BUSINESS AT THE INTERSECTION OF CULTURE AND DIGITAL TRANSFORMATION

An Interview Series

VOL. 2

CULTURE'S IMPACT ON ANY DIGITAL TRANSFORMATION IS INESCAPABLE

Firstly, thank you for downloading my 2nd collection of Culture and Digital Transformation interviews. Your support re-affirms that this is an important topic and a topic worthy of much deeper debate and dialogue.

When I began interviewing business leaders in 2017 on this subject, I expected to hear stories of how organizations had well-established protocols and dedicated budgets to deliver culture transformation. After all for an imperative as diverse and, often, as difficult as a Digital Transformation, surely Culture was universally seen as a foundational piece and critical investment.

My idealism, or naivety, was quickly adjusted. Over the course of several frank and candid interviews, a number of key themes continued to surface.

Digital Transformation is an (dangerously) amorphous term. There are as many definitions and descriptions of Digital Transformation as there are organizations engaged in it. For some leaders the impact of Culture on their Digital Transformation wasn't clear or often important. For others engaged in an organization-wide Transformation, the impact of Culture couldn't be clearer.

Digital Transformation was in their remit, Culture wasn't. For those with a technology or marketing mandate it was easy to comprehend how on paper their responsibility was to the "Digital" part of the Transformation. For me this misaligned reality crystalized a belief that Culture should be part of the CMO remit for 21st Century organizations. Culture is going to be a source of competitive differentiation in the years ahead as much as product differentiation was in the 20th Century. To that end, any CMO who isn't a Culture expert will find their potential to create organizational advantage severely hampered in the years ahead.

Culture work is messy, tough and requires constant attention and diligence. Ogilvy One's global CEO Brian Fetherstonhaugh (featured in this ebook) made this point very eloquently when we spoke. Culture is a deliberate, relentless, often expensive and painful set of choices you make every single day. That truism might explain why, in a world increasingly obsessed with short-term objectives and quarterly horizons, why Culture is often seen as too big and too unwieldy to tackle.

Culture can be an impediment or an accelerant. Not surprising many of my interviewees had a very profound "If I knew then what I know now" perspective. Several openly acknowledged that paying more attention to "the people, not the pixels" would have reduced the struggles of, and the inevitable resistance to, a Digital Transformation. We all know how difficult any change can be, especially one of the scale of a Digital Transformation. Not factoring in the Culture component has proven to be a costly mistake for more than one organization.

Ultimately what started as a passion project has grown into an incredible journey of personal growth. It has deepened my knowledge and appreciation of Culture and the difficulties of building a successful 21st Century organization.

It has also brought me into contact with a myriad of brilliant, passionate and committed business leaders. My thanks to each and every leader who was prepared to share their time and insights with me. I am eternally grateful.

To a growing cadre of Culture experts, followers and friends on LinkedIn, my thanks for your comments, your opinions and your thoughts – you've all raised my game and my own knowledge. Slainte.

Several deserve special mention. In particular, Tim Kuppler, Darren Levy, Neil McGregor, Chris Edmonds, Graham Wilson, Ian Buckingham, Greg Scott, Jackie Lauer, Dr Richard Claydon – just keep being you.

Remember folks – it is always the People, not the Pixels.

Hilton
Toronto, December 2017

CONTENTS

Alexis Smith 1
(Anheuser-Busch)

Brian Fetherstonhaugh 6
(OgilvyOne)

Jim Little, Dan Markou and Manoj Jasra 11
(Shaw Communications)

Lee Beech 16
(Nestlé Canada)

Jay Goldman 19
(Klick)

Popular Culture Posts from Hilton 24

Merging marketing, HR & employer branding at Anheuser-Busch.

I've been fortunate to interview many leaders on Culture and Digital Transformation in 2017. As the Digital Transformation agenda grows, the realization of the profound impact Culture plays on that transformation grows exponentially. Executives talk frequently about transforming the work environment to unlock the potential within while concurrently building a cogent story to attract new skills and talent to win. The necessity for strong Employer Branding becomes ever more crucial to deliver both objectives. I caught up with Alexis Smith, Director Employer Branding and Digital at Anheuser-Busch in NYC, to discuss how the worlds of Marketing, HR and Employer Branding are fusing inside the organization.

HB: Alexis, appreciate the time, particularly considering how busy you must be with the new initiative "We Are All Brewers" that I've seen popping up on my social feed.

AS: No problem. You're right "We Are All Brewers" is — and has been — keeping our team and lead agency Huge very busy but it is amazing to see it live. "We Are All Brewers" is our new employer brand platform. To develop the platform, we travelled across the country to film mini documentaries about real people and real stories within our business. Each video is centered around one of A-B's core values — ownership, embracing fast paced growth, creating a better world and never being satisfied — and demonstrates how our employees are living these values every day. The videos are used internally as our rally cry and to celebrate the amazing things our colleagues are brewing up all over the business. We also share them externally on our digital channels and as a powerful asset in our recruiting efforts. The response has been incredible and what makes me most proud is that my A-B colleagues have really rallied behind the campaign, which goes to show how we've captured the spirit and culture of the company in a very special way. That's been the primary objective and, from the feedback and results so far, we've delivered that in spades.

HB: Amazing. This type of marketing effort seems to be on the rise. Coca-Cola recently launched something similar. Tell me a little about how Anheuser-Busch looks at Employer Branding and what's your role in that?

AS: It definitely is, especially as companies are realizing more and more that their employees are one of their greatest assets. At Anheuser-Busch, employer branding is so important to us as our culture, and in turn our working environment, is very fast paced, so making sure our employees enjoy what they're doing,

feel valued and, most importantly, belive in our shared dream is cruicial to the compnay's overall success.

Did I expect my career to take me into the arena of Employer Branding? Absolutely not, but I'm loving every minute of it and I'm learning so much. I started working for the organization with Labatt in Canada where I joined the rotational Global Management Trainee program after graduating. The GMT program gave me the opportunity to work in multiple roles across a number of functions and locations to ensure I had a holistic appreciation of how complex the beer business is, particularly at a global organization. I believe this cross functional experience really set-me up for success as a marketer, giving me the opportunity to dive into consumer insights, experiential and digital marketing and brand building. In my new role I'm fortunate because I get to bring that lens of insight, journeys, touchpoints, story-telling and engagement to a new audience — my colleagues at A-B and new recruits. It has been incredible to partner with my HR colleagues to marry my strengths, experience and ideas with their unique skills, data and insight. It's a very powerful combination. I truly believe this space has the potential to make a substantial impact on company culture and changing the way we work. .

HB: This idea of the intersection of HR and Marketing is growing in popularity. As is the idea that Customer Experience and Employee Experience are two sides of the same coin. Can you talk directly to some of your experiences you've had to tackle in this role?

AS: When I came into this role it was important that I could articulate a vision of, and plot a map to achieving success. That meant, in true marketing fashion, understanding where the gaps and the opportunities lay and looking for ways to creatively solve them and genuinely connect with people.

After moving to the U.S. where I started in brand roles with Natty Light and Michelob Ultra, I was intrigued to find that the Anheuser-Busch brand had awareness and perception gaps. Given that A-B is the industry leader with a strong 160 year heritage in the U.S., this came as a surprise to most of our team. I realized that these gaps were driven in part by our very complex operating structure, both here in the U.S. and globally. We have a parent brand and strong consumer brands, so there's a lot of layers to work through. Within our perception gaps, we uncovered opportunities for us to show how innovative and fast-paced we are, which people are often surprised to learn given our size. These are two main areas that I have been working to tackle in my role as employer brand director, which is where I believe my marketing background adds value within our HR team, or what we call our People Function.

In addition to awareness and perception, culture plays a key role in building our brand.

Culture, however, is hard to track to measure. Determining short-term ROI for an employer brand is slightly different than measuring marketing impact on sales, especially when our key objective is how to attract, employ and retain great people. This is where customer and employee experience comes in.

How can we take learnings from how we market to consumers and apply them to our current and future employees? Experiences are powerful things, so I'm constantly looking for opportunities to create meaningful connections both inside the company and externally as we look to hire and retain the best talent.

HB: All great considerations and, you're right, important to understand where you're starting from and what needs to be addressed. You mentioned being a 160-year old organization, what impact has that had on what you've needed to update or modify to be relevant today?

