# ESR
## Executive Search Review

## Shaping Company Culture from the Top Down and Bottom Up



Culture is hardly a new concept. Well before the rise of various models and frameworks to evaluate organizational culture, companies recognized the risk of hiring a cultural mismatch — such as the lone wolf in a company who doesn't value collaboration. New employees, especially leaders, who clash with an existing culture are often ineffective, and are likely to quickly depart for a friendlier environment. "Toxic cultures have been shown to predict undesired turnover 10 times as powerfully as employee attitudes about compensation," said Maryanne Wanca-Thibault, partner, **DHR Global Leadership Consulting**. She points to Donald Sull and his son Charlie Sull who analyzed a dataset of over a million Glassdoor employee reviews to understand the most powerful drivers of culture. They isolated five traits that predict most strongly whether a culture is toxic: disrespectful, non-inclusive, unethical, cutthroat, and abusive. "If any of these themes show up in your employee feedback, you know you need to take action," said Dr. Wanca-Thibault.

"There is no question that remote work has transformed many corporate cultures, often in unexpected ways," said Jonathan Hoyt, partner, DHR Global Leadership Consulting. "During the pandemic, managers needed to find new ways to connect with and build trust with employees. If they didn't, turnover was often the result."

While it's possible for culture change to be organic and bottom-up, the fastest and most effective way to bring about a culture change is from the top, according to Mr. Hoyt. "The CEO has a central role to play in defining and shaping a company's culture," he said. "By embracing and excelling at that role, CEOs take possession of one of the most important levers for growth and value creation."

Cultural transformation requires a clear vision, ownership from leaders, and discipline to bring new habits and behaviors to life to reinforce the culture changes, according to Lisa Chang, global chief people officer for **The Coca-Cola Co.** "Articulating a clear vision for what the organization wants to achieve is a strong starting point for cultural transformation," she said. "Coca-Cola's vision is anchored in our purpose, to refresh the world and make a difference. Pairing a clear north star with transparent communication is a great formula for transforming culture and getting buy-in and alignment from leaders and employees alike."

Ms. Chang says that leaders must also be role models for the transformation and that HR is only part of the equation. HR's primary role is to help shepherd the change—however, HR does not exclusively "own" it. "Culture must be owned by leaders and employees," she said. "At The Coca-Cola Co., we expect leaders to live and role model specific behaviors, which we have identified and outlined as characteristics that we want to be part of our culture. Employees observe what their leaders say and do. If leaders are saying one thing and doing another, employees will follow their actions not words, and instead adopt the behaviors that are consistently rewarded."

### BY THE NUMBERS
### Linking Talent to Growth

On a scale of **1-10**, corporate respondents answered an **8.3** in terms of how important talent is to a company's ability to effectively grow.

Source:  Hunt Scanlon Media

A strong culture not only helps drive growth, but also attracts great diverse talent – even in areas where talent is difficult to find. "At The Coca-Cola Co., a strong and successful culture means our people are inspired and enabled to pursue our purpose and strategy," said Ms. Chang. "They feel enlivened by their work, supported to be their best, and encouraged to grow both inside and outside of work. It means the organization is inclusive, agile, and open to discovering new opportunities for growth."

### Effort, Practice, and Consistency

Ms. Chang also notes that maintaining a strong culture requires effort, practice, and consistency. "A strong culture also requires constant vigilance and transparent communication," she said. "Communication is one of the most critical aspects of maintaining a strong company culture. Communication

must be precise, frequent, and transparent and take place at all levels across the organization. A strong company culture must be embedded throughout the employee lifecycle. From how we on-board new hires, develop our talent, and help people grow, to how we evaluate and monitor progress, each employee touchpoint helps reinforce company culture. Finally, having a clear vision, ownership from leaders, and embedded leadership behaviors that are used to identify and promote leaders is critically important."

"An organization's culture needs constant care and thoughtful attention to sustain and shape it," said Burt Rea leader of **Deloitte Consulting's U.S**. culture transformation offering. "Unattended, culture can drift, or become compromised by the shifting demands of the market, undue internal pressures, or other impacts to the values, beliefs, and behaviors that personify culture. Pressure to reduce costs, for example, can lead to shortcuts that undermine culture if leadership does not properly set context and strike the right balance for cost controls within the broader context of the organization's culture and values."

**Elements of Culture**

"The need to transform culture can arise with the elements of culture – our beliefs, values, behaviors – get out of balance, become too far misaligned, drift, become outdated, or no longer serve to achieve the strategy of the organization," said Kate Morican, national leader of organization transformation at Deloitte. "Leaders must take charge of this dynamic if the culture has become ineffective, ignored, inconsistent, or irrelevant. Transforming culture is a journey of both listening and leading, of sensing what the market and your customers value, and what your workforce needs in order to thrive. When operations, strategy, purpose, and culture become disconnected or misaligned, a reset is required – potentially including a transformation of your culture."

A strong positive culture provides clarity and guidance to the organization for aligned purpose and focused energy and efforts, according to Mr. Rea. "Knowing the beliefs, values, and behaviors we all aspire to is a powerful and unifying alignment mechanism for an organization," he said. "A strong positive culture helps guide decision making and the prioritization of work, as well as sets stage for high levels of workforce engagement and employee satisfaction. These in turn have been correlated to higher levels of customer satisfaction, greater revenue and earnings growth, higher employee retention and ability to attract talent, and reduced risk and compliance issues."

