LEAD YOUR CULTURE.
Or your culture will lead you.
Developing organizational culture has gone from impractical to trendy to serious in just a few years. Today, culture is understood to have strategic and practical implications for every organization. When culture and strategy are aligned, organizations achieve goals, amplify successes, and have greater impact.

This backdrop leads executives, leaders, and human resources professionals to ask: Do we have the culture we need for the impact we want? If not, can we change our culture?

When culture and strategy are aligned, organizations achieve goals, amplify successes, and have greater impact.

Organizational culture can and does change. But the best cultures do not happen by accident. The cultures of high-impact organizations are chosen, created, and shaped for a clear purpose. Creating and evolving culture takes deliberate and focused action. It demands organizational learning, intentional leadership, and personal commitment.

In this paper, we share our perspective on strengthening organizational culture. It is rooted in a growing body of research, insight from early adopters and experimenters, and our experiences as executives in diverse corporate and nonprofit organizations. It is also how we are approaching culture in our current roles with the Bill & Melinda Gates Foundation. By putting our ideas into print, we hope to join in a culture conversation with colleagues, partners, and changemakers everywhere.

Do we have the culture we need for the impact we want?
5 THINGS TO KNOW ABOUT CULTURE

When we start talking about culture with colleagues, we often spend time describing culture—what it is and why we should give it serious attention. Here are five things that research supports, and that we—and perhaps you—have experienced.

1. **Culture can be defined simply as “the way things are” in an organization.** Culture is the collection of actions, behaviors, and beliefs in an organization—both the obvious and the less noticeable. Culture is created by experiences, which form beliefs that move us toward decisions, actions, and outcomes. If you want different results, you need different culture. To change culture, new experiences are needed to shift mindsets and change beliefs (Palus).

2. **Smart strategy, lean processes, and good people are all essential—but culture will win every time.** The cultural imprint is strong; people do what the culture asks them to do. Culture drives outcomes across the organizational scorecard. Performance, engagement, retention, innovation, and growth are all affected by culture (Bersin; Samuels). Increasingly, potential employees consider organizational culture when making decisions about taking a job (Bersin). Culture affects how organizations deal with complexity, manage risk, and find opportunities (Palus). According to research from long-time Harvard professor James Heskett, as much as half the difference in operating profit between organizations can be attributed to effective cultures (Silverthorne). Either you lead your culture, or your culture will lead you.

3. **The culture on the inside shows up on the outside.** The way people think and act within an organization is visible to customers and partners on the outside. Internal culture is not separate or hidden from strategies, operations, service, or branding designed for external consumption. Misalignment between the two undermines performance and results (Schatzky).

4. **Culture is increasingly front-and-center for leaders.** Employee engagement and culture issues are the No. 1 human capital challenge companies face around the world (Schatzky). Organization culture articles make frequent appearances in publications such as *Harvard Business Review, Strategy + Business, Talent Management, Forbes,* and *Fast Company*—and in countless blogs and online media.

5. **Most organizations don’t have the culture they need to get the results they want.** More than 85% of executives say their culture isn’t where it needs to be, according to a 2015 study from Duke and Columbia business schools (Adams). The gap between strategy and culture leads to failed change efforts, unrealistic goals, and inconsistent processes and behaviors (McGuire).

If you want different results, you need different culture.
WHAT DO HIGH-IMPACT CULTURES LOOK LIKE?

An Amazon search reveals more than 50,000 books about organizational culture. Companies routinely tout their cultures of transparency or inclusion or innovation. Work environments (with an array of food options, yoga classes, game rooms, and flexible work spaces—or not) have become markers of a good culture.

With all the buzz about culture, how do organizational leaders know what their culture should look like? Where should they put their culture-development efforts?

Defining high-impact cultures by way of direction, alignment, and commitment is especially valuable because it transcends national cultures and contexts.

We have found a concept from the Center for Creative Leadership (CCL) to be a powerful and effective compass for guiding culture change. CCL conducted a meta-analysis of several decades of culture research (Palus). What emerged was a model of leadership and culture based on outcomes. High-performing cultures enact three things:

- **Direction.** High-impact cultures achieve widespread agreement on goals and aims. The key question is: Where are we going?

- **Alignment.** High-impact cultures create coordinated effort. The key question is: How do we get where we want to go?

- **Commitment.** High-impact cultures sustain passion. The key question is: How do we stay inspired and engaged to reach the destination?

High-impact cultures produce direction, alignment, and commitment. We believe it’s the simplest definition—but no simpler than needed. All three elements are required. A team could have direction and alignment but no commitment, preventing impact. Or a very committed and aligned group could falter without clear, shared direction. If alignment is missing, an organization’s efforts become diluted or at odds.

Defining high-impact cultures by way of direction, alignment, and commitment is especially valuable because it transcends national cultures and contexts. Any time people come together—whether in a

1. **Direction**
   Where are we going?

2. **Alignment**
   How do we get there?

3. **Commitment**
   How do we stay engaged to reach the destination?
corporation, a foundation, or a multi-stakeholder partnership anywhere in the world—they will increase effectiveness to the extent they focus on impact through direction, alignment, and commitment.