AS: Having worked in both Canada and the U.S., it has been amazing to compare the company culture on both sides of the border. Of course there are differences, but it's impressive to see how the AB InBev culture transcends borders. As a global organization, I think cultural stability is integral to building a strong foundation. That said, and this is key, I truly believe that culture is a living thing that must evolve over time to stay relevant. It always needs to be reviewed against the current context of the business and the talent we need to attract in order to succeed. After all, culture lives in people, not in walls and buildings, and we can never lose sight of that.

What does that mean in real terms? Values like "Ownership," "Impact," "No short cuts" are very much part of our culture, but how we express those and how we deliver on those today would be very different than say 10 years ago. Re-imagining those values means taking new expectations employees have of companies — things like good corporate citizenship, entrepreneurship, innovation and autonomy — into consideration as these are crucial to attracting and retaining today's talent. Finding the balance between stability and re-imagining the culture based on society today is a key to our business' success.

It also goes back to my perception comment earlier: we have the benefit of being a great company that makes a fun and social product, but that can fuel perceptions about what it's like to work here and influence the type of candidates we attract. Part of my role is to make sure that we're attracting the type of people who are aligned with what we stand for and are excited about what it's like to work here, not just about what we make. We have a lot of fun but we work incredibly hard because we dream big and have high expectations of each other. Balancing hard work and an exciting product is very important for us. It's also a big challenge because although you can sample beer, you can't sample culture; so making parts of our culture tangible is really important to matching

perceptions with realities. Deciding on a career and a company to work for is a big decision so we can't take that lightly.

HB: Excellent perspective. So how does the rubber hit the road for you and your team? What are the lessons you've learned?

AS: Where do I start (laughs)? I've learned and experienced so much since coming into this role. The first is to never lose sight of the fact that we're fostering an environment where our colleagues, and the people we're trying to recruit, can bring their full selves every day. That means beyond treating our people respectfully we must value them, their different perspectives and we must never take them for granted. Like consumers, they have many options and choices to choose from.

As an organization we are constantly working to satisfy our consumers evolving needs, understand where we fit in their lives and how best to share our message with them. Having that same approach and understanding when it comes to our employees is equally crucial.

Are we over-communicating with them? Undercommunicating? Have we reached the ideal frequency or "wear out" on our message? Are we communicating in a relevant channel with a relevant message they can relate to? Are we engaging them with our content and stories? Are we genuine and authentic? Are we humanizing our processes?

We agonize over these things when we communicate to customers, why not apply the same diligence when we talk with employees and prospects? That's how great brands and employer brands are built in my opinion. Here are two direct examples: One is our "We Are All Brewers" work. We went to great lengths to ensure it passed the internal "sniff test" and that our colleagues agreed that it was an accurate representation of working here.

As an employer brand, we have to be living our values and inviting others to experience them, not just selling them the idea.

We also invested media dollars to target our own employees in their networks and channels. If we invest in consumers receiving our messaging in relevant channels at the right moment, why not leverage the same approach for employees? Sometimes you need more than internal emails to effectively communicate with employees and what better place than where they're used to consuming the content. If they're engaged with your content, they'll want to share it. The other is related to "listening and acting."

Our New York offices have notoriously slow elevators so we saw a captive audience and a communication/feedback opportunity. We placed voting consoles by the elevators and asked employees questions like, "Do you understand the performance metrics?" and "Do you feel valued as an A-B employee?" Not surprisingly, we didn't initially get the volume of responses we were hoping for. We stepped back and realized we'd been approaching it wrong. We posed a simpler question "Cookies or Pizza?" — Cookies was the overwhelming winner so the next day we delivered cookies to all the floors demonstrating that when employees share their thoughts, we not only listen, we act. It was a simple reframing but it was sort of Pavlovian. We needed to shift from intangible to tangible in order to demonstrate impact and value. Getting answers to the deeper questions was important to us but it was hard for employees to answer or to know what actions their answers would impact. Asking a simpler question — that we could then act on — was huge. Perhaps, not surprisingly, participation has subsequently increased.

HB: Amazing examples and, as you say, powerfully simple ideas. For the numerous organizations that are working how to put these pieces together what advice do you give them?

AS: I've seen the power of merging marketing and HR expertise first-hand. That's probably my first piece of advice.

There is something remarkable when you take HR's knowledge, expertise and data and you add marketing insight, rigor, creativity and execution. The ability to connect — and deliver — an employee experience is unparalleled when you do that.

The second, and this likely won't come as a surprise, is treating your employee audience with equal humanity and respect as you do your customers. I think many organizations, big or small, forget the human element. Companies often think they need to be more formal or less genuine, but being professional doesn't mean not being empathetic, understating or truly connecting with people. Many of us spend more time at work with our colleagues than we do with our friends and families, so that's important for us to keep in mind when looking at ways to close key business gaps.

HB: Brilliant succinct advice. Any parting thoughts?

AS: Fear less, dream big, get creative and commit. As HR professionals we recruit for certain skills sets when filling roles across the business, but we sometimes neglect to fill the unique skill sets needed on our own teams to deliver impactful work, Employer Brand is a perfect example of that. Even when there is a gap, we always have the power of our internal networks to fall back on. HR departments have the advantage of touching all functions across the business, so when in doubt, reach out to your internal marketers, digital experts, and partners. Collaboration is an informative and powerful thing.

And last but not least, be human. That motto has never steered me wrong.

HB: Slainte Alexis.

AS: Cheers!!

Creating the modern marketing organization and culture at Ogilvy.

As a proud Ogilvy alumni, it was a rare treat to interview the Chairman and CEO of OgilvyOne Brian Fetherstonhaugh for this series on Culture and Digital Transformation. As one of the most storied communication agency networks globally, Ogilvy is truly an iconic organization. Founder David Ogilvy's poignant and timeless missives on organizational imperatives ("We sell or else") and culture ("Hire people bigger than yourself and we become a company of giants") are legendary and still appear daily in LinkedIn feeds.

Brian has worked on the global stage with Ogilvy for over 20 years and now leads a global team of over 5,000 in 40 countries. Through his work with an enviable roster of Fortune 100 clients that includes IBM, American Express, Nestle and Unilever, Brian has a unique purview on how all organizations – and global agencies – are attempting to digitally transform and manage their cultures.

On the day we spoke, Brian was sponsoring a storytelling training course for a team of Ogilvy data analysts.

HB: Brian, appreciate you taking time from the training you're sponsoring. Storytelling and data analysts? That's an unusual mix isn't it?

BF: No, not really. Training has always been such a core part of the Ogilvy culture across the board. And, data is so foundational to modern marketing that if our analysts can find - and tell - the stories in the data, the more likely we'll be able to create compelling work for our clients.

HB: You've spent much of your career at Ogilvy. Can you tell me a bit about that journey and what is your current mandate within the company?

BF: I started at P&G in Canada before moving over to Ogilvy&Mather and becoming the CEO for Canada. Shortly after we won the IBM business, I moved to New York to lead that account globally as they were

going through their "e-business" transformation. Subsequently I've led Ogilvy's Brand Council which is the group responsible for our top 20 clients globally. In 2005 I was appointed to run OgilvyOne the fast-growing digital and data division within our firm.. I'm an advisor to a number of start-ups here in the US and in Canada and am actively involved lecturing at universities across the country. My passion for talent, people and career growth lead me to publish "The Long View" in 2016 which, I'm proud to say, was well-received. So, yes, I have been at Ogilvy for much of my career but the organization has provided me numerous diverse and challenging opportunities along the way. From running a country, to running a massive piece of business to leading a global division. It has been amazing.

HB: You have a unique purview. Leading a transformation of your own organization but also having a line of sight into the transformations happening within your clients. What insights has that given you into Digital Transformation?

BF: Digital Transformation simply means putting digital at the center of the organization's business model and it cascades from there. How the organization operates, how it connects to customers, partners and employees and how it looks for growth all comes from putting digital thinking in the center.

When I joined OgilvyOne it was still largely focused on direct mail. Digital was less than 10%. In a decade digital is now 100% of how we think, operate and grow. That journey has impacted all facets of our organizations. From our business ambition to the clients we seek and the relationships we build, to the investments in people and capabilities we make. I'm proud to say we grew organically every year, not through acquisitions, and also within the parameters of a disciplined network structure like WPP. Overall our own transformation has been quite remarkable. Recently Gartner put Ogilvy in their Leader Quadrant of digital agencies globally. That was a huge validation of our journey.

But it certainly wasn't easy and we definitely learned a lot along the way.