Ms. Morican also notes that teams come together faster with a strong organizational culture as their foundation. "Organizational silos are less of a barrier to end-to-end process execution when the shared culture is strong," she said. "Employees are more likely to take initiative, expend discretionary effort, and strive to delight customers/clients with a strong organizational culture guiding them and the high levels of engagement and satisfaction buoying their motivation to exceed expectations. Making the investment to build and sustain a strong positive culture returns value to the team many times over."

According to Darcie Murray, SVP and head of the Americas of **Mercuri Urval (MU)**, "promoting a culture of acceptance and appreciation has a powerful impact when various groups are pulled together with different ideas and varying perspectives, the end result is a better outcome and a better company."

In 2022, McKinsey found that ethnically diverse organizations are 36 percent more likely to outperform companies that are less diverse. "Consistently, studies have shown that companies who prioritize DEI and embed it into the fabric of their strategy and business, are more profitable and have healthier corporate cultures," Ms. Murray said. "Adapting an effective DEI strategy, encouraging allyship, creating ERGs, today is imperative for companies to grow and stay competitive."

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**Latest Findings**

**Five Things to Consider When Considering Company Culture**

**1.** Are we thinking of culture as a magic wand?

**2.** Do we really understand our current culture?

**3.** What is the impact that our culture is having?

**4.** What should our culture be like?

**5.** What does cultural transformation entail?        Source: Spencer Stuart

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Ms. Murray also says that its not easy to build a diverse culture. Many companies look at this and think where to begin, and it's a good question," she said. "Starting at any point is a step, but a clear path to building a diverse culture starts with hiring. From this perspective, the only basis for an employment decision is a factful match between an individual´s competencies – what they bring to work – and the requirements of the role, context and organization results needed."

**Creating Success in the Workplace**

Mercuri Urval's advice to clients, candidates and its own employees is therefore based on this founding principle. "Research and insight into what makes people successful in the workplace, has concluded that success at work can be increased through ensuring people decisions are made using a science-based, precisely tailored, quality assured and ethical way of working," Ms. Murray said. "And success at work requires diverse and sustainably effective leaders and teams."

Ms. Murray also notes that a poor cultural fit is equitable to a failed leadership appointment. Alarmingly, widely cited research confirms 50 percent of leaders fail soon after appointment. But at what cost? "There are always a multitude of reasons why an employee does not work out or does not fit, but often it is directly connected to not being a good cultural fit," she said. "If this is a repetitive issue for a company, they might need to step back and look at their DEI strategy, evaluate their culture through the help of external partners or conducting internal health checks, and certainly to assess their hiring practices.  It is increasingly a challenge to fix a poor cultural fit, as it requires a reflective diagnostic to understand effectively both sides of why there is not a fit."

"The risks of a poor cultural fit are high and can penetrate deep and wide across an organization, they are both

explicit and implicit, and can result in decreased morale, negative work atmosphere, and motivation; decreases in productivity; financial loss; culture disruption; time spent on recruitment and onboarding; impact to customers," Ms. Murray said.

Recruiters must be able to independently judge the various cultures at play in the work world in general and within each client's organization, says Seth Cohen, managing partner, at **Eleven Canterbury**. "Understanding the nuances of a client's positive and negative employment culture is critical to determining its employment brand and how to match the best candidates for each job opportunity," he said. "That effort involves more than perusing a client's career site and marketing materials. Speaking to executives and direct reports about the organization's purpose, mission, and values is essential.

*"The most effective way to bring about culture change is from the top."*

An organization's culture must be driven from the top of the house, according to Mr. Cohen. "The board, CEO, and executive team are the leaders responsible for establishing the values, purpose, and mission that will ignite an organization's culture and ensure accountability to achieve the desired result," he said. "The key to a successful organization is to have a culture based on a strongly held and widely shared set of beliefs supported by strategy and structure. Leadership heavily influences company culture. Leaders should reinforce organizational values by helping their people grow and develop through goal setting, opportunities, and recognition. The most common business objectives for implementing employee recognition programs include improving employee productivity, quality of work, customer satisfaction, employee safety, and sales."

Conversely, Mr. Cohen notes that an ineffective culture will bring down the organization and its leadership. "Disengaged employees, high turnover, poor customer relations, and lower profits are just a few of the negative impacts a weak culture will have on a company's bottom line," he said. "To maintain a strong corporate culture, leaders must have the proper tools to monitor and assess its culture before developing programs and strategies to support and strengthen its core purpose and values."

"Leaders should approach culture management by understanding the common traits found in all businesses, along with the various nuances and outliers that may exist within the divisions," Mr. Cohen said. "Outliers provide observations that appear to deviate markedly from other observations in the sample. This helps guide leaders to see what the norm is and determine if the outliers indicate bad data or if something more relevant is happening within the organization."

To begin, Mr. Cohen explains that a company must develop a culture assessment instrument that attempts to analyze both the implied and expressed attitudes and beliefs held by the organization. "With these assessment tools, leaders can define the organization's expectations, philosophies,

experiences, values, and mission that set the stage for individual behavior," he said. "A culture assessment should be administered at least annually. Following the assessment, analyze and communicate the key findings company-wide. Conduct employee focus groups and discuss culture until a consensus forms around all key issues. Cultural assessments, and other activities, including cultural audits and 360-degree feedback, may also help uncover cultural inconsistencies that need to be eliminated."

