"A thought-provoking and insightful read for anyone who is serious about building a culture in which people can thrive."—AMY C. EDMONDSON, Professor, Harvard Business School, author of *The Fearless Organization*

TAMING THE CULTURE TIGER

THE ART AND SCIENCE OF TRANSFORMING ORGANIZATIONS AND ACCELERATING INNOVATION

DR. KATE PRICE

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Foreword

Industry researchers and consultants have declared that most efforts to fundamentally change the trajectory of an organization fail. More than three decades of working in and leading large life science corporations brings me to support that contention. This is a vexing condition plaguing the corporate world and most certainly the life science industry. There is no shortage of observations for why this is true or proposed tactics to remedy the issue. It's frustrating to witness how progress for the products and services that could benefit the world are missed or delayed due to companies' failed efforts to realize their visions for change. This book brings a much-needed perspective and approach to equip leaders to overcome the failure modes that seem all too common.

It has been my pleasure and privilege to know and work with Dr. Kate Price for the better part of five years. Early on, I learned that Kate was quite different from many consultants one encounters in the corporate world when pursuing change initiatives. As a professional psychologist, Kate was focused on culture in a unique but practical way. She holds the view that to transform a company, you need to transform the culture, and to transform the culture, you need to transform the people—and transform them in a way that does not create resistance, leading to failed attempts to change.

Many organizations operate assuming the leaders have the skills, vision, and direction-setting ability to drive a transformation. However, as I discovered through Kate's coaching, I had to learn and change things

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about myself and my ways of leading in parallel with driving organizational change. The aha moment for me came when I made explicit in my own mind the notion that for an organization to transform, the leader must transform as well.

This person-centered approach requires specific knowledge, insights, and tools that relate to how people think and feel, beyond where they sit and what they do each day. This is where Kate's approach, chronicled in the book you are about to read, is unique. Kate describes an approach for doing the careful work of considering the complexity of emotions and thinking that reside in the heads of leaders, teams, and individuals, and she outlines how this applies to cultural change and the hurdles you might face.

While these concepts apply to any organization, herein Kate demonstrates, through the use of anecdotes and stories inspired and adapted from her work, a more specialized application for organizations that require highly educated, highly technical leaders and employees—routinely found in the life sciences.

These highly motivated and intelligent scientists and engineers are often used to being the "smartest person in the room" and are deeply motivated to make a difference by designing solutions that improve lives and health and create change in the world. Life science innovation usually requires long lead times and faces a high likelihood of failure. When these features combine, the resulting organizational dynamics are anything but ordinary, underscoring the need for cultures that support innovation and the approach to developing them, which this book offers.

Kate is an insightful scientist in her own right, and she has practiced in complex and challenging environments. This has allowed her to grow and refine her theory and application, and the result of that journey is codified here. Kate is simultaneously a tremendous executive coach and cultural consultant. I have benefited from her challenges, encouragement, and guidance in my own development and transformation, and I am honored

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to introduce you to this work and to her, both of which I believe can help you become a more successful leader and person.

Aaron Schacht

CEO, BiomEdit
Formerly Executive Vice President for Innovation, Regulatory and Business Development at Elanco Animal Health

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Introduction

Have you ever wondered how you can augment innovation in your organization, moving beyond business strategy and process improvement initiatives?

Are you curious about what role culture might play and if it is truly relevant to the day-to-day success of your organization?

Have you speculated if and how as a leader you could create and lead the transformations required for exponential success?

These are questions I commonly hear from executives and CEOs who are thinking about cultural change. And my answer is that if you create an environment in which your people can thrive, then you will elicit their peak performance, and the sky is the limit for your organization. In innovation environments where talent is a prerequisite, it is *culture* that differentiates your level of success.

Most leaders recognize the impact of culture on their organizations, but they don't know how to lead that change. Not only is change uncomfortable, but it also comes with real dangers. This is especially true in corporate environments, where failure leads to blame and blame landing on senior leaders can result in their dismissal.

For scientists leading life science organizations, the conundrum is often far more pronounced. After a lifetime of excelling technically and

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academically, you are probably accustomed to being right and may cling to the life raft that your knowledge provides. Failure does not feel like an option. It is easier to stay within the comfort zone of your own expertise, sticking to the science and the business processes and strategies that have helped you rise to the top and have, so far, kept you there. It will be uncomfortable to break out of familiar patterns, to explore uncharted territory without your knowledge to guide you. It may feel terrifying, especially if those around you do not understand where you are going and question your decisions.

