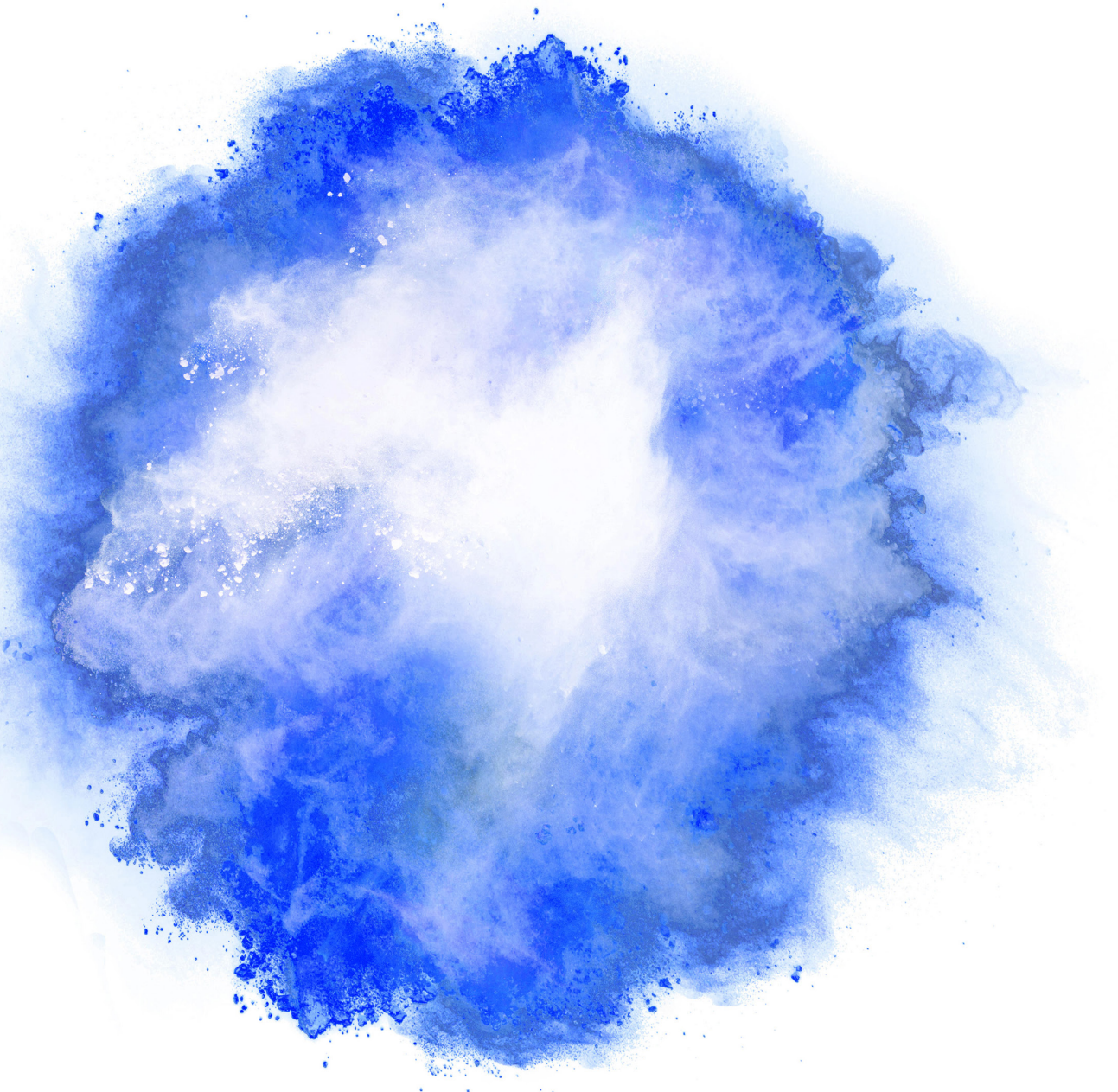


Deloitte.



Ready, Set, Activate!