## M&A's Effect on Culture

"The success of a merger or acquisition is often a function of how well the two organizational cultures are integrated," said Mr. Cohen. "Any time two organizations merge, there are bound to be cultural conflicts that need to be reconciled. Cultural integration must be managed and not left for people to work out on their own. Cultural due diligence in M&A must identify the cultural differences between the acquirer and seller. Mission-critical areas such as communication, decision-making, and performance management should be evaluated."

> *"Because culture and financial performance are intertwined, we pay special attention when we see a possible mismatch between a job candidate and a client – even between merger partners – having to do with differing viewpoints on financial risk tolerance and how they view the tradeoffs"*

It is important to recognize that company culture is not a goal you achieve, it's a deliberate, proactive process that must be designed, measured, and adjusted, says Sasha Jensen, founder and CEO of **Jensen Partners**. "Recruiters that wish to gain deeper insights into their clients' culture should first examine how the client approaches other key business objectives," she said. "Do they take a data-driven approach? Do they prioritize transparency and accountability? Do they seek collaboration and inclusion? Understanding how the client approaches other business objectives can inform how to engineer a culture of success." Ms. Jenson notes that once that mind shift is achieved, "recruiters can provide value by aligning qualitative factors with quantitative datasets to establish benchmarks and create actionable steps toward better company culture."

Global research shows that prioritizing diversity and creating an inclusive culture improves business performance and overall revenue growth. When companies build a diverse leadership team, workforce, and inclusive culture, they better position themselves to innovate, attract talent, reach customers, and increase productivity.

So, who should drive an organization's culture? When culture initiatives are led by executives who run other business units, they send the signal that culture is one of several objectives, and presumably a less important one, according to Ms. Jensen. "When organized within the human resources department, they send the

signal that culture is a human capital objective, not a core business objective," she said. "In fact, we've measured this with regard to the question of who should drive DEI initiatives, and found a consistent correlation between HR-led diversity committees and underperformance relative to peers on key DEI metrics, because HR-led DEI programs make DEI a nice to have, when success requires it be a core business objective."

"Once the mind shift is achieved, the most effective practice is to assign accountability to an individual or group, preferably at the C-suite, so there is clear delineation of the objective and clear ownership over the firm's progress," she said.

"All else equal, firms that fail to foster a positive company culture will struggle to gain or maintain a competitive advantage," said Ms. Jensen. "Simply put, unhappy, alienated employees are generally less likely to go above and beyond their basic job duties. Hence, improving performance is more about making sure each employee feels valued, and less about establishing a sense of shared values or beliefs."

## Fixing A Bad Culture

Ms. Jensen notes that no firm is ever beyond fixing, and there are several tangible steps firms can take to create a culture of equity and inclusion, including: 1) defining what diversity means to the firm and feeling comfortable with using that as justification for any DEI or culture initiatives, 2) creating mentorship programs for diverse talent that helps entry-level or mid-level professionals feel safe in their work environment and empowered to take risks and develop new skills and 3) ensuring pay equity for diverse employees and fully tracking and disclosing anonymized data on how people are paid at different levels of the organization.

What is the common element that attracts people to the firm and keeps current people engaged and enjoying their work with the firm? According to Bernard Layton, managing director and CEO of **Comhar Partners**: "The structure of the organization has some impact on the culture. If it's family run its seems to be a bit of a paternal or maternalistic sort of looking after people culture," he said. "If it's a big corporate...Amazon famously has a two year and out, Microsoft has the same thing. There is a high turnover rate in the first two years, and then if people survive the first two years, sort of trial by fire approach culturally, then they tend to stay for five to seven years. So, it's really a function of the intent of the leadership to set a certain pacing, or a certain style, or a certain community, so to speak."

"The way to solve this is to ask questions around what holds the team together, what causes people to leave when they interview people, even if they fit all the criteria for the role but they don't appear to fit in," Mr. Layton said. "What are the common elements or links or things that you can speak to that influence those decisions and all of that ultimately speaks to culture. So, it's just heavily influenced by the moment, the industry, the firm structure, the leadership's approach to people, and then ultimately it's more reactive than proactive. Most companies do not think in terms of how to firmly protect the culture. They talk about it, but they don't necessarily act in the same fashion."

### Transforming Corporate Culture and Driving Performance

According to Marty Parker, president and CEO of **Waterstone Human Capital**, leaders should consider the following five drivers of culture transformation to optimize performance.

#### 1. Plan for the Change: Culture by Design

How do you define your culture today? "Knowing your current culture is key before embarking on any kind of transformation," said Mr. Parker. "This starts with an inventory of your organization's values and the culture or behaviors that represent those values. Once you have defined your culture, take a step back and ask if that culture is the right one to support a workplace undergoing enhanced safety and security measures, more remote workers, or even a balance of remote and physically present workers who co-exist."

#### 2. Leadership Competencies and Training

We know that leadership behavior drives culture and that culture drives performance. "Thus, ensuring you have the right leadership behaviors in place for the culture change you envision, and ensuring those behaviors are being measured, is critical to successful culture change," Mr. Parker said.