As a clinical psychologist, I have worked with people from every walk of life, in corporations across industries, healthcare, prisons, and research enterprises. I have lived as part of a tribal community in the remote north of Fiji, and perhaps most significantly, I was an avid watcher of the original series of *Big Brother*! Across all these experiences I found myself asking:

"What enables humans to live together in harmony, work together effectively, and innovate for the success of our species? Why do organizations unwittingly design systems that undermine the very things that would enable this success?"

And again and again in organizations I come across these questions from senior leaders:

"Why should we focus on the so-called soft skills and culture? What do people matter compared to the processes and strategies that are in place to facilitate business achievement?"

Although these questions are valid, experience has taught me that it is *people* who truly drive businesses. Profits, productivity, and efficiency are all worthy goals, but businesses need people to achieve these, and people cannot put forth their best efforts unless they feel integral to achieving those goals.

Successful companies stay successful by building over the long term. They develop positive corporate cultures where leaders and employees

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are cultivated, retained, and committed to the company and its values. There is a clear vision that everyone is working toward but that allows for adaptation as the landscape shifts. This sense of continuity creates space for uncertainty to exist without stress because employees have confidence that the organization can overcome any challenge. Developing this type of organizational culture over the long term allows for agility and resilience to be incorporated into every facet of the business and enhances every investment and decision the organization makes.

Business goals and strategic timelines are essential, but without a healthy culture, you will fail to discover what your organization could achieve if everyone were on board and pulling in the same direction. There's no denying this journey will require patience and vulnerability. It will take risk and involve uncertainty. But make no mistake: *people* are what will make your organization succeed. Put them first, and never underestimate the power of improving their experience of the workplace.

Why Leaders Matter

With a background as a clinician, scientist, researcher, and consultant, my expertise is in creating cultures where innovation can thrive. Through the processes of Corporate Synthesis, I partner with my clients to build cultures in which people develop the capacity for change, growth, and resiliency, freed from the neurological constraints of fear and uncertainty. This is what I hope to share with you in this book.

Cultural change relies on leaders who are willing to learn and take on the challenge of transforming not only the culture but also themselves, their teams, and each person within their organization.

Ultimately, this approach can lead people to become more flexible and adaptable to circumstances. It enables them to consider multiple perspectives, which is precisely what we need to succeed in life as individuals, as

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scientists, and as teams. If your organization hopes to keep up with the fast pace of the modern world, remain relevant, and become innovative with its solutions and ideas, then these are the attributes that you need to encourage in all your employees. It is your responsibility as a leader to provide an environment where this is possible.

This book is about you and the people you lead. As a leader of an organization within the life sciences industry, you can have a huge impact on the world if you let yourself. When leading an organization, the way you think, behave, and manage others impacts more than just you and your career; it also affects your team and everyone who works for and around you. You contribute to and shape the environment in which others exist each day. You are a major force on whether it is a good experience where they can share their whole selves, speak up, and operate in ways that are conducive to their well-being or whether their environment is toxic, disengaging, and a drain on their energy and enthusiasm for life.

You can have a huge impact on the world if you let yourself.

Beyond work, you also impact their families because these people—your colleagues—go home at the end of the day. Their moods, well-being, and energy impact their families, their relationships, and the ways in which they go out into the world. You have a significant influence.

The ripple effects of your choices and behaviors create waves in so many ways. Your organization develops new and innovative products that impact the world—whether in health, food security, animal welfare, or another branch of science. The discoveries your scientists make influence the world in positive ways. If you lead them to success, the effect can be huge. But ask yourself, *If I do not encourage them, if I do not create the right environment for innovation and success, who loses? Who will not receive the*

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medication or food they need to survive? Whose welfare suffers as a result of decreased innovation in my organization?

Your impact on the world is as big as you enable it to be. So if you think developing yourself as a leader is just for yourself and your career, that it is a waste of time to invest in culture, or that it's just too uncomfortable to be vulnerable and authentic and to learn the skills you need to become a leader who inspires others, the better question to ask yourself is:

What is the impact if I do not do this?

Inside These Pages

This book is for life science leaders who are ready to harness the power of the workplace experience to optimize business results. It is divided into three parts designed to help you in the following ways.