Three additional points are key for organizational leaders looking to create high-impact cultures:

- **Everyone has a role to play.** Formal leaders, influencers and experts, people in every corner of an organization can move toward shared direction, alignment, and commitment—or away from it. A CEO may play a unique role in setting direction, but, just as important, two program owners could meet to better align their efforts. Or a single employee could host an information session that engenders greater commitment among colleagues.

- **Senior leaders are in the spotlight.** While everyone plays a role in creating a high-impact culture, formal leaders have an outsized influence in most organizations. To change culture, leaders must change themselves. It is especially important for established leaders to question their own assumptions and patterns. They naturally tend to reinforce the existing culture; changing culture can mean flying in the face of previous success.

- **The work is personal.** Creating a high-impact culture is not about understanding a model. It is not an initiative to be launched and completed. Creating direction, alignment, and commitment becomes a way of working, leading, and being. That is what a high-impact culture looks like.

**LEADERSHIP MAKES THE DIFFERENCE**

According to the Center for Creative Leadership, when executives change their leadership culture to align with their business goals, their organization gains many benefits (McGuire). Results include:

- An accelerated ability to implement emerging, successive business strategies
- Greater speed and flexibility
- New—and stronger—core organizational capabilities
- Achievement of bottom-line results
- Improved ability to create and recreate shared direction, alignment, and commitment in a dynamic environment
HOW TO BUILD CULTURE AND GET RESULTS

We believe that energized people, working well together, fueled by great leadership in an environment in which they thrive, will do phenomenal things.

Knowing that culture matters is one thing. Understanding the importance of direction, alignment, and commitment is another. But then what? How do organizational cultures get created, shaped, and changed?

We believe that energized people, working well together, fueled by great leadership in an environment in which they thrive, will do phenomenal things. Sustained engagement, productive collaboration, and effective organizations are key levers for high performance and impact.

Creating and changing culture with direction, alignment, and commitment at the core is not easy or quick, but the process can be directed and accelerated. Our approach, which we call Leadership & Culture Discovery, involves four parts: See, Own, Solve, and Evolve. Each piece builds on the other—and each requires substantial time, attention, and commitment to earn the benefits.
SEE THE CULTURE

Culture—and its implications—are often felt but not seen and examined. Leaders need to get a clear picture of the culture as it is.

Discovering the current state of how things are done requires engaging multiple voices and perspectives. Input and honesty from people across all levels, functions, and locations are essential. Different demographic groups need to be represented, recognizing that race, gender, age, nationality, and other factors of identity lend further depth to the understanding of organizational culture. A range of stakeholders—partners, customers, allies—may be involved in assessing leadership and culture as well.

This step of discovery requires data—not assumption. Several data-collection methods are needed to see and understand leadership and culture through various lenses. In our work, we typically use:

- Employee surveys to provide individual-level perspective, looking especially at engagement and the day-to-day experience of culture.
- Organizational Network Analysis (ONA) to reveal patterns of interaction within groups and across groups—and identifying healthy, productive connections as well as obstacles and vulnerabilities.
- One-on-one interviews with senior leaders to offer insight and depth to organizational dynamics, strengths, and challenges—with an emphasis on understanding their perspectives on creating direction, gaining alignment, and earning commitment.

The information gleaned through these methods is discussed, distilled, and meshed with other organizational efforts, such as business strategy reviews or customer satisfaction surveys. Through this process, senior leaders are able to see the current state of leadership and culture.

ONA: TAKING A NETWORK VIEW

Working with organizational culture requires looking beyond the formal structures and boxes of the formal org chart. Leaders throughout an organization should understand the networks that are driving and affecting the way work gets done and culture is shaped.

Organizational Network Analysis (ONA) is a process of mapping relationships to understand the ways information flows, where decisions are made, and how trust and energy are present within and across groups.

ONAs are conducted through online surveys with multiple questions to determine patterns of interaction. Individuals receive details about their personal networks, while group and organizational leaders look at the larger patterns of interaction.

Data from ONA provides valuable details about the ways an organization’s network is supporting cultural and strategic objectives—or not. With this information, leaders can identify key processes and key people to leverage, support, or develop.
OWN THE CULTURE
With data in hand, reflection and discussion begin.

• What elements of culture ring true? What comes as a surprise?
• What is positive and aligned with the mission, values, and goals of the organization? These are the actions, behaviors, and beliefs to continue.
• What is problematic? These are the things that must change.

Executives and senior leaders typically begin the process. When formal leaders take the first step, culture conversations and decisions are seen as legitimate and valued. These leaders need to understand the data, trust the process, demonstrate openness to learning, and be willing to have difficult conversations.

As people throughout the organization begin to internalize the discovery data, they are able to own the culture agenda and determine cultural imperatives. They begin to clarify the ways culture and leadership mindsets, behaviors, and capabilities affect the overall strategy and specific functions, processes, or goals. They start to talk about culture in new ways and begin to see culture as something that everyone owns.

