BE THE CHANGE

A GUIDE TO GETTING YOUR CULTURE AND STRATEGY IN SYNC

KORN FERRY®

ARE YOU READY

TO CHANGE?

As CEO, you and only you can lead culture change in your business. Get it right and you'll reap the rewards–for your company's growth, for the bottom line, and for employee engagement. Get it wrong and it's your reputation on the line.

IT'S A PERSONAL RISK

AND IT ISN'T FOR EVERYONE.

To decide whether its right for you, here are three questions to ask yourself:

1. Do you believe that changing how your people operate, make decisions, and execute is the only way to achieve your goals for the business, for customers, and for employees? (If there's another way, its probably easier than changing culture, so take it!)

2. Are you ready to deal with conflict in order to achieve your vision for your company, your customers, and your people? (If you're not, go back to question 1 and find another way.)

3. Are you ready for the most challenging, transformational, and rewarding personal development experience of your career?

If the answer to any of these questions is no, you're not ready to take the risk. Stop reading now.

YOUR MBA WAS WRONG, AND YOU KNOW IT

Foosball tables and free lunches aren't your culture. Nor are the tactics you learned on your MBA, such as role modeling or changing KPIs and structures. Those are all part of the change process; they make it easier for the people who already share your vision to live it. But for those who don't yet get it, they're not the catalyst.

We looked at 15 success stories of culture transformation from around the world to find out what makes the difference.

Some, like UBS and IBM, were about bringing a failing business back to greatness. Some, like Toyota, were about fueling global growth. And others were about taking a successful business and futureproofing it, like Walmart and Microsoft.

In all of them, change was sustained and it delivered tangible performance outcomes.

If you want to implement a strategy that requires your people to think and act differently, there's one thing you need to do:

MAKE PEOPLE

WANT TO CHANGE.

Here's how.

YOU NEED AN UNSHAKABLE CONVICTION THAT CULTURE TRANSFORMATION IS THE ONLY WAY.

MAKING A BUSINESS CASE FOR CHANGE IS ONLY THE START

Change starts with you, and it runs deeper than just telling a compelling story.

Before you can change your culture, you need an unshakable conviction that culture transformation is the only way to deliver the results your business needs. Once you have this conviction it's time to frame it in a compelling story everyone can get behind.

When you know culture change is for you, don't let anything get in your way.

How far would you go to bring about change?

Here's an example of the depth of conviction we're talking about.

The president of a struggling global food company knew the company's products weren't what today's customers wanted. She also knew that a top-down "command and control" culture was stifling new ideas that could fix the problem. There was only one thing for it: She needed investment to update the products in the short term and at the same time she needed to transform the corporate culture.

But the board said no.

The president knew that investing in product development was the only way to get the business back on track. So what did she do?

She stuck to her convictions and made the investment anyway. In so doing, she put her job on the line; if her investment didn't pay off, if sales didn't increase significantly, the hole in the budget would put her out of a job.

Her conviction told her she could change the culture and turn the business around in time– and that if she didn't, the business would fail. And she was right. Over the next two years she delivered significant top–line growth for the first time in decades–and credited that success to the work she'd done on culture.

GET YOUR SENIOR TEAM BEHIND YOU

While culture change must come from you, you can't do it alone. The risk of leading culture change means you need moral support to keep you honest and on track. Our research also shows that you'll transform your culture much faster if you get your top team onside from the start and define your culture *with* them, not *for* them.

Here's how to get your team onside:

Don't leave room for interpretation

If you share your vision with your top team in broad-brush terms, such as "We need to be more customer-centric," you might get buy-in quickly (who would disagree?). But if you don't ask them to get into the specifics about what does and doesn't need to change, you're leaving them to come up with their own interpretations of what customer-centricity looks like. Before you know it, everyone will be hearing different stories of what the business expects. And your team will be reluctant to take risks to bring it to life, knowing on some level that they're not aligned. You won't get traction and you won't get real change.

So whatever strategy or culture change story you're building, don't scrimp on the details.

Make personal connections

You've got to let your senior team see and feel your unshakable convictions for themselves. Then you need to help them find theirs. Give them the space and support to tap into their personal motivations. What do they want to change or improve about how the business works, regardless of your vision? What personal goals will this help them meet? Then ask them to find the part of your vision they can get excited about.

Practically, this usually requires an external coach for the team members individually and as a team. They know what you want, so any conversation with you is laden with pressure. Only by relieving the pressure can you build real ownership. Get this right and your senior team will live, breathe and role-model the changes ahead. They'll put their heart into them, just as you do, and that in turn will inspire other teams in the business to do the same.

Here's an example of leaving room for interpretation–and then closing the gap.