Part One builds knowledge by examining what organizational culture is, why it presents such challenges, and explores the complexities humans present for achieving transformation.

With this knowledge in place as a basis of understanding, in Part Two, we explore why every change process should be unique. Your organization's path to change will not be the same as anyone else's, so a simple cultural change model will not work, but there are underlying elements of successful innovation cultures to consider as you develop your vision.

After framing the complexities involved, in Part Three, we look at why it is necessary to become a leader who can inspire change in others before embarking on transformation efforts, the necessary prerequisites to beginning cultural change, and how to approach them. This part is hard, and most leaders don't like that. It is much easier to maintain the status quo, relying on practices and processes that are well established, or to skip ahead, perhaps by bringing in a consultancy who can do all that

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uncomfortable "people stuff" for you, thus providing a convenient avenue for blame when the strategy does not work out as planned.

However, if you can take the road less traveled and become a leader who dares, then you will be able to take on the next stages of transformation by building a team that can lead together, in alignment, to drive the organization's ambitions. Together, that team will move forward to engage and inspire the rest of the organization to embrace, rather than resist, cultural change and enable the creation of a culture that serves every individual, alongside the financial and business goals of the organization. This can become the legacy of your leadership—beyond the tangible results of product development and process improvement, you'll leave behind a culture that can sustain both itself and future innovation.

Although the principles of leadership and cultural change presented here are applicable to many organizations, this book is tailored specifically for leaders in the life sciences industry where I often find myself working. My belief is that scientists have a unique mindset that, if applied to cultural change and human processes, can tap into great rewards and faster transformation.

Throughout this book, I draw on examples from my experiences with the people, leaders, and organizations with whom I have worked. To protect the confidentiality of my clients, I have created the fictional organization of BioPharmaTech (BPT) and characters who exist within it, all of whom are amalgamations of my real-life clients and organizations that shared similar experiences.

If you want to know whether this book will answer every question concerning cultural change, the answer is almost certainly not. There is no one answer for any organization. Instead, my intention is to provoke new ways of thinking and introduce you to many concepts that are relevant to cultural change and the reasons that humans resist them. I aim to increase your awareness and your understanding of the dynamics within

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your organization. However, I cannot tell you how to change yourself or your organization's culture. The responsibility for change does not come from the author or facilitator; it must come from the individual or organization. Change is your responsibility—or, in the case of an organization, the responsibility of each person within it. This is not something that someone can do for you.

Culture is driven by people, and people are messy and complicated. To transform it, you have to embrace the complexity, ambiguity, and uncertainty of taming the culture tiger. It is not up to someone else to take on the task; it is up to leaders like you. This book will empower you to learn, to change, and to grow—but only if you commit to taking action.

If that sounds like you, then let's begin.

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PART ONE

CULTURE AND THE CHALLENGES OF TRANSFORMATION

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1 What Is Culture, and Why Should You Care?

The role of culture is that it's the form through which we as a society reflect on who we are, where we've been, and where we hope to be.

—**WENDELL PIERCE**

Lindsay, Chief Executive of Global Innovation and Development at BioPharmaTech (BPT), wanted to transform the culture of her research and development (R&D) organization. She recognized that although the organization was filled with amazing scientists who were smart, skilled, and experienced, they were not achieving at levels that she had anticipated. Clearly, something else was going on. She understood culture to be a critical component in success, and she wondered if it was the missing element for her organization.

As we talked, it became clear that she did not fully understand what culture encompassed or how to gauge what was happening within her company. With no clear starting point, Lindsay was at a loss for where to begin and reliant on simplistic ideas and models for change, which to date, had brought about the opposite of her desired results.

Unfortunately, Lindsay's story is common in the corporate world.

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What Is Culture?

Culture can be nebulous and poorly understood. Even among those who study it, there is debate between fields about how to define it. I have heard it described as being like air quality: hard to see, but you know how it feels to breathe in.[1] You can determine whether there is a fresh, regenerative feeling that energizes you or a sense of toxicity from which you want to protect yourself. The ever-popular iceberg metaphor fits well too.[2] Much of culture is formed by assumptions, beliefs, and behaviors that are hidden beneath the surface and are not readily available for examination or change. Perhaps unsurprisingly, as a clinical psychologist, I see culture as the personality of a company. It's the "more or less consistent pattern of thought and actions" that exist within a group.[3]

We often talk about personality in our day-to-day lives. We reflect on how we got aspects of our personalities from our parents or whether we like a colleague's personality. But if asked to describe the meaning of personality, most people would be unsure. As a psychologist, I define it as the traits and patterns existing over time that influence the consistent thoughts, feelings, and actions taken by an individual.[4] We tend to see personality as stable and unchanging. We assume that a difficult coworker can't change because "it's his personality," or, in the case of a family member, that "it's just the way he is; he's been like that since he was a child." The truth is more complex.