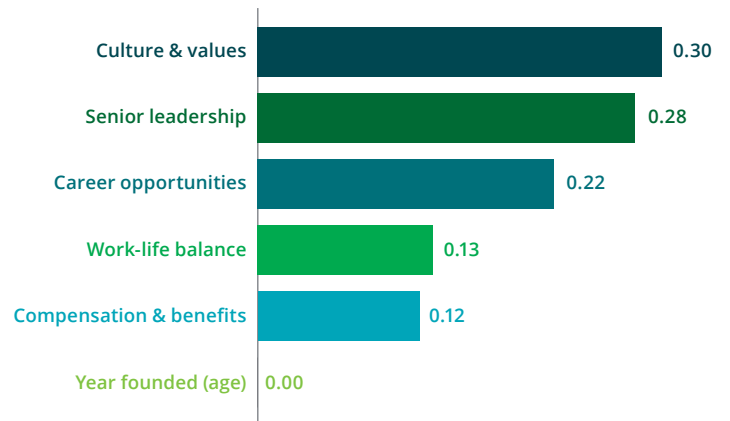
Catalyze your culture for
sustained results



You've acknowledged that culture matters. You've aligned it to strategy, and you know where you want to take it. Now it's time to get there.

Your culture defines who you are as an organization, and done well, can pay impressive dividends. Organizations “with a soul” outperform the S&P 400 in terms of higher employee engagement and retention, better customer service, long-term profitability, and more than 8x return vs. S&P 400 10-year returns.¹ It's also the key ingredient in creating a Simply Irresistible™ experience for your workforce,² as reflected when culture and values were found to be the most highly correlated factor in whether someone recommended an organization as a place to work—nearly three times higher than compensation & benefits (see figure 1).³

Figure 1. Correlation of employment factors to Glassdoor recommendations as place to work



Source: Bersin™ Deloitte Consulting LLP research with Glassdoor

But what is culture? Culture is “the way we do things around here”—sustained patterns of behavior over time that are supported by the shared experiences, values, and beliefs of the organization. Culture is what transforms individual employees into a collective, cohesive whole, and is continually reinforced over time as an organization orients new employees to the way things are done, makes business decisions, confronts challenges or industry disruption, and implements new processes.

When aligned with business strategy, organizational culture can drive results without having to rely on command and control; employees feel engaged, believe they're doing meaningful work, and intuitively know how to act to drive sustainable performance in line with the strategy.⁴ When misaligned with strategy, organizational culture can stymie growth and undermine leadership's attempts to drive change, at times resulting in very meaningful (and negative) impacts

to the company's bottom line. The good news is that companies can prevent this outcome by proactively designing and activating culture change that supports their strategy, environment, and people.

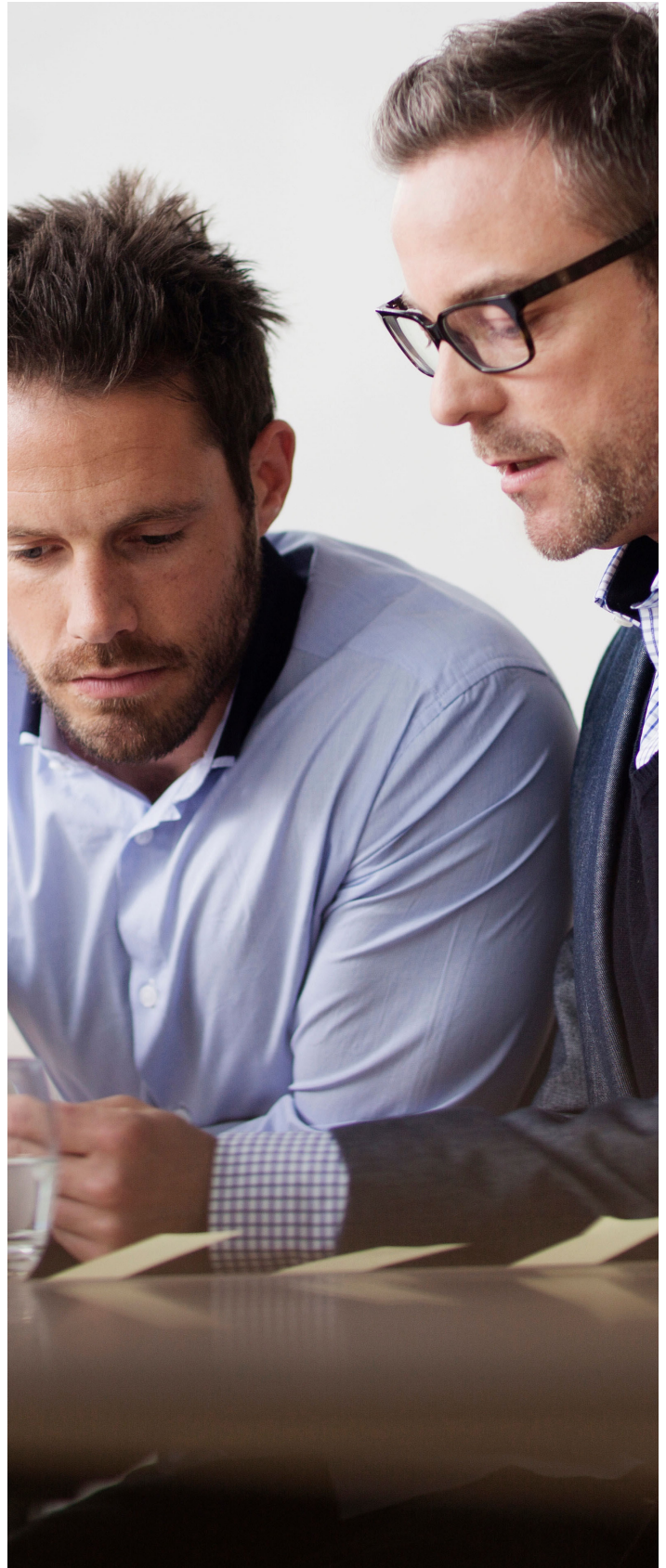
With committed leadership, a clear understanding of culture activation techniques, and the right tools, leadership can control the organizational levers that drive action and performance, actively manage behavioral and process changes that have the most sustainable impact on the bottom line, and create connections that continually strengthen the business.