Early on we brought in all sorts of new people with great new ideas but many of them didn't bond with our Ogilvy culture so we had huge attrition.

Transformation cannot mean flushing your existing culture and we learned that important lesson very early on.

You have to find people who have the new thinking but critically who also embrace your culture. That's paramount.

Not surprisingly we place a tremendous amount of emphasis on both the emotional and the functional onboarding for people into our organization. The functional stuff like who pays my expenses and who is the lead on this business but the emotional components – the Ogilvy ethos – is even more important. Bonding the employee experience to the culture is critical. If you don't get that part right, it can be enormously disruptive, even destructive.

HB: Ogilvy has always had a strongly codified culture and set of values. Can you talk about some of those and how they've changed through this transformation?

BF: (laughs) Well we've the unique benefit of having a Founder culture where the founder was an incredible copywriter. Many of David Ogilvy's original ideas for this agency are as applicable for a digital first world as they were when the agency started. So the values may not have changed but we've certainly spent time evolving the associated behaviours.

HB: Can you give me some examples?

BF: Some guide the way our people conduct themselves but, as we're in the professional services business, it has to impact the clients we consult to as well.

"Ladies and Gentlemen with Brains" and "1st Class Business in a 1st Class Way" are definitely attitudinal. The classic Ogilvy mantra "We Sell or Else" explicitly states the impact we have to have for our clients and ourselves. These are all about a civility within our culture but certainly an emphasis on discipline, professionalism and accountability.

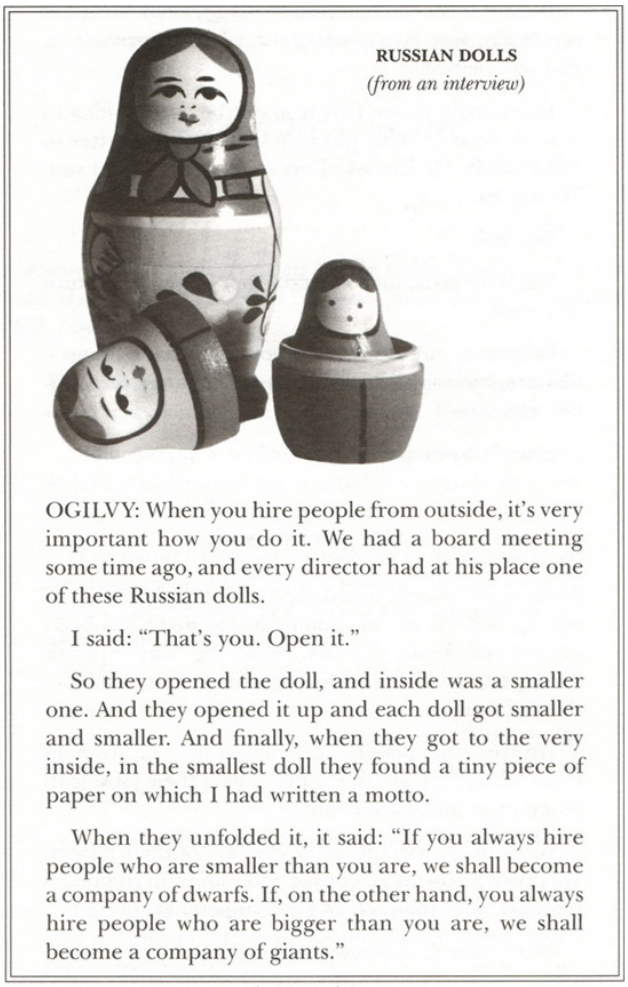
One of the other lessons we learned in our transformation is that we'd become a little too theoretical and academic in how we conducted ourselves. That lead us to reimagine the behaviours we wanted from the marketers we have here. Those include attributes like "Trusted advisor" – do clients trust that you have their best interests at heart in the decisions you make and advice you give? – "Talent magnet" – do talented people want to work with and for you? – "Modern marketer" – do you approach a client problem with no preconceived ideas about the solution and do you have a bias for speed and are outcome-focused? Others like "Do you have Innovation and Growth genes" are quintessentially digital behaviours. This is all about moving from a "Me to We" and collaborative set of behaviours.

In addition to the culture components, we've also been looking at our operating model too.

We've collapsed our Ogilvy infrastructure into a single P&L from the 1100 we had previously and instituted a single unified operating process for everything from strategic planning to briefing. We've also begun a systematic consolidation of our leadership and how we train our top 200 leaders. All of these initiatives have been a massive investment of resources over the past 18 months but, acting in concert, they are the core of Ogilvy's transformation.

HB: That's a significant set of initiatives. Is the Ogilvy transformation complete? What are your signs of success?

BF: Not at all but we certainly believe we are well on our way. We certainly have more work to do in our onboarding and parts of the employee experience but we've come a long way since those early days a decade ago.



RUSSIAN DOLLS
(from an interview)

OGILVY: When you hire people from outside, it's very important how you do it. We had a board meeting some time ago, and every director had at his place one of these Russian dolls.

I said: "That's you. Open it."

So they opened the doll, and inside was a smaller one. And they opened it up and each doll got smaller and smaller. And finally, when they got to the very inside, in the smallest doll they found a tiny piece of paper on which I had written a motto.

When they unfolded it, it said: "If you always hire people who are smaller than you are, we shall become a company of dwarfs. If, on the other hand, you always hire people who are bigger than you are, we shall become a company of giants."

Facebook.com/Ogilvy

The Gartner recognition was great but I consider our new North American leadership structure the most visible sign of the transformation – and our unique culture.

When we collapsed our P&L's we also removed our previous leadership structure by removing office CEO's and business unit CEO's. To replace that structure, we created a cadre of eight client team leaders. That meant evaluating over 200 of our top leaders to determine the best eight. After a rigorous process – including rounds of discussion and voting – we emerged with eight new leaders. Here's the part that really signals our culture. 50% of those leaders were female. Many came from offices outside the traditional ones like New York, Chicago, LA. And these leaders also came from disciplines and specialties beyond the classic advertising domains.

The composition of these eight leaders – and the remarkable talent they possess – is the truest testimony to our transformation.

HB: That's incredible. Are there Digital Transformation examples from your Ogilvy clients that you consider particularly powerful and compelling?

BF: Nestle has done a nice job transforming a very traditional business for the digital world. One of the smart moves they made was to create Digital Acceleration Teams recruiting a set of rising stars from across the entire Nestle organization and from a cross-section of roles and functions. They were brought to Nestle's HQ in Vevey Switzerland for an intense digital training before going back into rotation within Nestle. Nestle refers to them having a course of "digital vitamins" but its more profound than that. You're creating a group of exceptional talent – that is culturally bonded to your organization – and you're creating deep bonds between them that they then propagate throughout Nestle when they return. It's really smart and a great way to proliferate and infuse the organization with a digital ethos.

HB: Excellent example. And, on its face, a relatively simple exercise. Why then, do you think that so many organizations fail to invest in the Culture part of the Transformation or don't seem to believe it is important?

BF: I don't think that any executive doesn't believe Culture is important but, honestly, it's a whole lot tougher to tackle that a software or technology implementation.

Culture is a deliberate, relentless, often expensive and painful set of choices you make every single day.

There is no "one and done" because every single day you're onboarding new folks, course correcting someone, rescuing or recalibrating someone. If my own personal experience is anything to go by, it is also often done in the room face-to-face and nose-to-nose. That's not for the feint of heart. Ultimately that comes down to relentless repetition and consistency, walking the talk and modeling the behaviour. Its grueling. But you can't escape it if you want to do it right.

Now consider what happens when you're trying to transform.

Often you're having to fire your friends. You're having to let people go because their skills are either no longer relevant or they haven't the desire to change or improve their skills. That's a really hard – and emotional – situation to face as a leader.

From my experience, for every dollar spent on a piece of technology an organization should expect to spend three or more dollars on change management and culture initiatives. Extrapolate that across a global organization and you can appreciate the challenge for many executives.

One distinct advantage we have today is that measuring and tracking these elements is now possible. You can keep a finger on the pulse of your people, your clients, and the market. That's invaluable because it means you can react and respond. At Ogilvy, we have a constant set of tracking in place with clients and employees to gauge our performance. We may not always like what our employees tell us but we definitely place a huge emphasis on tracking and listening to what they're telling us.

HB: Considering you've now been on this transformation and culture journey for more than a decade, what advice do you give fellow executives that are either starting out or immersed in the weeds right now?