Getting close to customers without compromising on quality

One of our global defense clients wanted to get closer to its customers. The top team agreed to this (again, who would disagree?) as a strategic priority in their planning process. But nothing seemed to change. When we spoke to the senior team members one to one, we discovered that almost half of them worried that focusing on customers really meant schmoozing with customers, pulling the wool over their eyes, and papering over the cracks of poor engineering and poor products. With that worry in mind, they weren't doing much to execute on this priority.

The only way to overcome the impasse was to talk openly. Our team facilitated top team discussions to provide an objective voice on an emotional topic. Once the CEO understood the team's concerns, and the team members understood each other's, they defined "getting closer to customers" in a more concrete way. The new definition made it obvious that the quality of products was just as important as the quality of the customer relationship. More importantly, after open discussions using concrete examples to debate strategic points, everyone on the team knew they were on the same page. Now the top team could put their hands on their hearts and genuinely drive customer-centricity in the rest of the business.

WHILE CULTURE CHANGE MUST COME FROM YOU, YOU CAN'T DO IT ALONE.

TAP INTO YOUR INFLUENCERS

Your senior team aren't the only ones you need to live and breathe the change. To make change happen fast, you also need people in key roles and the informal influencers in your business owning the new ways of working.

Make people care

If your culture isn't supporting your strategy, remember that individuals need to change before the whole will change. If you start with your formal and informal influencers, they will reach the rest of the organization.

But no one is going to change themselves so you can achieve *your* goals, no matter how compelling and charismatic you are. The reason they'll change is if it's the best way for them to achieve *their* goals.

That means giving everyone the means to step back and reflect on what matters to them, whether they're achieving what they want, and how their assumptions and behaviors need to change if they want to achieve their goals in an evolving world. Feedback, reflection, and dialogue will help accelerate the process. And continuous support will prevent old mind-sets and behaviors from creeping back in when people are under pressure.

YOU CAN'T WAVE A MAGIC WAND AND MAKE THE WORLD BELIEVE IN YOUR VISION.

How epiphanies drove culture change at Microsoft

Satya Nadella's vision for Microsoft was "to empower every person and every organization on the planet to achieve more." But its legacy culture favored the kind of competition that led to warring factions and silos.

To turn things around, Microsoft had to shift its culture to one of listening, empathizing, and working together. This was particularly true among high-potential new recruits in sales, who were the face of Microsoft to many customers.

The team came from the best business schools in the world; they were confident and ready to show what they could do. On the flip side, they were sometimes brash, overconfident and arrogant.

To help them see the impact their approach was having on clients, we ran role plays, asking the team to pitch products to key buyers. Sometimes they played themselves, sometimes the customer. Playing the customer helped them see for themselves how their colleagues' sharp elbows and lack of empathy came across–and recognize how their own approach was similar.

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I HAD NO IDEA HOW OVERBEARING I WAS UNTIL I SAW IT IN ACTION."

Microsoft sales–team member

That made the team open to change. Next we used a psychological assessment tool to show them how their traits influenced the way they worked.

This helped them take a step back and think about the unconscious beliefs and mind–sets that had made them behave so brashly in the past.

The experience didn't just give them the skills to change their approach- it made them want to change.

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I'M LEARNING HOW TO REALLY WALK IN MY CUSTOMERS' SHOES—WHICH BUSINESS SCHOOL DIDN'T TEACH ME.

BUSINESS SCHOOL TAUGHT ME HOW TO BE RIGHT, BUT I DON'T JUST NEED TO BE RIGHT, I NEED TO BE THE RIGHT PARTNER."

Microsoft sales team member

Check that you've created an environment that supports change

Now that your teams are onside and owning the behaviors and mind-sets you need from them, it's time to reflect on the way you sustain the change. Do the organization's structure, KPIs, bonus structure, and processes all support the culture you're creating?

It's easy to think that if people really get it, you don't need to change those things. But they all play a part in making your new culture stick-and if you don't change them, your people won't think you're serious.

Changing these factors brings risks. They're powerful levers and they can easily backfire. Keep the lines of communication open, listen to your people, and course correct, as IBM did when they transformed from a siloed products business to deliver integrated IT solutions many years ago.

Feedback loops are key to success– IBM's lessons learned

As part of driving its transformation, IBM decided to let sales teams build competitor tech products into the IT solutions they shaped for clients. The approach made customers happier, and it was a powerful symbol of how serious IBM was about becoming more client-centric. But behind the scenes, the new strategy clashed with IBM's individualistic culture.

In the past, if customers spotted a flaw in an IBM product, they wouldn't buy it. Eager to get their next commission, senior sales execs reported problems straight back to the design team.