What do we mean by culture “activation”?

Consider the experience of selling a home: With a limited renovation budget (and tolerance), a seller needs to be targeted in their updates to capture maximum value. The core structural elements: a foundation, frame, electricity, and plumbing—foundational elements that enable the basic functionality of a house—are table stakes. No one will buy without them. The differentiators, however, like updated flooring, up-market materials, chef's kitchen, or curb appeal, can take a home from languishing on the buyers' list to making it the subject of a bidding war. By activating targeted elements of home design, a seller can appeal to different homebuyer customer bases to achieve their desired result. In a similar way, organizations at their core are made of up the same structural elements—people, processes, and systems—and the choice to activate or emphasize different behaviors results in a “product,” the organization's culture, that can enable or derail corporate strategy.

By identifying the structural elements that form and inform culture, an organization can isolate and activate those that will best enable strategic objectives—whether that's acquiring a new organization, implementing a digital platform, or launching a new product line—turning “on” dormant cultural attributes that have potential within the organization but haven't yet been optimized to deliver. It's critical that organizations take on culture proactively in order to maximize this alignment with business strategy; culture will develop and evolve organically over time whether or not leaders cultivate it intentionally.

Culture is a long-term game, won over multiple short-term “sprints.” Our experience has shown that culture change can begin quickly, with small wins to build momentum, but sustained shifts—changes that become part of the fabric of the organization—require longer-term concentrated efforts. Behavior change is, at its core, identifying behaviors to activate across different populations, then turning them into habits that embed the desired culture to support the core business strategy. Tools and accelerators, such as Organizational Network Analysis (ONA), can amplify the effectiveness of culture change efforts by identifying the true influencers in your organization and leveraging their connections to make the change go viral.



Our intent here is not to provide a secret sauce for assessing current culture, defining a future vision, and aligning a leadership team to one clearly articulated vision. While these are all critical foundations for any culture evolution efforts, we're assuming that's already been done—we're here to help address the "now what?"

Five steps to activate culture

Before the seller can proceed with their targeted renovations, they need to be sure that they are on the same page about making changes and that they have accurately assessed where the problem areas in their home lie. Budget- and time-constrained renovations don't leave room for indecision or mistakes and they come with the baggage and history of past "work" done—just as organizations (other than start-ups) don't build a culture from scratch. Leaders must understand and embrace the culture change they are pursuing, holding themselves and others accountable to positively influence and model new behaviors. They must assess whether their current business processes, systems, and organizational levers (e.g., talent management, organization design, workspace design, etc.) align to the desired culture and contribute to the delivery of desired strategic outcomes—or not, as understanding the baseline is foundational to understanding where the organization can go.