BF: I've alluded to some of it earlier. Bringing in new people for new ideas and thinking is key but not vetting them for cultural fit can be a disaster and really set you back. Letting your Digital Transformation agenda quickly dissolve into purely a "technology" project is another common mistake. That $1-to-$3 investment I mentioned earlier feels right to me from what I've seen and discussed with other leaders. That requires setting Transformation as a "whole organization" agenda versus a "technology" initiative.

The other part – and I don't have a neatly packaged answer for it – is who owns the Digital Transformation accountability. Yes, the CEO has to visibly endorse and support it but who actually pushes it through. Does it require a Transformation Czar? I certainly believe it requires a small recipe of C-suite executives – from CTO, CHRO, CMO etc – but there definitely has to be a 1st amongst equals mentality to drive it to a successful completion. Who that "1st" is may differ by organization but I do believe that's often overlooked.

HB: This has been a fascinating chat Brian. Any final thoughts before I let you get back to your storytelling data analysts?

BF: I am a huge believer in transformation, so thank you for including me in the conversation. In some ways I consider myself very fortunate. Each morning I wake up and see two Ogilvy quotes – "We Sell or Else" and "We are a Teaching Hospital". As a leader that gives me a pretty clear description of the job I have to do.

Creating a business of impact and empathy at Shaw Communications.

haw Communications is one of Canada's largest Telcos. The Calgary-based provider delivers telephone, Internet, cable and satellite video and wireless services across Canada and, with their 2016 acquisition of Wind Mobile recently rebranded to Freedom Mobile, has begun to converge their network to offer seamless connectivity in and outside of customers' homes. Shaw was founded by JR Shaw in 1966 and, to this day, the Shaw family remain active owners and operators of the business with Brad Shaw the current CEO of the organization.

I had the opportunity to sit down with Jim Little, Shaw's EVP, Chief Marketing & Culture Officer, Dan Markou, SVP, People & Culture and Manoj Jasra, Director, Digital & Ecommerce to discuss how an organization, in one of the toughest competitive business sectors imaginable, is able to execute a digital transformation and still nurture a much-admired culture.

HB: Thank you all for sitting down with me today. Judging by your titles alone, you really do cover the key parts of the Digital Transformation agenda at Shaw. Can you tell me a little about yourself and your mandate?

JL: I've been CMO at Shaw for about 5 years now. Prior to that I've held senior marketing roles within the Financial Services and Aviation sector as well as time within the Omnicom Group. In the last year, our role has expanded considerably to now include responsibility for Culture, as well as Marketing, which is a phenomenal alignment to drive the type of Digital Transformation we've undertaken here at Shaw.

DM: I've been at Shaw for over 10 years during which time I've held a number of senior HR roles across several of our operations and prior to Shaw, worked in different industries including aerospace and consumer packaged goods. Like Jim, my role has also expanded considerably in the last year beyond the traditional domain of HR. It now also includes internal communications and the environmental and physical component of our operations too. As we began creating a world-class employee experience, Jim and I realized that having these aspects of the employee experience within my mandate made tremendous sense.

MJ: I'm a relative newcomer to Shaw having come over from a similar role at Westjet, the Calgary airline, in the past 17 months. My title says digital and ecommerce but the reality is that I'm responsible for creating the optimal customer experience, whether that is sales, service or support. I paraphrase it as being where our customers want and need us to be,

rather than forcing them to come to where we are. That means a pretty significant move to new tools, applications and platforms so we can truly deliver that great Shaw experience.

(l-r: Manoj Jasra, Director, Digital & Ecommerce , Dan Markou, SVP, People & Culture and Jim Little, Shaw's EVP, Chief Marketing & Culture Officer)

HB: I'd love to level-set our readers if I can. Digital Transformation seems a dangerously amorphous term in the business media. How do you define Digital Transformation here at Shaw and how do characterize the objectives and outcomes of a Digital Transformation?

MJ: For Shaw Digital Transformation, at its simplest, really comes down to delivering the most efficient and effective service to our customers we can, using the digital channels and devices that are such a critical part of their lives today.

At the risk of sounding clichéd, it is about rigorously looking at our customer experience and looking at how to make it as efficient as we can. But that means investing in new technologies, new capabilities as well as new talent, new skills, that's where it gets very very interesting.

DM: That's the external promise. But it's the internal changes required to make that a reality where the true Transformation takes place. Everybody says they have no issue with change, until change comes knocking on their door. It's that requirement to break down silos, to operate and think differently that is the tough part in many ways. Building the internal mechanism of leadership, talent and capabilities is where Shaw is focusing much of our executive attention. The new business models and the new requirements those models have.

JL: Manoj's point about efficiency and effectiveness is bang on. The ability to use our rich data to create a genuinely personalized experience - for each and every Shaw customer - is the ultimate expression of that. Personalized experiences, which we now have the ability to genuinely deliver, are what win and retain customers. Just like your favourite restaurant where they know your preferences and your favourite menu items, it is that personalized experience that makes you come back.

HB: I certainly get the requirement of delivering genuine personalized experiences as an objective of a Digital Transformation, but is there more to it at Shaw?

JL: Absolutely. For us we look at the opportunity that lies between two extremes on a spectrum of experiences and transactions. In that way I think we have a very similar POV to companies like Starbucks and others.

Experiences will always be very people-intense and high touch where we try to build that relationship and connection with our customers. And we'll invest accordingly. Conversely, transactions should be hyper-efficient, cost-effective and, ideally, low touch. If we can get the balance right on those two dials, through our operations, our people and our technology then we believe we'll win. Getting the balance right is the tricky part.

HB: That's a great metaphor. So how is the journey unfolding at Shaw? How are you having to adapt the organization to deliver this?

DM: Actually this is where the Culture part and the new organizational structure has really come to life.

The merging of HR and Marketing reporting up into Jim has had a very profound affect. It really highlights our recognition that, if we're to deliver on this fantastic customer experience, we have to be equally focused on attracting the right talent and having an equally fantastic employee experience. Customer experience and employee experience are two sides of the same coin.

Being able to achieve that really does need all the skills of Marketing and HR being co-joined in creating a consistent employee and customer experience.

JL: I completely agree. Having been a marketer my entire career now having the opportunity to work through our largest initiatives with Dan, as a colleague inside the same team, has been amazing.

We are seeing great logic for Marketing and HR, or Culture, being wrapped together because we've seen how powerful that combination is first-hand.

This really has been one of the most exciting and fun periods in my entire career.

MJ: I've certainly benefitted from this merging of HR and Marketing and its subsequent impact on the amazing story I can tell regarding our Shaw strategy and our new refined Values. Attracting talent to Calgary is a struggle unfortunately, but I've certainly seen more candidates, more top-notch talent, be interested in an opportunity at Shaw today. I do credit the efforts of this group to be able to build that story – and for that story to feel genuine to potential candidates.

HB: You've all referenced new, or evolved, Values here at Shaw. Can you talk to me about what those Values are and what motivated you to refine or update them?

Brad Shaw, CEO

JL: I would say we've always prided ourselves on having a very family-oriented, warm and paternal type culture. Which isn't that surprising when you consider that our Founder JR Shaw is still very involved in the day-to-day of the organization. Our CEO Brad Shaw is absolutely the same, he is a very people-oriented leader. This has always been a place where we use the term "we" versus "I" because that's just how JR and Brad are as people and as leaders.

We were great at delivering on empathy, just not as good on measuring individual impact. We've now become relentless in determining that balance of "Head" and "Heart". Where we wouldn't lose the caring aspects that made Shaw a very special place to work, but ensure that our employees had a very clear and unambiguous sense of what we expected in terms of contribution, of performance and of delivering on the business. That was a key part of the refresh of our Values.

DM: We travelled extensively across the country, interviewed hundreds of employees and asked them what made this organization unique. It took us more

than 6 months but it was worth the time and effort. Why did they stay and why would they encourage people to join Shaw? It was illuminating because it highlighted some real opportunities to refine our Values. Both for the realities of a new millennial workforce but also to ensure that our people understood that contribution is an incredibly critical criteria. In the past we may have equated fairness with sameness, or treating everyone exactly equal, and that's just not appropriate anymore. It also doesn't bring out the best in our people, who expect to see a directly correlation between their contribution and their advancement at Shaw.

Jim mentioned that our customer service model is moving toward a highly personalized one. In the same way we're retooling many of our processes and employee-related systems to be similarly personalized. We're looking at investments in our employee experience and asking, can this investment deliver the same ROI to the business as an investment in our network or in some of the technology that Manoj keeps asking for (smile).