#### 3. Leadership Measurement and Impact

"We know that what gets measured gets done," said Mr. Parker. "But to ensure we're creating an environment of physical and psychological safety, it's important to look at new measures of performance – leadership's impact being one." He asked: "How can leaders support the development and achievement of their team members? Do team members feel like their leaders enable a culture of higher engagement?"

#### 4. Building a new employee experience

Historically, organizations were developed using a physical environment and an "earn trust" model that featured office hours, face time with your team, and (often) mandatory team-wide meetings held in-person. Mr. Parker said that the internet, high-speed digital networks and telecommuting disrupted that philosophy, but COVID-19 has accelerated the shift to the remote workplace and a "give trust" model.

#### 5. Safety and Personal Wellness

"Tolerance, compassion and understanding individuals' needs and comfort zones will be critical and should be considered core leadership behaviors. Leaders and organizations need to look at safety in the context of a movement towards personal wellness and its impact on performance," said Mr. Parker. "This includes physical, emotional, mental and spiritual health. Ensuring support, benefits, systems, and offerings allow workers the same access to these benefits, no matter their work location, will be a challenge."

"Culture is purpose driven and if people start to behave in a certain way, if the leadership or the ownership behaves in a certain way, that reenforces through their actions, how they recruit, how they attract people, and reenforce it in terms of people that remain with the company. But it has to be spoken, it has to articulated. But then actions have to support what goes on with that," said Mr. Layton. "It even rises to the level of how the company is structured, can the financial moment that they're in support the culture that they're trying to promote? Ultimately, how do they deal with adversity and how is the culture impacted when adverse things affect the company? If it's a strong culture, it will survive adverse moments. If it's a lip service oriented culture, then it tends to fall apart."

"The pandemic impacted company culture in a significant way, with leadership approach playing a key role in shaping the company culture," said Steve Dwyer, SVP of consulting at **Teamalytics**. "Companies with a people-first culture made decisions to support their employees, while those with a declarative approach focused on survival measures. In the long term, companies that have moved out of survival mode and prioritized a people-centered culture are thriving in the talent war. Employees stay in these companies due to their strong relationships with the team and feeling valued, not just for perks. A people-center culture was successful pre-pandemic and is expected to continue being successful in the future."

### Remote Work

Remote work has impacted company culture, leading to a shift towards a desire for flexible work from home options, according to Mr. Dwyer. To maintain a thriving culture, he says organizations must address three main questions: (1) how do we measure productivity, (2) how do we keep people connected to their teams, and (3) how do we care for and connect with people we don't see every day? "This can be done through clear job descriptions and expectations, intentional team meetings, a hybrid schedule, and intentional check-ins, one-to-ones, and communication," Mr. Dwyer said. "The concept of intentionality is key in ensuring a successful transition to a work from home culture."

"A strong company culture is created by the behavior encouraged, modeled, tolerated, and rewarded by leaders," said Mr. Dwyer. "The real culture of a company can be different from what is written in core values or advertised in recruitment materials. For example, Enron had a core value of integrity but senior executives' behavior showed otherwise. On the other hand, Southwest Airlines has maintained a positive company culture and regularly receives many job applications for a limited number of positions. A strong company culture can affect employee performance, retention, and perception. Therefore, it is crucial for leaders to be intentional in creating the right type of company culture."

Beyond the standard practice of conducting focus groups and interviews, recruiters should always look at Glassdoor reviews, financial reports, audits, newsletters, and anything that's not solely driven by people in leadership, according to Allison Fuller, managing partner at **Envision Consulting**. "By assessing a breadth of viewpoints, such as from staff, volunteers, partner organizations, funders, and other collaborators, a recruiter can get a much more accurate picture of workplace culture than if they were to speak only to a hiring manager," she said. "What workplace culture is at an organization is not always the same as what leaders want the culture to be. To learn more about a client's culture, we like to ask questions like what makes people proud to work there, what they're most excited about achieving in the next year, how individuals are recognized, and how the organization celebrates successes."

As recruiters, Ms. Fuller says that "we want to see if people's everyday experiences with the organization are aligning with the brand of the organization. More

specifically, we want to see whether people are experiencing the stated core values, commitment to DEI, attitudes, and expectations described in external messaging."

**Culture at Non-Profits**

"Whereas for-profits would measure profitability, our clients in the non-profit sector measure program delivery and impact," Ms. Fuller said. "In terms of financial performance, a non-profit organization's culture can largely be reflective of their revenue sources. Organizations that rely almost solely on funders that require a great deal of compliance can become less risk-tolerant in all aspects of business operations. The opposite can also be true. An organization's culture can drive their revenue composition. Those that have a strong culture of innovating and exploring new opportunities are going to have a greater appetite for risk, seeking out less restrictive and regulated funding sources, though this can lead to uneven financial performance."

*"A strong company culture can affect employee performance, retention, and perception. Therefore, it is crucial for leaders to be intentional in creating the right type of company culture."*

"Neither culture is right or wrong, but a good balance can usually be found by looking at the 990s of organizations," said Ms. Fuller. "Studying the peaks and valleys of financial performance year over year can show how organizations identify culturally in terms of risk. Because culture and financial performance are intertwined, we pay special attention when we see a possible mismatch between a job candidate and a client – even between merger partners – having to do with differing viewpoints on financial risk tolerance and how they view the tradeoffs."