Step 1: Narrow your scope

First, develop or confirm the *Vision, Mission, and Values* around which your culture campaign will be centered. Just as a homeowner would never begin demolition without the guidance of a well-articulated blueprint to guide their approach and align the work back to their ultimate vision, leaders must anchor their culture work in strong organizational Vision, Mission, and Values statements, which serve as the bridge between the business strategy and the culture objectives.

Gaining leadership alignment on the Vision, Mission, and Values is critical at this stage because they provide the framework to rally your employees around, to create shared commitment, and on which to base behavior change.

Then, identify the target community that will best activate the desired culture. For culture change to feel organic and to build sustainable momentum, leaders must develop a thoughtful approach to drive adoption of desired behaviors among high-impact, key stakeholder groups over time. To establish scope, start by prioritizing the levers and stakeholders who will have the greatest impact and matter most to achieving desired cultural objectives.

Segment the employee population to zero in on which stakeholder groups to prioritize, asking:

- Which stakeholder groups have the greatest need for change?
- Which are closest to delivery of the business objective?
- Which have the greatest reach or influence?

For example, a consumer products company that hopes to shift from low-cost leader to a customer-centric organization might focus on the sales team because they work directly with customers, the marketing group because of their role in designing the customer experience, or the design team because of their political power position within the organization. While your ultimate objective might be to evolve the culture across the entire organization, better traction can be achieved by identifying and addressing groups to make the desired culture relevant to their day-to-day activities than by relying on actions that target the entire audience as a single group.

Next, understand underlying business levers that influence behavior—the "Culture Web." Just as the choices the seller, the architect, and the interior designer make inform the feel of a house and the type of homebuyers it attracts, choices leaders make about how they run their business shape the culture of the organization.

Culture is influenced by a web of connected organizational levers that can be adjusted to enhance or minimize cultural attributes. What's critical is the congruence between the business strategy and the levers that make up the "Culture Web."



Vision

Looks forward and creates a **mental image of the ideal state** that the organization wishes to achieve. It is **inspirational** and should **challenge** employees.



Mission

A concise explanation of the organization's **reason for existence**. It describes the organization's **purpose** and **overall intention**.