It's no longer appropriate for HR to be a cost-center. It is this type of focus on "Head and Heart" that drove a revaluation of our Values and lead to us crafting a new set of Values we believe will move our people and our Culture forward. We are committed to making Shaw the place where the best people choose to work.

JL: A key realization for us has been the critical importance of our "First Leaders" and getting that key group galvanized around the new Values. And acknowledging the importance of their role in propagating those Values. At Shaw, our First Leaders are the Supervisor level and, as you've likely seen in countless reports and surveys, they really are where the Culture needs to be nurtured and modeled. People seldom leave because of a poor organization but they often leave because of a poor Boss or Supervisor. We're paying particular attention to that part of our team because having them as proponents – and examples – of the new Values is paramount.

HB: Fantastic examples. You also have a unique advantage in that your Founder, the living embodiment of your Culture, is still so active in the business. Can you talk to me about the impact of having JR and now Brad here?

JL: It's true, we're very fortunate to have our Founder literally come in to the Calgary office whenever he is in town. He and our CEO Brad Shaw are very similar; they are remarkable operators but they've not lost that "owner" mentality. A lot of organizations talk about retaining a start-up culture despite their size or success. At Shaw I genuinely feel like that is the case.

JR (Founder of Shaw) often says "I never dreamed this big" and I think he sincerely means that. There's no doubt he's as driven to succeed today as he was when he started Shaw.

JR Shaw, Founder of Shaw & Executive Chair

That drive is something we absolutely benefit from. I can say that the Shaw mentality has been to never trade a quarter for a year, or trade a year for five. When we decide to move forward on something, we always take the long-view. That's unique in my experience, particularly in this sector.

DM: Having been here over 10 years, I've seen the family truly exhibit that entrepreneurial drive countless times. They remain as genuinely excited about acquiring new customers today as I imagine they were in 1966 when JR started Shaw. They also have an amazing impact on the Shaw culture as we discussed earlier.

JR, and now Brad, really are the exemplars of our Values and that paternal, empathy we talked about earlier is very much their style and does come directly from how they act, how they interact with everyone at Shaw. We really are very fortunate to have them so active in building the fabric of our culture.

HB: Wow, that is quite remarkable. With all that you've gone through in the past 18 months – a re-org, defining a set of new Values, merging Marketing and HR – what lessons have you learnt? What advice do you have for your Digital Transformation peers?

JL: For us, it has been the confirmation that speed is more important than perfection. To put it another way, action modified always beats perfect inaction. That's a very "digital" concept but, personally, that's been the biggest realization. "Get it done" has always been a very Shaw attitude, its served us well in the past and, particularly, in the last 18 months.

MJ: For me, the critical lesson is the need for alignment on direction and what success looks like. Particularly when there are so many potential areas to re-tool or new investments you could make. I've been amazed at how little "trading" we do when we make a decision here. Historically I've seen situations where a decision is made and then everyone starts trading or subtly changing their position. You don't see that at Shaw. When we align, we align and just get it done as Jim says. That purposeful action is critical for a Digital Transformation in my opinion.

DM: On the Culture part, I'd say I've been reminded about how critical consistency is to get people aligned to a change and to get behind it.

That means more than just consistent messaging, the easy part, but the consistency in how we act and behave. Consistent behaviour is always how Cultures are built, or evolved, so being relentless in that consistency has been crucial for us. Particular in this new chapter at Shaw.

JL: All great points, let me just say this has been one of the most intense and difficult periods in my career. But it has also been incredibly rewarding and, more importantly, incredibly fun. That really is classic Shaw.

Delivering sweet success at Nestle Canada.

Nestlé is a global CPG behemoth. Straddling categories as diverse as ice cream, pizza, baby food and water, Nestlé owns some of the world's most iconic brands like Kit Kat, Nespresso, Delissio and Gerber. Over its 150 year history the Swiss-based organization has had to evolve, grow and transform how it operates and how it markets to be successful. Today's market of Amazon dominance, chat-bots and programmatic are merely the newest challenges for Nestlé marketers to tackle. Over a delicious Nespresso coffee, I had the opportunity to interview Nestlé Canada's Digital Transformation and eCommerce Leader Lee Beech and ask how the organization is tackling this new raft of challenges.

HB: Thanks Lee, delicious coffee by the way. You're a Nestlé veteran. Tell me about your journey and your current role.

LB: Yes it's been almost 17 years working for Nestlé which, in this day and age, might seems unusual. In reality it's been an ever evolving and changing role that has literally taken me all over the world. I started in the Nestlé UK office looking at how the organization should be tackling websites, moved to Germany then in 2005 came over to Canada. I've been incredibly fortunate to have had the opportunity to lead several regional initiatives across the Americas to my latest role which is, quite simply, to establish Nestlé Canada as a digital lead market globally. With an organization that has the scale and complexity of Nestlé there really is never a dull moment. That may explain why I've stayed as long as I have. Being tasked to make Nestlé Canada a leader in digital was just too good an opportunity to turn down.

HB: In other interviews I've talked about how abstract the phrase "Digital Transformation" is. Each organization has their own perception of the term and what the opportunity really is. What's Nestlé Canada's perspective?

LB: Digital is absolutely changing many of our practices across Nestlé Canada. That's inevitable as every part of the business is feeling the tide shift to digital. Just look at how our partners like WalMart, Loblaws are changing digitally. At Nestlé Canada we see a real opportunity for marketing to lead the transformation. Our VP of Communication and Marketing Excellence Tracy Cooke has been a very vocal proponent of this. After all, our role in Marketing is to anticipate the needs of both our consumers and customers and increasingly that means a digital solution.

In many ways we're the tip of the spear which is why our Marketing team has undergone the most sizable change in terms of people, processes and practices. Internally we like to consider our-

selves as the "flag bearers of opportunity" which is a great way to look at the important task we've been given.

HB: Can you give me some Canadian examples of what those changes have been?

LB: Sure, not surprisingly it's the people we've brought into the organization that I consider the biggest change. We've done a number of really fantastic initiatives but none of those would've been possible if we hadn't been able to attract new skills and new thinking into our team. Ex-Mondolez's Bonin Bough has said repeatedly that he's actually competing with Google, Adobe for the best talent. As a 150 year-old CPG company we face that very same challenge. We've recently started experimenting with running our own programmatic efforts which is new across the Nestlé company. We wouldn't have been able to do that if we'd not been able to bring new blood into Nestlé – and if our Leadership and our HR partners weren't willing to think in new ways too. The change has to start with new thinking and that often can be accelerated by bringing in new perspectives. If you'd asked me 5 years ago if we'd have a Digital Merchandiser and a Buy-side Programmatic Manager on staff here, I'd have shaken my head. Today those individuals are key parts of our digital efforts.

HB: Fair point. CPG's often get hammered for being laggards rather than leaders in Digital. Is that a fair criticism and how is Nestlé Canada addressing that point-of-view?

LB: Access to the last mile has been a traditional issue CPG marketers have had to deal with. In the digital arena that often means the richest data – and most intriguing insights – sit within our partners. Data really is the holy grail that powers many of digital's biggest opportunities.

At Nestlé Canada we're definitely looking at new channels, new partnerships and new ideas to get more of that richer data and insight.

Our Nestlé Baby program is a real jewel in terms of a DTC CRM model that we've been successfully operating for several years locally. Globally our Nespresso brand has been doing some incredible things too to build a different, and more direct, relationship with our consumers. In recent months we've been aggressively trialing efforts with homegrown partners like Shopify and even looking at how we can use distribution channels like UberEats paired with our Delissio pizza brand to learn new things about the Canadian consumer.

Importantly, these aren't about driving huge revenue but about learning vital lessons that we can bring back into the company. "What else is in their cart?", "what promotions do they respond to in this environment?" "what patterns are we seeing?" All of these new pieces of information have a ripple effect through the company. They impact which products we consider refreshing or rebranding and make us consider elements like ratings and reviews which are foundational in many digital models.

HB: Working with UberEats and Shopify obviously aren't initiatives driven from your headquarters in Switzerland. How much latitude are you given locally to drive a uniquely Canadian digital agenda?