Personality can change. It is adaptable, but it takes time. Our beliefs, habits, and emotional responses are deeply ingrained in the neural structures of our brain. These are real, physical pathways that have grown and developed into complex networks over our lifetimes. Like an often-trodden path in the grass, they are carved deeply over time, eventually becoming paved highways that shuttle us quickly to our destination or our habitual responses. Changing these pathways once established takes considerably more time and effort than it did when our personality was first beginning to form. It can be done, but it requires motivation, intention, and time.

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Culture is similarly embedded within an organization and in individuals' neurology but is also malleable with intention. It is comprised of the underlying beliefs, assumptions, values, and behaviors of individuals and is guided by the way they perceive the expectations of the environment within which they operate. Like someone's personality, an organization's culture is unique. Since your organization's culture is different from anyone else's, your methods of change will also need to be customized to your circumstances.

Culture is constructed from the minutiae of everyday life. It is the accumulation of individual actions, attitudes, and beliefs that shape community opinion and, in turn, future thinking and behavior. The norms of behavior, thinking, and emotional intelligence, as well as routines and traditions, influence what is created. Culture is shaped by what we say and do and how we perceive, interpret, and respond to others and our environment, not by lofty goals and corporate vision statements.

Two Sets of Rules: The Written and the Unwritten

I have found that in many organizations, there are two sets of rules. The first set is on websites and walls, listed in your handbook, and promoted in the organization as a set of values to live and work by. The second set is the one that matters. It is the one that you encounter when you speak out or that you hear whispered by watercoolers.

Lindsay's organization was no different. BPT was an organization with a clear purpose: to improve lives and empower people to take care of their health by delivering innovative and affordable solutions to healthcare challenges around the globe.

Their cultural ideals placed openness, collaboration, innovation, and striving for excellence front and center. But what is promoted as a vision rarely reflects what is actually happening. As we looked deeper at BPT, we

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found employees were unwilling to take risks, identify problems early, or own mistakes due to a fear of blame and repercussions from management. Negative perceptions spread quickly, and discontent was soaring. Performance-related pay was based on meeting deadlines, and this pressure created anxiety and a tendency to cut corners. We also heard positive stories about collaboration and close-knit teams, as well as the enjoyment people felt from the scope of the work itself. However, the negatives were detrimental. The science was suffering and innovation was declining, yet no one spoke openly about these problems.

These are the real rules that set the personality of your workplace and determine how your organization functions. When people see or feel a distinction between the written and unwritten, the unwritten rules win the day. To make a change, this is what you must address.

Culture is in the details—in the small, everyday facets of the work, how people experience it, and what they really think and do. Because culture is a nebulous concept, it can seem elusive at times. However, it is a living, breathing part of your organization. It fluctuates daily and can take on a life of its own and develop in unforeseen directions.

Remember, your organization will have a culture whether it happens arbitrarily or you build it mindfully. The strongest leaders intentionally create cultures that move their organizations into the future.

Why Does Culture Matter?

As organizational processes become increasingly automated, the demands of human labor are changing. Cognitive, social, emotional, and relational skills are rising to the forefront of companies' needs as the push for creativity, communication, and innovation becomes increasingly important.[5] Culture is critical to the development of these factors.

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Most of the leaders with whom I speak know that culture is important, and Lindsay was no exception. She'd read how companies with strong cultures can see a fourfold increase in revenue growth.[6] She recognized that companies that consistently appeared in the Fortune Best 100 Companies to Work For list were realizing cumulative returns of up to 495 percent, compared to 156 percent on the S&P 500 and 170 percent on the Russel 3000.[7] Although Lindsay cared deeply about people in her organization, revenue and profits often spoke louder because she was responsible to a board of directors and shareholders who were less intimately connected with the organization and who demanded results. But knowing that highly engaged workplaces averaged a 10 percent increase in customer ratings and a 20 percent increase in sales, she could connect the worlds of business and finance with people and their experience of the workplace.[8]

Attracting Talent

As we began to think about the human aspects of corporate life and what makes companies successful, Lindsay recognized that the reputation and brand of the organization was critical to her ability to recruit talent. Research showing that 50–84 percent of people refused to join a company with a bad reputation resonated with her. Her HR leader, Sarah, along with 80 percent of recruiters, acknowledged that branding and reputation are a significant factor in acquiring the great talent they need to succeed as a scientific organization.[9] Despite this awareness, little attention was being paid to the myriad of ways that this might play out at BPT.