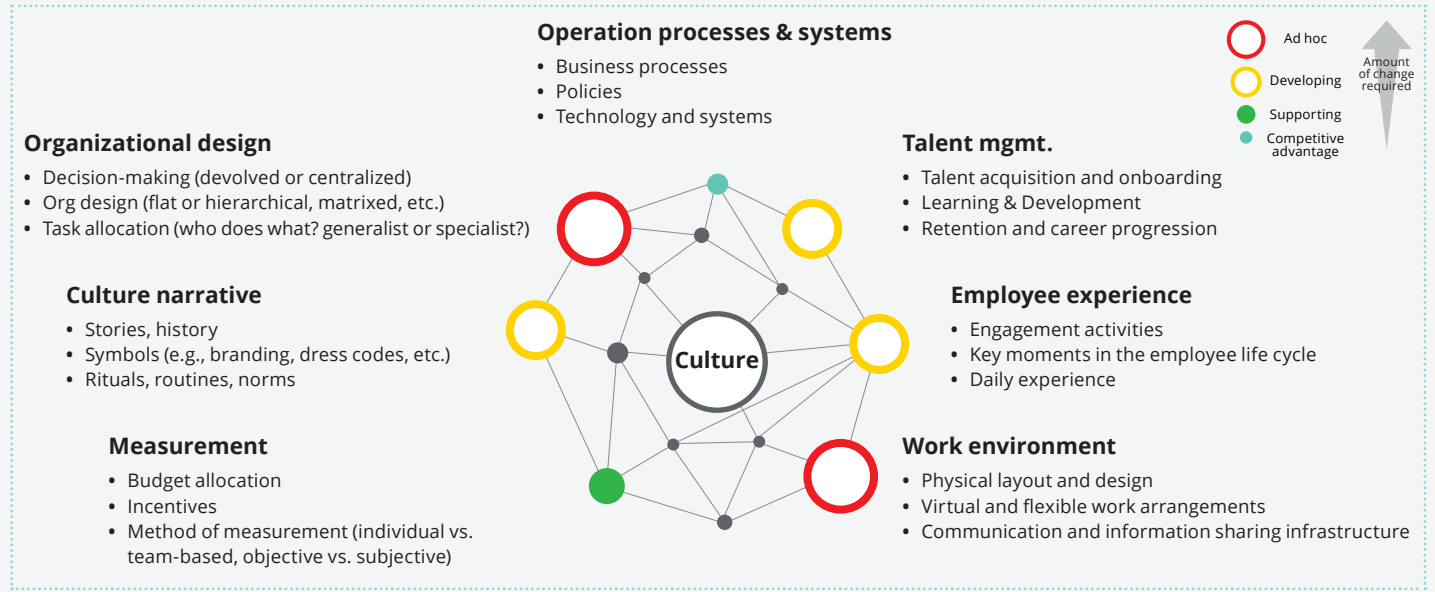


Values

Lists the **core principles that shall guide and direct** the organization and its culture. Values create a **moral compass** for the organization and its employees.

Illustrative Culture Web

Key levers to target indicated by color and scale



Illustrative example

Take a careful look at the current state of each of these levers, asking whether they support behaviors that enable—or work against—your strategic priorities. Identifying which levers are least supportive of your culture goals and which need to be adjusted, as reflected by the size and color within the Culture Web in this example, can inform your culture change priorities.

We've seen organizations use workspace design to promote more collaborative behaviors, redesign performance management systems to promote transparency, and design recognition programs to reward inclusive and courageous behaviors. Or, using the consumer products example, processes that might be closest to the customer experience include using new CRM software to track customer interactions and changing the budgeting process to allow more flexibility to invest.

Finally, define core behaviors to enable activation. For the selected target populations, prioritize behaviors that lead to desired outcomes, have the greatest impact (scale and scope), and are the most prevalent or absent in your target community.

These behaviors need to be articulated in ways that are clear and relevant in the context of what people do in their day-to-day roles. They also need to be considered in the context of the organization's existing culture—in most situations, an organization is not starting from scratch and culture change is an evolution. Culture change is most successful when it is sustainable; by making these behaviors

real for people, they become ingrained in the way things are done around the organization. There may be interactions, contradictions, and trade-offs between your current and desired culture states, and these may need to be managed closely.

Activating viral change

Traditional change efforts rely on leadership to identify trusted people (usually leaders) within the organization to take the initiative forward. But the way work gets done in a company isn't always reflected in an org chart, and leaders may not have knowledge of what's happening at every level in their increasingly complex, global organizations.

Every organization has internal influencers making connections and facilitating exchanges but not necessarily as part of their day-to-day role. They might have worked in several different departments and know how to get cross-functional teams talking. They're who others go to for advice because they know how this place works and they're willing to help.

Targeting only people at the top of the org chart or those with relationships with the most senior leadership teams, means missing out on a key layer of the activation network. Organizational Network Analysis (ONA) uses quantitative methodology to go beneath the surface and identify the true influencers within an organization. By getting these individuals on board and leveraging their networks, culture activation can fast-track traditional change timelines.



TOOLS & ACCELERATORS: Leveraging ONA to identify your company's internal influencers

How do you determine which stakeholders have the greatest reach or influence? Using a **quantitative approach**, Deloitte's Organizational Network Analysis (ONA) provides a **visual representation of networks within your organization** with a data-driven picture of **how work gets done** in your company. Data can be collected in parallel with running a CulturePath™ survey (Deloitte's proprietary culture assessment survey) and reviewing the outputs can give you a sense of where culture interventions might have the greatest impact and ability to **"go viral."**

ONA can identify **influential, well-connected employees who are not necessarily at the top of the org chart**. Winning over these influencers and their connections can **increase returns exponentially**.

make it real in their context, apply it in their roles, demonstrate the benefits, and learn what doesn't work so they can devise a plan to adjust. This also serves as a pressure-test for the culture vision, taking the model out to the people, giving the broader organization the opportunity to look at what's being done and to own the change by sharing ideas and being accountable for what stays and what goes.