LB: We're given a fair bit of latitude locally but it would be a mistake for us not to leverage the enormous clout and knowledge that exists within the Nestlé ecosystem. Its always about balancing pragmatism – and a

legitimate business requirement for effectiveness and efficiency – with local opportunity. Why negotiate with a local software vendor when Vevey (Nestlé's HW on the banks of Lake Geneva) is looking to implement a similar global solution? However tackling certain initiatives locally –like Shopify and our content creation partnership with Flashstock - gives us the agility to get it out the door faster, learn faster and then make the necessary refinements.

HB: Nestlé is a 150-year old organization which suggests a very embedded culture and way of doing things. How has this digital push been impacted by that reality – and, vice versa, how has the culture had to adapt in order to be successful?

LB: No doubt. Trust is a very important value here at Nestlé. Considering our roots in food products we've always been very concerned about earning the trust of our consumers but Trust also means the way we earn and respect the trust of our colleagues too. We've absolutely had to become more comfortable with pushing ourselves outside the comfort zones we've operated in historically. That takes trust. Risk taking, no matter how you define it, requires high levels of confidence and trust in your colleagues and how they are approaching a problem. We take that very seriously.

That is also partially why we make very sure we're sharing our initiatives within Nestlé Canada but also across the organization. In many ways its about having an attitude of Transparency and Visibility. If you operate through that lens it can have a profound impact. For example, it can be a real morale booster to see the progress and leadership we're making but it also gives us a forum to foster conversations and debates with our colleagues. "This is what we've done and what we've learnt" can be a great means to build openness and trust. I would definitely say that we've not always shown or highlighted some of the remarkable work or projects we're doing worldwide. I do see that changing and Nestlé putting more emphasis on building trust by showing these projects to a broader audience.

In some ways I also look at this notion of "anticipating customer's needs" as another part of this value of Trust. If we keep focusing our efforts on better understanding what we're doing well, where we can improve and make meaningful changes, we'll keep earning our consumer's trust.

It's really a bit of a self-fulfilling prophecy if we keep Trust at the core of how we operate.

HB: Working within Nestlé for the time you have must have taught you a number of valuable lessons. What lessons are you comfortable sharing with your peers and colleagues reading this interview?

LB: Some of the lessons I've had constantly reinforced are some of the most basic. "Demonstrate quick wins" is a classic but with all the confusion and hype around digital transformation, nothing builds confidence internally than a few quick wins. The other has to be "Don't boil the ocean." Again with some many choices and options out there it can be quite easy to succumb to trying to do it all. Don't. Finally this isn't a lesson as much as an attitude I suppose. "Be Stubborn About Pushing Forward" – when you're trying to do something new setbacks are unfortunate and often inevitable but if you're a little stubborn then you'll keep moving forward. A bit of stubbornness can actually be a good thing from my experience.

Writing the book on culture and transformation with Klick Health.

Toronto-based Klick is an organization that defies many traditional definitions. It is a full service health marketing agency. But its also a training and development company, a creator of CRM software platforms and a consultancy. What can't be debated is how unique and compelling their culture is. So much so, that they have a New York Times bestselling book – The Decoded Company – that talks directly to how they've created a organizational culture for the 21st Century. I sat down in their Toronto offices with Jay Goldman, a member of the Klick Executive team and Managing Director of Klick's latest business venture Sensei Labs.

HB: Thanks for taking time to chat Jay – and thanks for the ice-cream, I mostly just get coffee when I have these chats. Can you give us some background on you and your newest role here at Klick.

JG: My career has gone through a few iterations since I started within IBM's Lab here in Toronto working on DB2. My degree in Information Systems and Human Behaviour was almost a perfect springboard for what I've ended up creating here at Klick. It was a great mix of Computer Science, Psychology and Sociology and going to IBM when I graduated was a perfect way to put what I'd learnt immediately into practice. Since IBM I've formed, and then sold, an agency organization and it was after that acquisition I was head-hunted into Klick to help build their initial Strategy offering. That was in 2010 when the organization was about 150 people. That grew into a role to imagine and subsequently build Klick Labs, which is now an actual physical lab on the 7th Floor of our building. I joined the Executive Team in 2012 and in 2014 co-authored The Decoded Company with our co-founders Leerom Segal and Aaron Goldstein and our good friend Rahaf Harfoush. Sensei Labs is the newest part of my role. I am the Co-Founder and Managing Director of our newest division and tasked with building that out.

HB: In comparison to some of the other interviews I've done, you're a relatively young organization. Is Digital Transformation perceived somewhat differently here versus, say, a 100 year-old organization?

JG: Absolutely. We're set to celebrate our 20th anniversary at Klick this year which means, in many ways, we're an organization that was born digital. When the organization started, and what is at the core of our DNA, is unmistakably a familiarity and comfort with digital. That certainly sets us apart from organizations that were created earlier and under a different set of circumstances.

Where that difference is perhaps most pronounced is in how we think of the "Transformation" part of that phrase.

Quite simply you can think of Digital Transformation as a project, with a stated goal, budget, timeline and set of deliverables. Or you can think of it as an ongoing part of how you operate. Almost a perpetual state of self-review and self-disruption.

To us "Transformation as a Project" is almost an acknowledgement of failure and is typically driven by a radical need to change because of an imminent or recent disruption in your sector. On the other hand, if Transformation – or more accurately Perpetual or Constant Transformation – is how you always act, then you have more control over your destiny. You're doing it to yourself before a competitor in the marketplace does.

In some ways that notion of constant transformation is baked into our credo and our culture here at Klick which is this idea of "The Relentless Pursuit of Awesome" For us that means, each day you're striving to be more awesome than you were yesterday. If you had a great client meeting or technical launch yesterday, congratulations, but was yesterday. Because "awesome" is an ever-changing standard, that credo reinforces we keep needing to raise the bar on ourselves, and our work.

HB: That's easier said than done for most organizations though. What other factors play into your ability to keep transformation central to how all of your people think and operate?

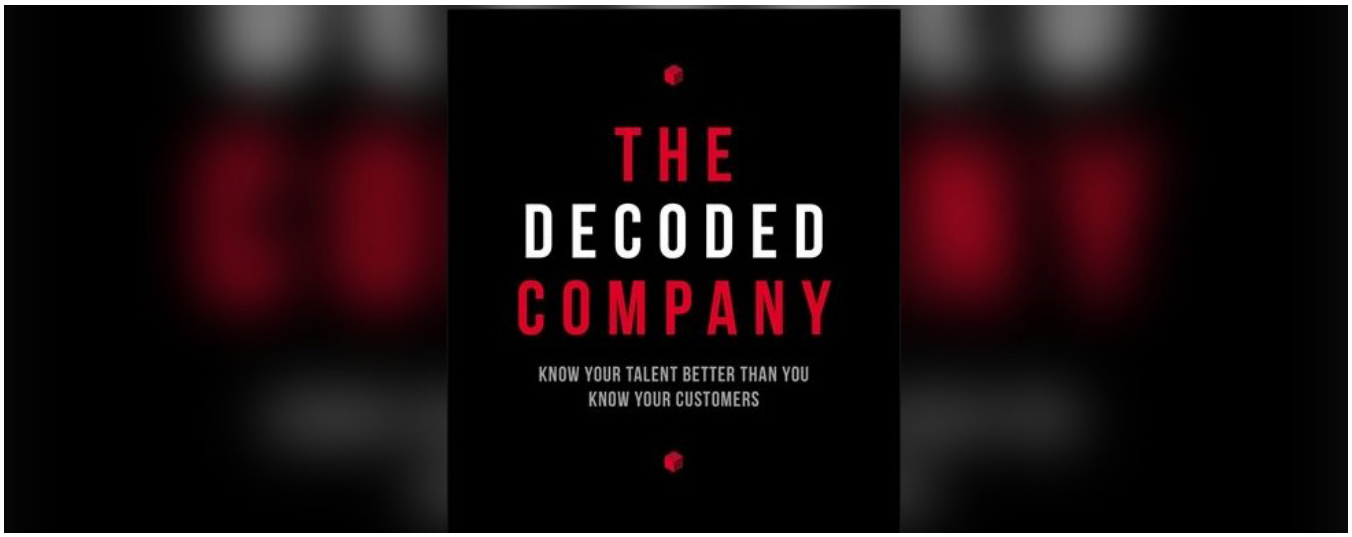
JG: True, we definitely have a few advantages over other organizations grappling with Digital Transformation. One is our fiercely-held independence, which means we're not beholden to a sprawling network agency model where someone in another geography or time zone is making decisions on our future. We have the luxury to make our own decisions and investments as we see fit.

The other is that our founders had no formal business school training when they started Klick. That may sound counter-intuitive but it also meant they had no formalized or regimented approach for tackling problems.