Culture heavily influences the reputation and perception of an organization's brand. The employee stories of harassment and toxic management at Uber in recent years demonstrate clearly how culture affects reputation.[10] This negativity is difficult to erase from public perception and impacts both hiring and customer relationships, as well as the bottom line. In the modern world, the stories employees tell of their workplace

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experience are widely available on websites such as Glassdoor and Indeed, as well as through social media and traditional branding. This goes both ways: the COVID-19 pandemic resulted in a 30 percent increase in consumers' positive views of pharmaceutical companies' reputations.[11] However, this goes beyond successful vaccine development to what Dave Ricks at Eli Lilly called, "a once-in-a-generation opportunity to reset" the industry's reputation. With more and more pharmaceutical companies joining the social and cultural dialogue to sustain their corporate brands, it is clear they believe positive tales of culture also spread and influence perception. The online shoe retailer Zappos mastered this dynamic early by celebrating the stories that brought their values to life and giving equal attention to employee and customer experience. The result: positive media and great employee reviews.[12]

Culture heavily influences the reputation and perception of an organization's brand.

Retention, Job Satisfaction, and Engagement

Friedrich, a senior director reporting to Lindsay, was happy in his role and loved BPT. Still, like 92 percent of US employees,[13] he considered a new opportunity when he was offered a role at another organization with a great corporate reputation. For Lindsay and Sarah, this situation underscored the issue of retention in their quest to create a successful business. The world has moved on from the days of one job for life. The workforce is now transient, and rather than resting on your laurels, you must be active in retaining those whom you have worked hard to recruit.

Culture plays a massive role in retention. Fifty-eight percent of resigning employees cited difficulties with their manager and the workplace culture. This turnover has cost US employers alone more than $223 billion

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over the last five years.[14] The turnover "themes" that are trending upward are intrinsically linked to culture, including environment, work-life balance, and career development.[15] This is increasingly evident in the wake of the pandemic and the aptly named "great resignation." With the conservative cost of turnover being $15,000 per employee in the United States, total turnover cost in 2016 was $617 billion. Reducing preventable turnover by 20 percent would save over $95 billion a year.[16] The costs for skilled workers and scientists are invariably higher, and the expense is not just in recruitment but also in training, development, and the creation of new team dynamics, all of which generate additional costs because they undermine productivity and performance. With real replacement costs ranging from half to two times a worker's compensation, that could cost a company with just 100 employees $2.6 million a year.[17]

For Bill, an employee at BPT, his work environment, his support systems, and the alignment between mission and values have the greatest impact on his day-to-day satisfaction.[18] These factors are directly related to culture. If you can create a positive experience of these factors, employees are more likely to remain at the organization.

However, satisfaction is not the same as engagement. Since Samilla, a mid-level scientist at BPT, scored high on measures of job satisfaction, the company made assumptions about her engagement and loyalty. However, Samilla occasionally browsed other jobs online. She found herself spending time on family issues at work, and she rarely talked about the positives of her role or BPT. Although satisfied at work, Samilla was not engaged. Even though employee satisfaction reduces turnover, engaged employees are more productive because they go above and beyond the demands of their roles.[19] Therefore, we must go beyond attracting and retaining employees and enable them to engage and perform at their best in the workplace. Of concern for the US economy, Gallup suggests that 63 percent of employees are not engaged at work, with only 13 percent being highly engaged.[20] The

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24 percent who are actively disengaged are searching for new jobs, and US employers are spending upward of $2.9 million per day in their search for new workers.[21] This not only costs you in recruitment and retention, but it impacts the perception of your brand, the morale of your current employees, and your business output. Worldwide, approximately 340 million people are actively disengaged with their roles at work, and in the current economy, this is increasing.[22] These statistics also mean that over half of your employees are not performing at their optimum, creating a breeding ground for discontent and negativity, which directly impacts your culture and future success. Engagement and loyalty must be earned, and leaders and organizations must prove themselves deserving of people's time and attention. In this day and age, a paycheck is not enough.