According to Ms. Fuller, the board and CEO should drive an organization's culture, but know that external factors like revenue sources can have a strong influence as well. "Leadership should make a conscious effort to reflect with its employees on why its culture is the way it is, so that there is a shared understanding of the organization's cultural roots and evolution," she said. "The board and CEO should also be transparent with employees about decision-making, sharing how decisions align with mission and core values."

When organizations tack on DEI as a limited-term campaign, it will never truly infuse into the organization and ensure representation and buy-in needed to generate real results, according to Ms. Fuller. "Integrating DEI into the core philosophy and values is just the first step," she explains. "It also includes doing less sexy things like evaluating current pay structures, collecting board race data, having a clear plan for DEI board and staff recruiting, holding regular DEI trainings, collecting client race data, conducting a full organization DEI survey, having a DEI hiring policy, ensuring DEI is in the budget,

and providing a forum for DEI committees and affinity groups." In Envision Consulting's *2022 Equitable Non-Profit Workplace Report*, non-profit employee survey respondents that agreed their organization had a strong investment in DEI also agreed that their organization has a strong advancement culture and is a great place to work. "In other words, organizational diversity and inclusion are intertwined: Employees are more likely to feel valued and included, and more likely to feel positive about their workplace, in organizations that are more racially diverse and that have a greater tangible investment in DEI," said Ms. Fuller.

According to Ms. Murray at Mercuri Urval, promoting a culture of acceptance and appreciation has a powerful impact when various groups are pulled together with different ideas and varying perspectives, "the end result is a better outcome and a better company."

In 2022, McKinsey did a study and found that ethnically diverse organizations are 36 percent more likely to outperform companies that are less diverse. "Consistently, studies have shown that companies who prioritize DEI and embed it into the fabric of their strategy and business, are more profitable and have healthier corporate cultures," Ms. Murray said. "Adapting an effective DEI strategy, encouraging allyship, creating ERGs, today is imperative for companies to grow and stay competitive."

**Understanding A Client's Culture**

As a recruiter, understanding a client's culture is a critical component of the hiring process, according to said Nat Schiffer, managing director at **The Christopher Group**. "A company's culture can impact the success of a new hire, so it is important for recruiters to understand and assess the culture before making a placement," he said. "First and foremost, recruiters should take the time to learn about the company's values, mission, and goals. This can be done by reviewing the company's website, social media, and other marketing materials. Additionally, speaking with current employees and researching online reviews can provide valuable insights into the company culture."

"Another way to better understand a client's culture is by visiting the company's physical location, if possible," Mr. Schiffer said. "This can provide valuable insights into the working environment, the office culture, and the overall atmosphere. Recruiters should also consider the company's management and leadership style. This can have a significant impact on the company culture, so it is important to understand the management philosophy and the leadership approach."

It is also critical for recruiters to understand the company's work environment, including the schedule, hours, and work-life balance, according to Mr. Schiffer. "This can impact the overall company culture and the satisfaction of employees, so it is important for recruiters to assess this before making a placement," he said. "Finally, recruiters should take the time to understand the company's benefits and compensation packages. This can provide valuable insights into the company's priorities and the level of support provided to employees."

## SPOTLIGHT

# The Benefits of a Strong Company Culture

*Deb Taft is CEO of **Lindauer**. She has over 25 years of executive and senior-level experience across the non-profit sector, from education to healthcare/academic medicine to the youth service and voluntary sectors. Her expertise includes governance, strategic planning, fundraising, program and staff management, strategic marketing, analytics, and constituent engagement, as well as talent recruitment, retention, and development. Ms. Taft recently sat down with **Hunt Scanlon Media** to discuss the benefits of a strong company culture and how organizations can go about achieving it.*

**Deb, what are the benefits of a strong culture?**

The concept of "strong culture" is tricky. Organizations with strong cultures typically attract and retain those who affirm or further their culture. That strong culture can be inclusive or exclusive, built on years of leadership and founding community norms. The advantage of strong cultures is that they attract those who are pulled to the norms they perceive. That reinforces the norms themselves, extends and expands the believers. That's not a bad thing – and championing the normative culture is used very successfully in organizations around the world to attract, retain, rally community, build business, attract donors, and more. But perceived cultures may not stand the test of time with shifting demographic or regional shifts. Some of the greatest brands of the last century had to reinvent not just the perception of the cultures and missions, but the reality of their cultures and missions, or risk weakening business, support, and impact. This is where strong culture – often known as traditions – runs into forward progress. So "strong culture" can be a positive for a workforce, as long as leaders are paying close attention to market and employee realities, and moving forward in time.

**In what ways did the pandemic affect culture?**

I am hearing a lot of hand-wringing about the erosion of workplace culture in the pandemic, and I am not sure there's enough self- and institutional-reflection going on. My immediate thought is "whose culture was negatively affected?" Many individuals were already not buying what our workplaces were selling pre-pandemic. Professionals were opting out, going into business on their own, becoming independent contractors, or staying but diminishing their own workplace engagement in the face of systemic structures that excluded them. Several studies on women and individuals of diverse lived experience were particularly telling, along with Gallup's annual workplace data about younger workers. So yes, the pandemic created a sea-change for workplaces that were fairly traditional, but the transformation was already underway and accelerating. We now see a difference in those managers who already knew how or have learned to manage more flexible workforces vs. those who want to revert to pre-pandemic approaches. Leading managers are arranging work modes and management styles to suit the work at hand – tasks best done in remote locations; bringing people together for ideation and creation; leaning into management, mentoring, and development vs. assuming old hallway conversations were sufficient; and understanding that productive bonding and work behaviors can be generated in new ways and were not necessarily well-fostered at the old water cooler.

