benefits of aligning with the new culture such that those remaining naturally join the process, not least because do not want to be left behind. Damon Centola PhD, author of *How Behavior Spreads*, identified a 25% threshold for a transformational change in culture to occur in any group setting, based on his practical studies in this area. Therefore, focusing effort on the most important influencers and enabling them to lead the cultural transformation will pay early dividends in the change initiative.



6. Structural alignment

There is a sound adage that 'strategy drives structure' and it is important to understand where changes need to be made not only in the structure of the organization but in the processes and procedures that are already deeply embedded in the existing culture. Getting this wrong will be a serious inhibitor to a successful outcome and there will be significant inertia here to making the required changes. In such cases the top tiers of the business will believe that the transformation is going well while the remainder of the business will continue to operate as they always have, and friction will inevitably ensue.

The start of a transformation journey is a unique opportunity to consider what needs to be done differently in order to enable the strategy – and this may involve everything from a new organizational structure to new software or compensation plans that match the required

behaviors. It is also important to note that the stated values of the organization should be reflected in these areas – for example, if Collaboration is a stated value for the company then collaborative software might be needed (Microsoft Teams, Slack, etc), silos should be broken down via cross-functional work teams and compensation plans adjusted to reward those who exhibit the right behaviors. When all of these elements begin to come together then the transformation process will truly gain momentum and become sustainable over time.

Who can help?

It is unlikely that a leadership team, however proficient, will have the necessary skills or bandwidth to implement a successful cultural transformation program alone. As discussed earlier, they need to lead the initiative but will likely need to engage a partner specialized and experienced in the areas outlined above.

A talent advisory firm such as Perpetual have concentrated in this area recognizing that it sits at the intersection of client need and in-house expertise. By leveraging capabilities in talent acquisition, talent development and talent analytics, the Perpetual team is able to (almost uniquely) provide a holistic solution to delivering a successful transformation program. In house organizational psychologists, transformation specialists, recruiters and project managers combine to present a one-stop shop for executives looking to engage an impact-driven partner. Importantly a good partner will also be experienced in working with Leadership Teams, supporting and challenging them in equal measure based on hard-earned lessons from previous engagements. They should also know that this will be sustained endeavor and therefore seize the opportunity to have fun along the way, at the appropriate moments.

There are some key elements highlighted above that are important to ensure a successful outcome, yet every transformation journey will be unique and designed based upon the exact needs of the company involved. The Perpetual People-Driven High-Performance transformation model shown below includes all of the critical elements that will deliver a sustained uptick in team and business performance at the same time being adaptable and sensitive to the scope and scale of each client situation. Implementation will typically be a blend of high impact workshops, initially to gather data and establish the key high-level decisions that will drive the remainder

of the program – followed by workstreams that will deliver the required outcomes throughout the enterprise.

The perpetual People-Driven High-Performance transformation model has the structure and the flexibility to deliver highly impactful programs that will accelerate team and business performance in any enterprise.

At the next level, a detailed plan is useful for the program implementation such that all of the components can be scheduled and synchronized to achieve the desired outcomes. This plan, well communicated, will provide assurance to the

whole organization that the journey will be implemented in a timely manner and with the desired level of quality. Certified project management professionals with qualifications such as MSP (Managing Successful Programs) will be best placed to ensure that the entire initiative is well managed – typically via a project Management Office (PMO) established for this purpose. The PMO enables the leadership team to maintain a firm hand on the tiller knowing that resources are being effectively and efficiently allocated whilst providing a structure that can flex as the transformation journey unfolds.



In Summary

A successful cultural transformation will create a legacy for a leader and his/her team that will reap rewards long beyond their tenure. The benefits of such a journey include accelerated business performance as well as improved engagement, retention and the opportunity to recruit the best talent in an increasingly competitive market. It also represents a unique opportunity for a chief executive

to establish his/her mark on the organization unlocking value to shareholders and stakeholders in the broader environment.

Some theory and implementation headlines have been highlighted in this paper based on a 'whole system' approach, accepting that every company is in a different part of the journey toward achieving a high-performance culture. A good talent advisory partner will be able to advise leadership teams on what it

will take to achieve the cultural transformation they desire and support them across the full range of strategic, operational and tactical elements that will build a sustainable, impactful and vibrant culture.

If you would like to explore more on this subject, we would love the opportunity to hear your story and share our ongoing experiences and insights in this important field.

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