“Owning It” processes include:
• Preparing and sharing data through a range of media [reports, presentations, videos, etc.]
• Facilitating conversations—one-on-one, small groups, and larger forums
• Creating experiences and activities to help connect the big ideas of culture to their daily choices and actions

To solve the challenges of culture, the bottom line is:
Begin somewhere. Start now.
SOLVE THE CULTURE

Seeing the data, owning the reality, and choosing to change are foundational steps to creating the engagement, collaboration, and effectiveness needed to drive high performance. But until people experience change, they don’t know how to “do” culture differently.

Remember, experiences drive beliefs. People won’t fully see what’s possible and what’s next until they believe it. At this stage of the journey, it’s critical to design and offer experiences that bring about the new thinking, feelings, and beliefs of the desired culture.

What does that mean? All the specifics will pivot off the previous two steps, but the idea is to start integrating changes into the fabric of the culture in targeted and tangible ways.

- **Find the small pockets or easy wins.** Small steps throughout the organization build trust and belief. For example, if the cultural agenda requires simplification, what layers or processes can just go—now?

- **Go big.** Is there a group or project team whose work is highly visible or potentially game changing for the organization? Work with them to build direction, alignment, and commitment through individual engagement, smart collaboration, and effective systems. Facilitate and assist in the how of the work, always asking: are we thinking and acting in alignment with our goals and our culture?

- **Break it down.** Look at your roles and responsibilities. Analyze them with the new culture conversations in mind—then do something. It could be launching a pilot project or a scrapping an outdated program. An HR organization, for example, has multiple systems and initiatives tied to attracting, hiring, and onboarding new employees. It creates processes for performance management, promotion, and compensation. It builds structures for learning, engagement, reward, and recognition. All that should be open to change in light of the cultural imperatives.

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EVOLVE THE CULTURE

The work of culture is never done.

The world, our organizations, and our lives are dynamic. Monitoring, refining, and upholding culture is a journey for everyone in the organization. It is embedded in—not separate from—the work.

Culture is an outcome of choices individuals make. To strengthen and evolve a culture, everyone must decide how they show up every day and make a concerted effort to sustain the cultural imperatives.

Evolving culture is also about organizational commitment. It is about honesty, learning, and trust. Organizations—always and over time—need to build the collective capacity to be open, curious, willing to learn, take risks, and challenge assumptions.
CULTURE IS YOUR WORK

No matter where you are in the journey—and where you sit in the organization—there are things you can start doing today to create a high-impact culture.

Observe. Don’t wait on a formal Discovery process to observe what your environment is telling you about culture. Slow down and pay attention. Study what is around you as if you are seeing it for the first time. Try this: Each day, write down your observations. What do you see and hear? What steps do you take to make a decision, get information, plan a meeting? How do you engage? At the end of a week or two, go back through your notes. What themes do you see? What images come to mind? Where do you see direction, alignment, and commitment? Where is it missing? Observation is the starting point for understanding.

Ask culture questions. Dig into the assumptions and beliefs that underlie actions and decisions. Ask questions that help you and your group explore assumptions, rather than advocating your point of view or defaulting to “the way we do it.” Culture questions include: What are we trying to do? What is it about us that most supports us in achieving our goals? And what is holding us back? Are we clear about where we are going and how we will get there? What expectations do we hold of each other? Are we consistent in the way we present ourselves to others? Asking the right questions opens the door to insight and opportunity.

Look at yourself. Assess your personal readiness to think differently and work in new ways. Notice your gut reaction to culture conversation and change. What about the current culture is in sync with your personal goals, values, and path of success? What feels off-track or is frustrating to you? If your organization “got culture right” what would that look like? How would you behave differently as a leader, colleague, and teammate? Be honest with yourself as you reflect. Then find one or two other people with whom you can be honest and (yes) vulnerable with to talk about what’s going on in your organization. Culture change is personal change.

Culture can be created, shaped, and changed.

- First, get to know the culture you have.
- Next, decide what kind of culture matters in your organization.
- Then, put the culture into action; integrate it through experience.
- Always, monitor and evolve the culture—doing what it takes to make the changes and choices that align who you are as an organization to the impact you want to have in the world.
“Lead Your Culture. Or Your Culture Will Lead You.” is one of a series of papers created by the Human Resources function of the Bill & Melinda Gates Foundation. The series is designed to communicate the perspectives we take and the actions we believe in to align people strategies for impact in a global and interdependent world.

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RESOURCES


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Guided by the belief that all lives have equal value, the Bill & Melinda Gates Foundation works to reduce inequity around the globe. We fund new ideas and encourage innovative partnerships so shared resources will do the greatest good for the most people. In developing countries, we focus on improving people’s health and giving them the chance to lift themselves out of hunger and extreme poverty. In the United States, we seek to ensure that all people—especially those with the fewest resources—have access to the opportunities they need to succeed in school and life. Our vision is a world in which all people have the chance to live healthy, productive lives. Based in Seattle, Washington, the foundation is led by CEO Sue Desmond-Hellmann and Co-chair William H. Gates Sr., under the direction of Bill and Melinda Gates and Warren Buffett.