**Who should drive an organization's culture?**

There are those who believe that culture cannot be made, but simply exists and might be "slightly modified." I'm not one of those leaders, as my life's work has been in transforming and modernizing organizations and industries. We at Lindauer bear witness to culture every day in our searches, whether static, shifting, or momentously transforming over years. Look at how fast a great organization's culture can crumble under the wrong leader. So I know that positive shifts and even transformations can be created. Culture is set at the top, at the most senior level. But it's actively driven across and through organizations, and that's what many executive leaders fail to recognize. We encounter many mid-managers who convey in a search intake, for instance, "My boss believes in diversity, so of course we want a diverse pool, but just bring me the best talent you can find." I am not going to unpack all the elements of that statement in this brief response, but what strikes me is that the mid-level manager has not been developed to understand the purpose, meaning, systemic realities, and operational underpinnings of diversity in ways that engender their own commitment to diversity. I used to know that culture was shifting when I would hear the core messages of the desired culture coming back to me from team members across and through the organization "in their own words." The new cultural norms were taking root, owned and championed not just by me, but by colleagues who were carrying the torch forward on their own.

**What is DEI's place in an organization's culture?**

Inclusion, diversity, and equity are absolutely vital in an organization's culture. We know the thunderous data on impact and outcomes. Cultures that create belonging are better for every employee, not just those who are – or may look or seem – diverse. Creating cultures of belonging increases retention, employee engagement, work performance, and business outcomes. And the march of changing U.S. and global demographics continues. Will organizations ignore the demographics of their members, communities, and customers, and risk their own extinction? But 2023 is bringing concern on the culture front, a centrifugal pull back to old ways of work and workforce management. We at Lindauer saw strong leadership commitment to inclusion and diversity in 2020 and 2021 begin to erode in 2022. Professionals of diverse lived experience who joined organizations in the past few years are heading for the door, unwilling to accept performative behaviors, stalled progress, and undelivered EDI promises. Leading organizations, however – many who shared impressive data and practices at Hunt Scanlon's annual culture conference this year – are continuing to follow the data and do the work.

## SPOTLIGHT

# Driving Cultural Transformation

*Carolyn Taylor is chair of **Walking the Talk**, a consulting and advisory firm focused on culture transformation. The company specializes in enhancing performance results by aligning culture with strategy. Since the company was established 11 years ago, culture has landed firmly on the agenda of most executive teams and boards of directors. As pioneers in this field, understanding the impact culture has on growth, performance, and reputation, Walking the Talk has grown to become the largest consulting firm solely focused on the culture agenda. The firm operates globally and has supported clients on dozens of engagements, which can last anywhere from a few months to a few years.*

*Ms. Taylor recently sat down with **Hunt Scanlon Media** to discuss how corporate culture has evolved and helps drive results.*

**Can you provide the big picture right now for culture today?**

I think that culture has picked up as a management topic, I would say in the last 10 year but really, even five years where really now every organization recognizes that they have to do something. "It used to be more about the vision of what we can build if we have the right culture. What's now been layered in, in the last 10 years or so, is what are the risks, reputational, financial, etc., that happen if we don't. So now, we're looking at both of those. The big picture is that almost every board and senior executive now know that this matters. But the speed with which people have realized that means that many actually don't necessarily have the skills, the knowhow, to know how to go about it, then ensuring No. 1, that they have the culture that they need; No. 2, that they know how to measure whether they've got that; No. 3, that they can tie it to the business benefits that it will deliver, or the risks that it will overcome; and then No. 4, the actual execution of how you go about it. And remember the definition we give with culture, which is the patterns of behavior that are encouraged and discouraged, tolerated and not tolerated, in an organization over a period of time. It's not about whether people are happy or not.

**Is it tough going in and evaluating culture?**

We have a very rigorous and satisfactory process for assessing culture, which we actually do primarily qualitatively. There's a difference between understanding culture, assessing it, diagnosing it if you like, and then measuring it. Measurement is done very effectively with quantitative tools. But understanding it is much better done with a qualitative methodology. And we have a method that we've spent 10 years building, where we actually get to not only what are the common patterns of behavior in any size of an organization. It's true in an organization of 100,000, or one of a thousand. And what are the underlying mindsets and beliefs that people have that cause people to behave that way? So what is the root cause? The question we have to answer is how are people behaving as a norm. what is the norm? And why are they behaving that way, because unless you get the second one, it's very difficult

to then put in place a change. So the method that we use, which is focus group based, extraordinarily doesn't require as many focus groups as you might think, because the patterns are so strongly embedded usually across the whole organization—the patterns of behavior that lead to bureaucracy, the patterns of behavior that lead to people not speaking up, or not taking opportunities, or not taking accountability, or not working collaboratively.