The experience of a large technology company provides a good example. After acquiring a close competitor, the company sought to maximize the value of the transaction by activating "best of both" culture behaviors for the go-forward organization. In four Functional Activation workshops, culture activation leads from sales, manufacturing, product development, and shared services were tasked with bringing to life high-level behaviors outlined by leadership's culture vision for their team, then creating action plans to embed these behaviors in the new, combined organization.

Each team reviewed the guidance from leadership's established culture vision: "trust each other," "act with courage," "maintain accountability," etc., and translated that into meaningful statements with powerful narrative examples related to their day-to-day work. For example, product development could maintain accountability by having general managers meet quarterly to review a culture scorecard. Manufacturing identified an opportunity to act with courage by "speaking openly to raise issues and have the messy conversations" and shared stories of how doing this in the past had resulted in critical changes.

Step 2: Tell the culture story

In order to get your organization on board with your cultural activation, you need employees to clearly understand what is expected of them and to buy into the change. Storytelling can catalyze a cultural transformation, taking your list of priorities and bringing it to life in a way that is meaningful to employees. It can be an incredibly powerful tool for organizations seeking to drive behavior change and to elicit new cultural outcomes. Good stories lead the audience to draw their own conclusions to illustrate cultural norms and behaviors more effectively. They're memorable and can be broadly applicable, showing rather than telling the audience what organizational leadership is aiming for.

As leaders begin to drive the cultural transformation, storytelling will be key. Just as important is developing illustrative stories across the levels of the organization so that everyone can picture how they fit into this change.

During this step, functional leaders "tell the culture story" by bringing behaviors to life in a way that is relevant and accessible to their teams. Participants can then take the finding back to their teams, encouraging them to solicit inputs and feedback and push back. Culture must be brought to life by employees; this step helps them



TOOLS & ACCELERATORS: Using design thinking to jump-start your culture change

A **Deloitte Culture Lab**, powered by Greenhouse, can provide an alternative to the traditional multi-week, multi-month design of the future state, achieving results in a more focused, cost-efficient manner.

Using **human-centered design thinking techniques**, these labs provide a creative space for rapid vision generation and development of collaborative, experience-based perspectives. Decisions can be made in the room, aligning the right stakeholders and driving accountability. You know your business and high-level requirements; we bring strong facilitation skills, subject matter expertise, insights, and challenges.

Step 3: Ideate initiatives

Once critical culture behaviors have been established, for each behavior, brainstorm a list of potential interventions to activate desired results. Culture activation ideation sessions (small group brainstorming sessions) or hackathons (where cross-functional groups perform rapid, iterative ideation) can be used to define ways to bring the behaviors to life.

You've identified what you want to do differently, and now you're asking:

- How can we make it happen?
- What can we do short-term to get the ball rolling?
- What can we do longer-term to institutionalize this change?

Initiatives should be defined at the individual, group, and leader level, and should be targeted, as behaviors are not universal. When ideating, establish a "judgment-free zone" so participants feel free to contribute, and emotion and nay-sayers don't limit the creative process. Remember that every voice counts and work proactively to ensure perspectives are representative of different groups across the organization. Some of the initiatives identified will link back to the web of attributes identified in step 1, often validating or refining these, while other new initiatives will also be identified.



TOOLS & ACCELERATORS: Holding culture hackathons to spur and speed action

Hackathons, frequently used in software development, can also be applied to design culture solutions. A hackathon brings together **cross-functional groups to encourage creative thinking and rapid ideation**, with the aim of **identifying actionable initiatives** by the end of the event.

Hackathons are also a **culture activation** initiatives in and of themselves—they **bring people in the organization closer together**. They may have a competitive element or focus on team building, but the time-focused problem-solving can **break down organizational siloes and develop the culture** among participants as they work together to design initiatives.



Step 4: Build and execute your sprint plan

“Culture is like an iceberg. The bulk of it, the submerged part, comprises the shared beliefs and assumptions that are often shaped over generations and can sometimes punch a hole through titanic corporate initiatives.”⁵

Ajit Kambil “Catalyzing organizational culture change”

Because culture is the result of the dynamic interaction between processes, behaviors, and beliefs—many of which can lie underneath the surface—culture change should be approached with the understanding that initiatives will be iterative and will build upon lessons learned along the way. A detailed 24-month culture activation plan, therefore, would likely be outdated before implementation even begins.