Engagement and loyalty must be earned, and leaders and organizations must prove themselves deserving of people's time and attention.

Happiness and Well-Being

Lindsay told me that many of her peers on the executive team felt happiness was irrelevant in the workplace. I have found this to be a common view in corporate settings where strategy, finance, science, and resources are prioritized. However, if you are one of the leaders who thinks this, take note of the fact that happy employees are 12 percent more productive on average, and unhappy employees are 10 percent less productive than the average.[23] This reduced productivity costs US businesses an estimated $300 billion a year.[24] If you take the time to promote engagement and well-being in your organization, these efforts will translate directly to your bottom line and the success of your organization.

Let's think about Brian's experience. Every Sunday night, Brian dreads

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going back to work. Although he loves his research into cytokine production and would define himself as extroverted, Brian feels unsafe speaking up on his team. He is concerned about the consequences of doing so, which are felt to be very real throughout his organization. He feels he cannot be himself at work and must always present the right image. His wife is concerned about his mental and physical health.

Brian is not alone in his Sunday night anguish. Approximately 81 percent of employees have similar experiences.[25] The impact on employees' mental and physical health should be a concern for every organization. Unhappiness, disengagement, and stress are often hidden problems, which speak loudly to cultures that do not view these factors as relevant or acceptable. So many executives with whom I speak tell me that stress is not an issue in their organizations. Yet the evidence speaks loudly to contradict this.

With an estimated one million employees per day being absent due to stress in the United States, 80 percent of workers feeling stressed, and many are at risk for burnout—this is an ever-increasing problem in a society that equates busy with productive.[26] Long work hours and high levels of stress are viewed as a badge of honor rather than recognized for their detrimental effect on individuals and organizations. In fact, workplace stress is estimated to cost US organizations around $190 billion a year in healthcare costs alone.[27] The impact is staggering. Since many people will not admit to stress, fearing that it will be seen as a sign of weakness or because they fail to recognize the physical consequences of stress, the real costs are many times higher.

Are you paying attention to your employees' experiences?

For research and discovery organizations, which rely on their employees to be innovative and create new products in a rapidly changing

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marketplace, the impact is even greater because stress reduces our cognitive capacity. If your workforce is stressed, then you aren't getting them at their best. Their decision-making, creativity, and ability to collaborate are all constrained. Productivity and innovation are reduced, and the very lifeblood of your goals and ambitions to lead your industry are diminished.

With this information in hand, ask yourself:

Am I paying attention to my employees' experiences?

Risk and Failure

Top-ten pharmaceuticals spend over $1 million per day on discovering new biological targets and creating new therapeutics,[28] and 75 percent of R&D costs are related to drug development failures.[29] Knowing that about 90 percent of all prospective drugs fail, with costs rising exponentially the further along a product development cycle they go,[30] Lindsay recognized that the ability to fail fast and well is essential to scientific and organizational progress as well as to financial well-being.

Ivana, a biochemist in discovery, realized that the small molecules on which she was working to target RNA had issues. She also knew that the organization had invested heavily in this research and there had been hype due to promising early results. Her team's performance goals for the year were tied to the project's success, and she was reluctant to let down her team and the organization. How would they respond, and what would it mean for her if she were the one who raised the issue? She stayed quiet until another team member identified the same problem and discussed it with her. Together, they raised the problem to management. It was not received well, but action was taken. Between Ivana's observation and that of her colleague, nearly three months elapsed. What was the cost of this hesitancy to the organization?

If your employees are unwilling or unable to speak up about problems or identify mistakes or errors, then there will always be delays. Ineffective

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products will have their development life cycle prolonged, and the cost to organizations can be massive. Culture can be the differentiator in this instance. How people feel in an organization affects not only their engagement but also their ability to perform, be effective, fail, speak up, and innovate.

Culture profoundly impacts all these issues that influence your business success and much more. It creates the foundation for everything you do. Creating an innovative and forward-thinking culture is a continual balance between thoughtful behaviors that enable people to establish positive environments and the harder, process-driven business elements. Either one without the other will not lead to success. But too often, we focus on one side to the exclusion of the other, seeing them as incompatible rather than two sides of the same coin.