Case in point, we're very solidly against the notion of "best practices" because that often means you're utilizing outdated thinking for a current problem.

Best practices are often derived from an organization – which may be in an entirely different sector and have an entirely different set of circumstances – that successfully tried something for a few years, then a consultancy took another few years trying to codify the approach, and then you try implement it yourself for a few years. You're now 7 or 10 years behind the moment the "best practice" was adopted. At the rate of change today that's just untenable in our opinion. Case in point there is a series of great videos about Spotify's engineering culture which have been watched – and probably copied – millions of times. Reality is, those are excellent and perfect for Spotify but you can't assume they'll be equally great for you.

Finally, and not surprisingly, our people are a huge part of that ability to keep transforming. We jokingly – and with a certain amount of pride - refer to our-



selves as "The Island of Misfit Toys" here at Klick. Or perhaps the more PC-term would be "The Island of Digital Natives". Many of our folks come here from organizations where they didn't fit but they've found an environment at Klick that allows them to do some of their most rewarding and fun work.

HB: Now we're getting into some of the juicy Culture stuff. Can you give me a few more examples about Klick's culture?

JG: Many of the examples are in The Decoded Company. In fact, much of the initial rationale for writing the book was the idea that it would act as a recruitment tool and explain how we do things a little differently here. We have three basic beliefs that we've been able to live or imbue since starting Klick. Technology as a Coach springs from the idea that there is no excuse for a standardized, one-size-fits-all approach to growth, learning and development anymore. That may have been true 20 years ago but today we can use data and patterns to help coach us. Data as a 6th Sense is also about leveraging all the amazing data swirling around to help us avoid mistakes we've made previously but also to find unique ways to streamline processes, flows and projects that are unnecessarily inefficient. All of these enhancements allow our people to do more meaningful work and grow. The 3rd – Engineered Ecosystems will prevail over Hierarchies – is something we're all seeing around us. It is how you design your teams and how collaboration can really work when its informed by data.

Those are systems or principles we've built the Klick culture on but we absolutely realize that Culture is really the only way to attract unique talent.

To that point, what's remarkable is that we've been able to sustain a 40% annual growth in employees while having such rigorous eye on ensuring we hire the right talent – those Misfit Toys I referenced earlier – that its harder to get hired here than it is to get into Harvard. That's not a boast, more a reflection of how many submissions we constantly get. So we absolutely merchandise our Culture to ensure we attract the very best talent. For example, and as you've seen, we have an ice cream fridge here at Klick.

Free ice cream whenever you want. Its just something we've always done. Well on one of our recruitment drives down the East Coast we took an ice cream van to a bunch of competitive offices and gave out free ice cream in exchange for a business card. We had lines around the block but it was one way of highlighting a quirky little thing we do here that does make Klick different.

HB: There's a significant amount of talk about building an Innovation Culture or a Design Culture

or a XYZ Culture in order to succeed in a Digital Transformation. What are your thoughts on that?

JG: Personally I think that many of those types of initiatives are destined to fail. In many ways they almost seem to be a response to a terrible experience so they're implemented in a way that is culturally insensitive to the current organization.

Metaphorically I liken it to the aspirations you have when you create a garden. You can till the soil, fertilize it, remove the weeds, perhaps even decide where to build it based on the amount of sunshine. But at some stage nature takes its course. Certain flowers just aren't going to grow in those conditions no matter what you do.

One of the phrases that we use in Klick Labs speaks directly to this. "You can't order Innovation by the pound". Just like you can't say you'll have 3 innovations by the end of Q1 if the conditions aren't right. If you say you're driven to innovate but your culture has no appetite or mechanism to accept and embrace failure its never going to happen. At Klick Labs we hold ourselves to no more than a 30% success rate on our experiments because we believe that any higher – say 70%-80% - would mean we weren't pushing hard enough to do new and smart things. That's just an example of calibrating your Culture in a realistic manner.

HB: Amazing metaphor and examples Jay. A classic question but what advice do you give your peers and clients grappling with these same issues?

JG: Probably two things. First honestly evaluate exactly what type of organization you are. Be brutal with that evaluation but ensure that you honestly appraise where your strengths and weaknesses lie. Secondly, is this "Transformation as a Project" or is this a bona-fide Transformation that becomes part of how you're going to change internally and adopt a new mindset. Understanding those motivations and the organizational appetite for Transformation will allow you to more accurately set and manage your expectations and those around you.

HB: Anyone out there that you consider is doing a good job at this?

JG: Definitely. I think Amazon is an obvious example (note – this interview happened before the Whole Foods acquisition) and Jeff Bezos' notion of operating to different event horizons is intriguing. Elon Musk is another one. Perhaps a little like JFK but he's been able to attract a pretty remarkable bunch of talent to solve some big meaty problems. And then Satya Nadella over at Microsoft has done a really remarkable job turning that organization around from what it was when Steve Ballmer was at the helm. Innovation and fresh thinking seems more possible and likely at Microsoft than it was a few years ago. That's all down to creating the right conditions, nurturing that culture.

POPULAR CULTURE POSTS FROM HILTON

linkedin.com/in/hiltonbarbour/

Ten culture fallacies we must stop. (Part 1)

How often has the term "culture" been mentioned in your business in the last 72 hours? How often has Peter Drucker's "Culture Eats Strategy" meme popped up in your LinkedIn feed?

I'm willing to bet the answer is "frequently" or maybe even "too bloody often". Coupled with terms like Digital Transformation, automation, the future of work, the gig economy and change management, culture is a white hot topic that business leaders can fervently debate and discuss but they can no longer dismiss.

Additionally, with an armada of armchair experts opining on the topic, it is not surprising that certain perspectives and opinions have also entered the debate.

Some opinions are stated with unambiguous zealotry in channels like LinkedIn. Perhaps more worryingly, the very executives tasked with addressing the culture topic hold some very strong opinions too.

Here are ten that I've seen, discussed and debated.

#1: You Can Magically Create A "Innovation", "Entrepreneur", "Risk" Culture

It has become increasingly popular for organizations to say they need to build an "innovation" culture or a "creativity" culture or some other bright shiny modifier of their culture.

Truth is you already have a culture.

From the moment your organization had more than one employee, it began to nurture a set of shared behaviours – a culture - that defined how you work together.

Ask yourself – Does your current environment allow people to fail fast without negative consequences? Do you embrace challenging new approaches to your business model from within – regardless of the tenure or rank of the source? What is your organization's real attitude to "risk"?

If your answer was "no" to the examples above, then you're not building an innovation, creative or entrepreneurial culture. It is the behaviours you support, the behaviours you tacitly or unconsciously reward that set the tone.

You might enjoy Rob Shelton's article in *strategy&business* where he gives some great examples of the behaviours that do begin to build an innovation culture.

#2: You Can Copy A Culture

With all the ink spilt on the hiring practices at Google, the office environment at Apple or the Holocracy experiment at Zappos, it can be enticing to propose that your organization execute the culture playbook of those organizations and similar fame and fortune will inevitably occur.

Wrong. Culture is a shared experience built from internal adaptation to external circumstances. As such, each of these cultures has been uniquely built from surviving numerous threats to their survival over the years.

Each individual culture has learnt which specific behaviours to keep, which one's to modify or end, in order to succeed under the very special set of circumstances and market conditions in which they play.

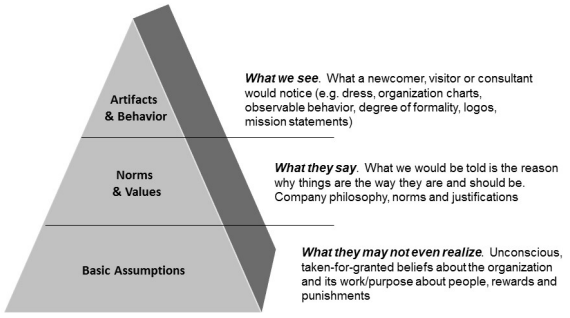
Unless your organization is literally a carbon copy of their market sector, organizational history, leadership attitudes and experience, partner and supplier network, union and employee relationships, and the myriad of other factors that have created those organizations, you're never going to copy their culture. At best, look to these cultures for inspiration but build your own playbook.

#3: Foosball tables, plaques on the wall and "Beercart Friday's" Are Your Culture

Most organizations still fall prey to the misperception that their open plan collaboration pods, hot desking or remote working policy, funky new decor and the "people-2-foosball table density" are indicative of their open and transparent culture.