Similar to the “minimum viable product” approach used in agile software development, defining a “minimum viable change” can help prioritize which short-term culture sprints to launch first so you can start small, learn, improve, and build momentum. Sprints can be scaled up or down, and each should be viewed as a step in the right direction toward your long-term goal. Sprints help you to gather momentum over time, with success stories and advocates from one sprint powering future sprints. This is a great way to initiate viral change alongside a more formal, programmatic approach.

Defining minimum viable change

Evaluate your comprehensive list of interventions to prioritize the most impactful options: behaviors that are most likely to drive quick wins and that are most critical to enabling sustainable change; behaviors that catalyze viral change by subtly encouraging other positive behavioral changes, eliminating immediate blockers, or sending a strong signal throughout the organization. It also helps to prioritize interventions that will get key groups of people to experience the organization—and the outcomes of their own behavior within the organization—differently. Disrupting the stimulus—behavior—reward/consequence pattern is key to helping people start to change their beliefs. These foundational changes can build momentum over time, helping you to focus on your “nice to haves,” once the foundation is strong.

Initiatives can be analyzed for impact and resource intensity and categorized in a 2x2 matrix to identify priorities. Other factors such as availability, duration, and interconnectivity with other initiatives can be layered onto the results of the matrix so that initiatives can be broken down into sprints. Launching culture activations as a series of iterative, nimble sprints enables the constant evaluation of impact, assessment of lessons learned, and incorporation of effective practices into future launches.

Figure 2. Putting it all together: Behaviors and interventions aligned to values

The example below is based on a set of values intended to drive a culture of innovation, and associated behaviors and interventions that bring these values to life in the organization’s culture.

Sample values

	Customer obsessed	Constantly improving	Better together	Expand your lens
Behaviors	<ul style="list-style-type: none"> As an employee: Endorse the Voice of the Customer by actively seeking their input. Even if you don’t face off with the customer in your role, seek feedback and suggestions from other channels to incorporate into how you work. 	<ul style="list-style-type: none"> As an employee: Prioritize learning, sharing learning opportunities with your team, and foster an environment that celebrates curiosity and consistent growth. By constantly improving your knowledge and skills base, you will be able to continually innovate and drive fresh thinking in your organization. 	<ul style="list-style-type: none"> As leaders, build trust among your team by being open with your employees, and proactively prompt them to share any challenges, concerns, and risks. Be your authentic self as a manager and exemplify an “open door” policy that encourages your team to not only be communicative with each other, but also with you. 	<ul style="list-style-type: none"> As a leader: Ask provocative questions or set significant challenges to their people to stimulate new ideas, and provide support in response to team asks.
Interventions	<ul style="list-style-type: none"> Design an internal competition to solicit new ways of better serving the customer (e.g., “best new idea” awards, or a leaderboard showing areas generating the most or best new ideas). 	<ul style="list-style-type: none"> KPIs and reward mechanisms support and encourage experimentation (e.g., # new product prototypes developed), including failure. 	<ul style="list-style-type: none"> Define programs and projects with cross-silo membership, and showcase this way of working. 	<ul style="list-style-type: none"> Facilitate “hackathons” focused on key customer or “wicked” business problems, with participation across business silos and/or including external groups.



Coaching for successful culture change

You've identified your minimum viable change. You've set your sprint plan. Now you need to actually activate your culture—but as we've discussed, culture is complex, unpredictable, and the result of many structural and individual elements interacting. Even if your leadership team is fully aligned, employees may not "get" the change yet and may not be on board with the idea of a cultural shift.

Much as a busy homeowner embarking on a renovation might hire an experienced project manager to keep the contractors and designers on the right track, monitor the budget, and ensure progress happens in a timely manner, organizations taking on culture change need a role focused on making it happen effectively.