What Is Your Understanding of Culture?

For any project to be deemed successful, it must be delivered on time and on budget. Most attention goes to process and finance, but the greatest risk of failure lies in the human objectives. Unfortunately, little, if any, attention is typically placed here. My own experience of cultural changes in organizations indicates that successful, sustainable change is rarer than in other business change, perhaps because the human factors are of greater significance.

So why are the employees and the impact they have on change so overlooked? It is often easier to deal with the other objectives because we can assign a number or deadline to them. It is not so with the subjectivity of human nature; there are so many confounding variables that it can be overwhelming.

Organizations are prone to oversimplifying concepts to make them easy to implement—perhaps a nice four-step model, for example. When

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we don't know how to do something effectively, we tend to opt for a process that sounds easy to implement, or we allow someone else to take control. Despite recognizing the importance of culture on business objectives as Lindsay did, only 28 percent of executives say that they understand their organization's culture.[31] If there is a disconnect, leaders don't understand what culture is or how to assess it, let alone how to carry out change in it. How, then, can leaders be expected to drive cultural change that relies on the collaboration and participation of hundreds, potentially thousands, of individuals to be successful?

While leaders are trained in the business and technical aspects of running an organization, it is rare that they get any training on the ways people function within a business environment. Because of this gap in knowledge, they feel impotent in their ability to create change and neglect the human aspects of the organization to the detriment of employees, objectives, and business success.

With a lack of knowledge, many leaders won't take on the responsibility for cultural change. Creating change feels beyond them or outside their role. But if you lead an organization full of people, I would argue that it is a key aspect of your role because most other objectives are accomplished by the people you lead. If you want to create true organizational change, you must apply the same discipline to the human aspects of an initiative as you do to the technical and strategic processes. You need to understand the barriers to adoption that are created in the minds of your employees and work to overcome them. Avoid setting up a situation where employees actively resist change and all your efforts are wasted.

This change in approach will likely require a shift in your own thinking. It will certainly require learning for you and your leaders, as you shift from a focus on strategy and process to fully incorporate the human aspects of business. To create sustainable change, you must bring an understanding

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of people and culture into your organization at every level because cultural change depends upon the participation of everyone involved.

Culture versus Climate

We must make an important distinction between climate and culture. Very often, I see organizations enter into cultural change processes, only to feel as though they have made significant changes in a short time, perhaps even a few months. This can be the case for companies that work with large consultancies that come in and run a cultural initiative for them. Attitudes swing in the first few months, and people are enthusiastic about the changes. However, this is a change in climate, not culture.

Organizational climate defines how people experience the work environment in the present moment. It relates to the collective experience of everyone in the organization and can be impacted by internal initiatives, such as a focus on employee well-being, or external events, like the economy impacting business or a change in customer preference affecting revenue. Such change is typically short term. It doesn't equate to cultural change because it does not affect the identity of the company or the people within it in any long-term or sustainable way. The organization's personality has not had time to change.

As we discussed, culture is about the organization's identity and personality—the norms, values, beliefs, and assumptions that have developed organically over time and become part of the individual psyche.[32] It can be hidden from plain sight, but it is felt by the people who exist within it.

Climate is much easier to see. It's easier to measure, and unfortunately, this is where most leaders focus their efforts. We see this most visibly in the focus on employee engagement surveys, which primarily indicate climate rather than real behavioral shifts of culture and the underlying assumptions and norms of the organization, and therefore, these metrics shift on a regular basis but do not represent cultural change.

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Edgar Schein, a well-known cultural expert, tells us, "A climate can be locally created by what leaders do, what circumstances apply, and what environments afford. A culture can only evolve out of mutual experience and shared learning."[33] It's about the way people experience the workplace and the ways in which they learn, respond, and eventually alter their beliefs, assumptions, and actions at a neurological level. This change takes time.

At BPT, a passive-aggressive culture of blame from the top down led to silence from the ranks. There was an unwillingness to speak out or share ideas. As you can imagine, this culture didn't inspire innovation, and it created serious risks for the business. Consequently, the initial focus of cultural change was the creation of psychological safety. Lindsay and her team engaged in promoting the concept, and over the first year, feedback was great. People were excited by the concepts and engaged with the ideas and initiatives. The employees were confident that the leaders were engaged and actively participating. There were positive changes in engagement, a sense of belonging, and business results. The needle shifted dramatically on engagement scores, with an increase of 14 percent over a three-month period. The organization was thrilled by the change.