**Do companies struggling to create a good culture need a mindset change?**

That's absolutely what you need. And if you don't change the mindset, you will not change the pattern of behavior. It is a tough thing to do, but that is the task of changing culture. Now, what is working in all of our favor is that we all as human beings want to fit in to the communities in which we're a member. So the reason that cultures get formed is because people look around and they look—and we have a whole method for showing leaders how to do this, we call it 'behaviors, symbols and systems,' they look around at the messages that they are receiving about how to fit in, and they say, 'Okay, I want to fit in.' Then if they can, they will then adapt their behavior because the mindset is I want to fit. And then there are techniques you can then use about how you change the mindsets of large numbers of people.

**How does Walking the Talk help with this?**

We use techniques that are associated with the tipping point theory. As an example, you take organizations that are becoming more agile, which is common. Many organizations are trying to put in agile methodologies. Well, we've developed a whole way of looking at what are the core mindsets that you need to implement an agile culture. If you then know what those are, you can then go out and test for finding people who are particularly strong on that. And we're just launching a leadership assessment tool, which measures people's contribution to the culture you're trying to build, and would measure, for example, what are the four fundamental mindsets that I need for agility? What are the fundamental preferences that people have if they're going to be good at leading an accountable culture or leading a one team culture where you've got strong collaboration? So it's not easy to do.

**How did the pandemic change culture? Is it more difficult to build a strong culture today?**

Yes, I think it has. What's come out of it at the end has. One of the reasons that culture works is that people pick up messages from each other about how to behave. Instead of physically being together suddenly I am at the end of this phone call or this Zoom call or this Teams call and I don't feel as emotionally attached to my colleagues. On the positive side, many people have stepped up and done extraordinary work, working remotely, which perhaps nobody would have ever believed they would have been able to do. So there are some positive that have come out of that in terms of new patterns of behaviors that we didn't realize that we had.

## Managing Corporate Culture Now Means Managing Great Expectations

How work is organized within companies and how employees view their jobs and their relationships to companies is changing. COVID-19 combined with trends that were already taking shape have had a significant impact on employment, recruitment, and retention.

"Employees expect their organizations to share their personal values and sense of social responsibility for the community and environment, and the institution should still delight its customers and make a profit," said Daniel P. Forrester, founder and chairman of **THRUUE**. "Employees, especially younger generations, believe that every type of organization can right social wrongs and drive systemic change, whether by creating a fairer and more equitable workplace, by ensuring a safer community for all races and religions, or by confronting climate change through multiyear commitments to reducing the firm's carbon footprint. The collapse of faith in government as the key agent of social change, well documented by Edleman's annual trust barometer, has created a significant void—86 percent of employees expect their CEO to speak out publicly on societal issues. CEOs now need to be transformational leaders and social activists."

### The Debate is Over

Other social upheavals have shaped new workplace expectations, such as Black Lives Matter, the nationwide protests in response to the death of George Floyd, the ongoing #MeToo movement, and public discussions about sexual harassment. A commitment to environmental, social and governance standards, with requisite transparency and accountability measures, has also become increasingly important to the investment community. For example, according to one consulting firm, companies that have publicly committed themselves to achieving net-zero carbon emissions more than tripled assets under management from the last quarter of 2020 to the first quarter of 2021, from $9 trillion to $32 trillion. It appears that CEOs are now expected to ensure their organizations capture these metrics and know how best to deliver these results.

"The debate over remote work, which so many firms had previously struggled to address, is over," said Mitchell B. Reiss, an international consultant specializing in geopolitical risk, institutional turnarounds, and non-profit leadership. "Habits and norms established over half a century, including commuting, business travel, onboarding, all-hands meetings, coaching, mentoring and routine management, were reimagined, rewritten, or erased in weeks. Now CEOs will have to manage the tension between coming into the office and addressing employees' myriad health and safety concerns as well as acknowledging a preference by many for remote work."

"Additionally, voices calling for prioritizing employee safety — including mental health—over profits, have gotten louder and forced firms to respond by offering workplace benefits that promote flexibility and personal days that do not count against vacation time," Mr. Forrester said. "Companies have met greater demands for diversity, equity, and inclusion by institution-    *(cont'd. to page 10)*

alizing new positions in human resources and in the C-suite. Firms that have only paid lip service to respecting employees' work–life balance risk devastating reviews on Glassdoor, Facebook, and LinkedIn; costly employee churn; damaged brands; and greater obstacles to hiring new talent."

"Prospective employees are increasingly selecting firms on what the organization stands for," said Mr. Reiss. For many people, finding an employer who matches their values is a higher priority than financial reward. "Employees have taken to heart the Business Roundtable statement that the purpose of the corporation was not simply to deliver shareholder value but to deliver value to all its stakeholders, including the surrounding community," he said.

### Managing Culture Now Means Managing Expectations

Meeting or exceeding this evolving list of growing employee and stakeholder expectations has recast the CEO as the chief expectations officer. But what levers can the CEO pull to manage so many disparate trends and views, and how will the CEO measure progress?

*"At a time when companies pride themselves on the ability to measure everything, capturing a workplace's culture has seemed too amorphous, and it has evaded capture by a standard key performance indicator."*

"CEOs who give sustained management attention and allocate resources to building value-based constructive cultures can better manage these growing expectations," Mr. Forrester said. "Nurturing a constructive corporate culture has always mattered, with studies showing that such firms are more innovative and profitable than their peers. Still, some CEOs do not make this a priority; the reasons vary, but metrics and incentives have much to do with it."