The new strategy changed things. Now, sales teams simply replaced failing IBM products with a competitor's alternative. IBM's products quickly fell further and further behind the competition, because designers stayed in the dark about what their customers really wanted.

But IBM leadership was agile enough to recognize this and change it. We designed and facilitated workshops with the top 300 leaders to shift their mind-sets and help them own the new culture. And we built into these workshops feedback loops: discussions of what was changing and the impact it was having. This and other challenges emerged in these discussions-and were escalated for resolution.

CHANGING THESE FACTORS BRINGS RISKS.

TAKING THE FIRST STEP

If you answered yes to the three questions at the start of this paper then you're ready to start transforming your culture. But to what?

The starting place is to define, with your team, the culture you need to execute your strategy.

Here are some simple questions to stimulate your thinking:

1.

What's your organization's purpose?

- How do you add value to the world around you? What is the need that customers or stakeholders have that your organization is uniquely positioned to deliver?

- How do you need to define success to deliver that value? Is it through innovation, quality, customer intimacy, or efficiency? Does your focus need to be on the long or the short term, on social responsibility and ethics or competitors?

2.

How do people need to work together to achieve that purpose?

- Do people need to collaborate to find new opportunities, or compete to optimize results?

- To achieve the best decisions, do they need to be made from the top down or the bottom up? Do they need to bring in external perspectives, or are the answers within? Will diversity of backgrounds help or hinder?

3.

What motivations will drive the behaviors you need to deliver on your purpose?

- Do you need people who thrive on risk or minimize it?

- Do you need people who prefer working independently or with others?

- Do you need people who are driven to optimize the whole or their own area?

Once you've defined the culture you think you need, open up the discussion with your team. How do they answer these questions? What do you agree are the strengths in the culture you need to keep? What needs to change?

NOW YOU ARE

ON YOUR WAY.

CULTURE CHANGE

FAVORS THE BOLD

No one said culture change was easy (if it were, everyone would be doing it). But if you can follow these steps, true culture change is possible. And the results could be phenomenal.

ARE YOU READY

TO STEP UP?

CONTRIBUTORS

Kirsta Anderson

Senior Client Partner and Global Head of Culture Transformation, Korn Ferry

Jean-Marc Laouchez

President, Korn Ferry Institute

J. Evelyn Orr

Vice President, Chief Operating Officer, Korn Ferry Institute

Bernadette Voogsgerd

Associate Client Partner, Korn Ferry

Chris Davies

Associate Client Partner, Korn Ferry

Claude Dion

Senior Client Partner, Korn Ferry

Craig Rowley

Senior Client Partner, Korn Ferry

Dave Lea

Senior Client Partner, Korn Ferry

Debra A. Nunes

Senior Client Partner, Korn Ferry

Frederic L'Hereec

Senior Client Partner, Korn Ferry

Irene Caldentey

EMEA Vice President, Korn Ferry Academy

Jaime Maxwell-Grant

Senior Client Partner, Korn Ferry

Kate Wilson

Associate Client Partner, Korn Ferry

Khoi Tu

Senior Client Partner, Korn Ferry

Kunio Tsunashima

Senior Client Partner, Korn Ferry

Lisa van den Berg

Principal, Korn Ferry

Lynn Foster

Senior Client Partner, Korn Ferry

Maria-Elena Daynes

Senior Client Partner, Korn Ferry

Matt Crosby

Senior Client Partner, Korn Ferry

Mitali Bose

Senior Client Partner, Korn Ferry

Nick Faure

Senior Client Partner, Korn Ferry

Sharad Vishvanath

Senior Client Partner, Korn Ferry

KORN FERRY

Get in touch

APAC

Sharad Vishvanath

t: +91 98 1027 4279
e: sharad.vishvanath@kornferry.com

Felicity O'Shannassy

t: +61 3 9667 2658
e: felicity.oshannassy@kornferry.com

EMEA

Kirsta Anderson

t: +44 7824 542 956
e: kirsta.anderson@kornferry.com

Khoi Tu

t: +44 20 3819 2978
e: khoi.tu@kornferry.com

LATAM

Tácito Nobre

t: +55 11 2114 2270
e: tacito.nobre@kornferry.com

Adriana Rosa

t: +55 11 3525 6289
e: adriana.rosa@kornferry.com

North America

Lynn Foster

t: +1 609 608 1040
e: lynn.foster@kornferry.com

Mark Royal

t: +1 312 228 1840
e: mark.royal@kornferry.com

About Korn Ferry

Korn Ferry is a global organizational consulting firm. We help clients synchronize strategy and talent to drive superior performance. We work with organizations to design their structures, roles, and responsibilities. We help them hire the right people to bring their strategy to life. And we advise them on how to reward, develop, and motivate their people.