But was the culture transformed that year?

No. This was a shift in climate; the cultural transformation was only just beginning. However, this reaction to climate change in organizations is common. It looks so positive. People see and feel the results of their efforts, and they believe that transformation has occurred. They then take their focus off culture, thinking their work is done. Results and surveys show positive results, allowing external consultancies to withdraw with glowing reports. Without the dedicated focus, however, improvements dwindle. Leadership styles revert, sometimes dramatically but usually more subtly. Processes and procedures implemented to support change start to fall apart as people lose the sense of connection between structure and culture. Ultimately, the successful climate change dissipates as you

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take your focus off it, overwhelmed by the existing culture that has not yet transformed and the subtle messages sent to the organization about your commitment to the process.

Climate is important and will form steps along your path, but do not be fooled into thinking that short-term achievements in behavioral change and climate are equivalent to true cultural change. Sustainable cultural change endures through external pressures, shifts in leadership, and evolving challenges. It requires a long-term approach to alter behaviors and attitudes throughout the organization. These self-sustaining changes rely on changing underlying neural structures within each individual to eventually influence and transform the organization.

If you want to change the culture of an organization, you must understand the ways in which individuals make sense of the world around them, along with their motivations, how they interact with others, and why they may resist or engage with change. This can be difficult to strategize around because the key is in the small details and concepts that we often feel we have little influence on. Culture does not change in the structured ways that new processes and procedures can be implemented. Sustainable change requires a gradual evolution for true transformation to occur in the hearts and minds of the people who make up your organization, and this is what we will explore in the next chapters.

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Summary

- Culture is the personality of your organization, formed from the small things people think, say, and do each day.
- Culture is nebulous and hard to define, which keeps people from tackling change, based on their lack of knowledge or experience.
- Leaders rarely have training or experience in understanding people and their motivations.
- Culture has a huge impact on employee engagement, satisfaction, well-being, and productivity. In turn, this affects recruitment, retention, reputation, and the financial health and success of your organization.
- To create successful change in culture, you need to apply the same discipline to the human aspects of your organization that you apply to the technical and strategic aspects.
- Early signs of change are likely to be a shift in climate rather than long-term, sustainable cultural change.
- To change culture and overcome resistance, you must understand how people think, act, and make sense of the world.
- Changing culture takes time. It is a gradual evolution in the hearts and minds of each individual and group within an organization.

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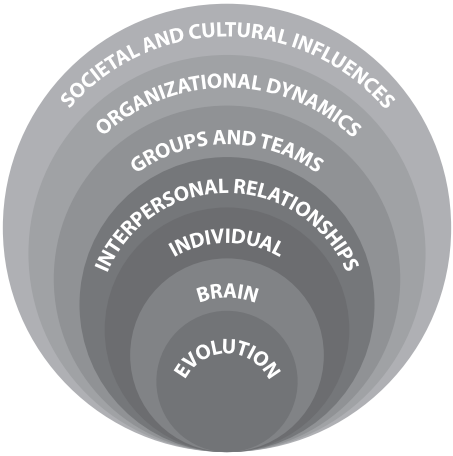
FOOD FOR THOUGHT

Simplicity does not precede complexity, but follows it.
—**ALAN PERLIS**

Solutions should be simple, easy to implement, and sustainable. However, cultural change is complex, and to create practical solutions and implement them effectively, we must first understand the complexity of human nature because humans are at the heart of culture and any transformation you undertake.

In the remainder of Part One, armed with the knowledge of what culture is and why it is so relevant to your organization, we will explore why people think in the ways they do, the reasons they resist change, and what leaders and organizations need to consider during transformation efforts.

The diagram below represents areas that influence the ways we, as humans, think and act. Each is inextricably intertwined with the others. Although for simplicity we can study and speak about each area separately, in reality none exists in isolation.



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As you read through the next chapters, I invite you to challenge yourself to identify which areas might be implicated in each aspect we discuss. Invariably, there will be more than one. This is part of the complexity of culture and people and the challenge for leadership. To design a strategy that is truly effective, we must accept that changing hearts and minds is complicated and that a deep understanding of humans will help us overcome many of the difficulties on the journey to transformation.

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