"One reason culture takes a back seat for some CEOs is the perception that it can't be measured," said Mr. Reiss. "At a time when companies pride themselves on the ability to measure everything, capturing a workplace's culture has seemed too amorphous, and it has evaded capture by a standard key performance indicator."

"We also know that workplace culture is difficult to change and takes an immense amount of personal time by senior leadership, a reality that is more complicated when the workforce operates remotely," Mr. Reiss said. "With the average CEO tenure now at an all-time low (18 to 36 months), many CEOs may figure that meeting with frontline employees, whose feedback may strike them at times are parochial, is not the best investment of their limited time. Yet, such feedback shouldn't surprise CEOs because employees can be just as self-interested as any C-suite executive. And a final factor should not be underestimated: CEOs need to have a thick skin, take criticism, and sometimes manage expectations face-to-face and one employee at a time."

## Top Searches Making News...

### Salveson Stetson Group Places Chief HR and Culture Officer for Longwood Gardens

Radnor, PA-based executive search firm **Salveson Stetson Group** has assisted in the recruitment of Shelley Dinehart as chief human resources and culture officer for Longwood Gardens. "We recently had the honor of partnering with Longwood Gardens in an executive search to find its new chief human resources and culture officer, and we are pleased to share that Shelley Dinehart has joined their team to fill the role," Salveson Stetson Group said. "She will be working closely with the CEO and the executive leadership team to ensure the organization has progressive human resources practices focused on attracting, developing, engaging, and retaining the best talent to deliver the highest quality services to their guests.

### Frederickson Partners Recruits Chief People Officer for Second Harvest of Silicon Valley

Global HR search firm **Frederickson Partners** recently assisted in the recruitment of Marcus Bryant as chief people and inclusion officer for Second Harvest of Silicon Valley in San Jose, CA. "Welcoming an experienced DEI leader into this new role reinforces Second Harvest's commitment to foster authentic and meaningful growth in equity and inclusion both internally and externally," said Leslie Bacho, CEO of Second Harvest. "This work is critical to our long-term goals and the pursuit of our mission. We're excited to have Marcus' partnership and expertise on our journey." Mr. Bryant joins Second Harvest after serving as a managing principal at Vantage Custom Solutions, a Charleston, SC-based human resource consultancy. In that role, he led and managed the firm with primary P&L, strategy, and growth responsibility.

### The Christopher Group Recruits EVP of People, Culture, and Engagement at Myriad360
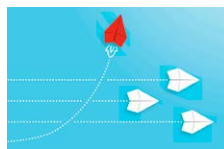
**The Christopher Group (TCG)** has assisted in the recruitment of Monica Mehta as EVP of people, culture, and engagement of Myriad360, a company that delivers industry-leading technology solutions to transform and secure their clients' IT strategy, infrastructure, and business partnership. Managing directors, Nat Schiffer and Pam Noble led the assignment. "Myriad360 is a testament to entrepreneurship, growth, and the American dream," said Mr. Schiffer. "Myriad360's continued success will be enhanced by Monica Mehta. Her diversity of thought and the wealth of human capital experience that she will bring to bear will be a tremendous advantage as human resources and the company at large continue to scale. We look forward to a long partnership with Myriad360."

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### ZRG Partners Recruits Chief People Officer for Digital Turbine



**ZRG Partners**, a leading search firm backed by private equity firm RFE Investment Partners, recently assisted in placing Angeline Wong Tucker as the new chief people officer of Digital Turbine. Lisa Hooker, ZRG's managing director and technology practice leader, led the assignment. Ms. Wong Tucker most recently served as senior vice president of people and culture at SoundHound. Before that, she spent more than 15 years with Dell Technologies, lastly serving as VP of HR and strategic initiatives. Ms. Hooker is located in the Austin, TX office of ZRG Partners and is a member of the technology and board practices. She is also an active member of the firm's private equity practice and the diversity, equity, and inclusion practice.

### Hanold Associates Places Chief People and Culture Officer for Save the Children U.S.



**Hanold Associates HR & Diversity Executive** has placed Tina Garrett-Ragland as the new chief people and culture officer for Save the Children U.S. The firm's Neela Seenandan, Sarah Kennedy, Sandra Peña, and Adam Watson led the assignment, with Ms. Seenandan also serving as interim chief people officer for the non-profit. Most recently, Ms. Garrett-Ragland served as enterprise leader of diversity, equity, and inclusion, and learning and development for Pacific Life Insurance. With Save the Children U.S., she will be charged with building upon existing HR practices to continue developing a best-in-class people and culture function to support the rapidly evolving organization, said Hanold Associates. Save The Children works to protect the lives of children in need in the U.S. and around the world.

### HARTZ Search Seeks Chief Wellness Officer for Louisiana Children's Medical Center Health



Charlotte, NC-based **HARTZ Search** was recently called in by Louisiana Children's Medical Center Health (LCMC Health) to lead its search for a chief wellness officer. The firm seeks an innovative, collaborative leader who will report directly to the chief experience officer. The chief wellness officer is a senior executive position responsible for leading the design, direction, and implementation of a wellness program that addresses the current environment of burnout among clinicians, health professionals, and staff as well as the overall health and well-being of LCMC employees. The goal of the program is to facilitate system-wide changes that enable all LCMC employees to work in a culture that prioritizes and promotes professional fulfillment and optimizes the function of the health system.