Culture Enablement Coaches:

- Work with the teams who were identified as part of the minimum viable change and targeted for the first sprint, regularly checking in with them about how the culture activation (e.g., "pivot to innovation") is going
- Understand what barriers each team faces
- Analyze all aspects of the Culture Web—the organization's structural elements that form and inform culture, understanding how they impact the team's shift toward the new cultural norms
- Work with the teams directly to resolve the barriers (where the issues are local to that team) or escalate (where issues occur across a department or organization)
- Work as a team to bring together ideas from across the organization, cross-pollinating solutions, sharing lessons learned, and identifying priorities for the next sprint



"A day in the life" example—Culture Enablement Coaches

A **Culture Enablement Coach** working with a marketing team at a mid-sized consumer packaged goods company finds that the team is having a hard time embracing the organization's "Pivot to Innovation" culture shift. They seem hesitant to participate in the new "What's the Big Idea?" initiative, where every team is asked to take five minutes at the beginning of each weekly meeting to brainstorm creative, different ideas.

Digging deeper, she identifies two barriers: 1) the team's performance incentives—a key lever in the "**Culture Web**"—are heavily skewed toward the ROI of their campaigns, and 2) the team leader has always emphasized his preference for the practical in past brainstorming sessions, shooting down riskier ideas.

The **Culture Enablement Coach team** finds this is a common issue and works with leadership to add **performance metrics** that incentivize innovation in addition to ROI. Leveraging **peer coaching** skills and **framing the issue** in terms focused on how critical innovation is to the organization succeeding, the coach persuades the team leader to reconsider his approach in evaluating new ideas. The coach continues to work with the team, following up to **ensure the changes stick** and identifying **new ways to reinforce** the innovation focus.

Step 5: Measure, iterate, repeat

Throughout execution, progress should be consistently assessed, and the approach adjusted to ensure continuous, self-reinforcing results. The beauty of the culture sprint approach lies in the immediate feedback and the rapid iteration to stay on target, but this benefit can only be realized by keeping a pulse on engagement and establishing an approach to self-monitoring and course correcting. Critical to the agile approach is establishing and defining metrics, timelines, and feedback mechanisms to enable teams to “fail fast” and move forward.

Measure: How do you know if it's gone wrong?

- Use quick, regular culture pulse checks so you're constantly aware of whether your sprint is successful or needs to be recalibrated
- Design mechanisms for close communications between teams

Iterate: How do you course correct?

- Keep it fresh—regularly evaluate your list of culture-activation interventions and ensure you are keeping it up-to-date based on lessons learned and current priorities
- Leverage cross-functional teams to bring together fresh perspectives
- Fail fast—don't get attached; get comfortable with change

Repeat: How can you build on previous successes?

- Review your culture change sprint ideas; identify the next round of priorities
- Replicate CulturePath assessment (in its entirety or pulse)
- Reevaluate after major company events (M&A, restructure, etc.) or at periodic intervals
- Continue to leverage storytelling throughout the change. Build on previous successes by sharing what went well in strategic forums, and encourage employees to continue to share their own stories

Your organization's culture is an asset and an investment—the key ingredient in creating a Simply Irresistible™ experience for your workforce and a critical tool for realizing your business strategy. It's something you can actively shape and manage. With committed leadership, a clear view of the influencers who really make work happen in your organization, and an agile sprint plan to control the levers that drive action and performance, you can activate culture and deliver dividends for your business.



Authors

Ami Louise Rich

Principal

Deloitte Consulting LLP
arich@deloitte.com

Sonia Storr

Partner

Deloitte MCS Limited
sstorr@deloitte.co.uk

Aimee Musil

Manager

Deloitte MCS Limited
ammusil@deloitte.co.uk

Kate Casolaro

Manager

Deloitte Consulting LLP
kcasolaro@deloitte.com

Ya-Ting Leaf

Manager

Deloitte Consulting LLP
yleaf@deloitte.com

Katherine Peterson

Senior Consultant

Deloitte Consulting LLP
kapeterson@deloitte.com



Endnotes

1. Josh Bersin, *Simply Irresistible: Engaging the 21st Century Workforce*, Bersin, Deloitte Consulting LLP, April 2014.
2. Josh Bersin, "Glassdoor Summit—Building an Irresistible Employment Brand." YouTube video, 12:58; <https://youtu.be/MVljp3aW9G0>, posted March 28, 2017.
3. Ibid.
4. Organizational Culture Maturity Model, Deloitte Development LLC, 2017.
5. Ajit Kambil, "Catalyzing organizational culture change: Executive transitions," Deloitte Insights, June 3, 2016.



About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States, and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

Copyright © 2019 Deloitte Development LLC. All rights reserved.

Designed by CoRe Creative Services. RITM0291084