As Tim Kuppler of Culture University so eloquently states it, those are "climate" not Culture. Renowned culture academic Edgar Schein goes further by describing the three layers of culture – Artifacts, Espoused Values and Basic Assumptions.

In Schein's opinion, the layer that you can see, feel, hear, touch is the Artifact layer. But that's not your Culture. That's not the layer that governs how people in an organization consciously – and unconsciously – make decisions. That layer is the deepest layer, the layer unseen by outsiders and often unrecognized by employees themselves – the Basic Assumptions layer.



Source: Modified from Edgar Schein, "Coming to a New Awareness of Organizational Culture"

If you're genuinely interested in understanding what drives an organizational culture, you need to look further than the gleaming artifacts you see when you go into an organization. You need to look deeper than the words and values enshrined on the walls or emblazoned on laminated cards. You need to get to the Basic Assumption level – where the forces that drive decision-making and attitudes in an organization reside. That's the real Culture.

#4: Employee Engagement Is An Objective

If you're a culture practitioner – or just a human being with any degree of empathy – the annual Gallup Employee Engagement Report is a sobering read.

The most depressing stat being the 87% of employees globally who are not engaged in their role. That is a tremendous amount of intellect, energy and passion that isn't being applied to an organization. Couple the 87% stat with findings that show that highly-engaged workforces outperform their peers by 147% in earnings and the critical importance of employee

engagement becomes very stark. Unfortunately this typically leads to a binary, knee-jerk "raise employee engagement at all costs" mantra.

Employee engagement is an outcome. It is not an objective.

Like the other classic business imperative – profit – it is an outcome from running your organization effectively and efficiently.

If you want to tackle low employee engagement, you need to intimately understand your current culture (which few organizations are prepared to do) and then tackle the issues you uncover. Only then can you begin to create a culture where employees are clear on their roles, clear on how they can contribute, clear on the behaviours the organization rewards. Then, and only then, will engagement improve.

#5: Culture is a "Feel Good" Exercise With No Business Impact

Perhaps not an opinion stated openly anymore but there's certainly skepticism from many executives that investment in culture ever translates directly to business improvement. Considering that culture deals with the messy, irrational, emotional realities of human beings, it perhaps isn't surprising that some folks may see this as a warm and fuzzy feel-good investment. Consider for a moment if these elements have a direct business impact.

- Turnover and Employee retention
- Cost of hiring and training
- Inter-departmental silos or open conflict
- Employee absenteeism
- Inability to change (or innovate) to disruptions in the market
- Employees "just do their job" or "show little initiative"

These are symptoms of a culture that is not operating effectively. A culture where the artifacts, values and basic assumptions (see point 3 above) are out of sync. Now consider what your organization might look like if the exact inverse of these situations were the norm.

Personally, and this is a view held by many culture experts, I believe that culture is a genuine source of competitive advantage in today's economy. The ability to have your employees bring their full energy, intellect, passion, curiosity and desire to participate to your organization is the ultimate business impact.

I'll be publishing the final 5 culture fallacies in another post next week. Included in that post will be some of my other favourite fallacies.

- Why Peter Drucker's culture meme should be banned
- Culture is HR's responsibility
- Culture is only for employees and has no external impact
- It takes too long to change culture
- Changing your culture is possible (always a polarizing one)

Here's my question – what fallacies do you feel need to be put to bed immediately?

What are some of the culture fallacies or misperceptions you read about – or hear in your organization?

I'd love to get them out in the open and vanquished once and for all.

Ten culture fallacies we must stop. (Part 2)

I hadn't expected to hit such a raw nerve with a recent blog post.

My concern, shared by many others, is that the critical topic of Culture has been usurped by fallacies and falsehoods.

If you've not read that post, here's an abbreviated list I called out previously;

- You Can Magically Create A "Innovation", "Entrepreneur", "Risk" Culture
- You Can Copy A Culture
- Foosball tables, plaques on the wall and "Beercart Friday's" Are Your Culture
- Employee Engagement Is An Objective
- Culture is a "Feel Good" Exercise With No Business Impact

Despite every intention of finishing with the 5 other Culture fallacies, comments from you Dear Readers raised several other fallacies which warranted inclusion. Several were more interesting and insightful than my originals.

I appreciate those who raised them and even provide anecdotes from their own experience.

So, here are the final 5 Culture fallacies I believe we all need to put to bed.

Fallacies that get in the way of a legitimate discussion about how Culture can be – and is already – a competitive business differentiator and advantage.

#6: Culture only impacts employees and has no external impact

As the notion of Customer Experience becomes a point of obsession for every organization, what seems to be lost is the criticality of employees – yes real live human beings – to manage and deliver that Customer Experience.

The smiling and attentive Disney Parks employee, the fun and zany Southwest Airlines cabin crew, the well-meaning and customer obsessed Call Service Representative at Zappos.

In each case, those are the Customer "Experience" moments that end up on review sites, on gushing Facebook and Instagram posts and become the word-of-mouth marketing fodder that drives repeat customers.

People may appreciate your slick frictionless website.

But they'll remember your attentive, helpful and engaged people more.

Tell me how culture has no exterior impact and I'll remind you that Jeff Bezos, fast becoming the most admired and respected CEO globally, paid over $1 billion dollars for Zappos to buy their culture. His words not mine.

#7: Culture is HR's responsibility

Perhaps not a fallacy as much as a statement in evolution. Culture has traditionally been the domain of Culture as HR was given the tasks that impact Culture.

Policy, rules, onboarding, annual reviews, hiring, firing, union negotiations, dispute resolution etc. All these elements – and a multitude of others too – were the subject matter domain of HR.

In today's organizations Culture responsibility may lie with HR but Culture accountability lies with Leadership. Leadership set the strategy but, importantly, they set the tone and tenor of how that Strategy gets delivered. Through their explicit actions Leadership defines what Edgar Schein calls the 3rd layer of Culture – tacit assumptions – or the way that decisions are made in an organization.

If HR spends 3 hours telling new employees about the critical values of "listening and customer centricity" but seasoned employees know that the fastest way to get promoted is by selling customers more products, products they don't actually need, then which behaviour do you believe really reflects the Culture?

HR may be responsible for ensuring that employee engagement scores metrics like "collaboration" and "teamwork" are measured and tabulated but it is Leadership that sets the conditions by which collaboration and teamwork actually occur. Or don't.

#8: There is no need to change a successful Culture

Culture is inherently born from the shared successes of an organization. Stands to reason, if an organization tries and repeatedly fails at an activity they either adapt or perish. Successes, and the actions and behaviours that lead to them, become hardwired. They become part of the culture.

There is a lot to be said for "if it ain't broke, why fix it"

Through that lens, there's really not a whole lot of incentive to change. The larger issue is that success can breed complacency or worse, arrogance. Many of the most successful organizations look at their culture as another component in their success toolkit. An element to be reviewed, analyzed, tinkered with and modified with as much diligence as optimizing their supply chain or understanding the attribution of their digital media investments.

Tony Hsieh of Zappos, arguably one of the most lauded and admired cultures globally, took the radical step of experimenting with Holacracy as a deliberate way to keep Zappos' culture evolving. Many would consider the experiment a failure but the point was about evolution and change.

Another admired CEO, Garry Ridge of WD-40, takes the evolution idea even further by making learning a core component of his entire organizational ethos. To stop success breeding complacency, apathy or arrogance at his organization he asks this deliciously simple question "When was the last time you did something for the first time?" What a glorious way to ensure everyone keeps thinking and learning.

For Culture to be – and remain – a point of competitive advantage or differentiation, leaders must be willing to let (or force) their culture to evolve. Lou Gerstner's fantastic book about IBM "Who Says Elephants Can't Dance" is a masterclass in what happens to a brilliant organization when their culture is allowed to harden and ossify.

Today's most successful organization's realize that survival in our hyper-competitive environment requires deliberate and diligent re-evaluation and refinement - of all parts of the business. Culture can't get a hallpass from that evaluation.

#9: You should fix a broken Culture

In light of #8 this might seem a bizarre fallacy to propose but it is one that has significant merit.

From passionate articles in HBR to the writings of Edgar Schein, there is overwhelming consensus that "fixing" your Culture should not be a stated imperative but is an outcome of addressing more core business issues and the associated decision-making, actions and behaviours.

Or to phrase it differently, focus on fixing the business issues and the culture changes will occur.

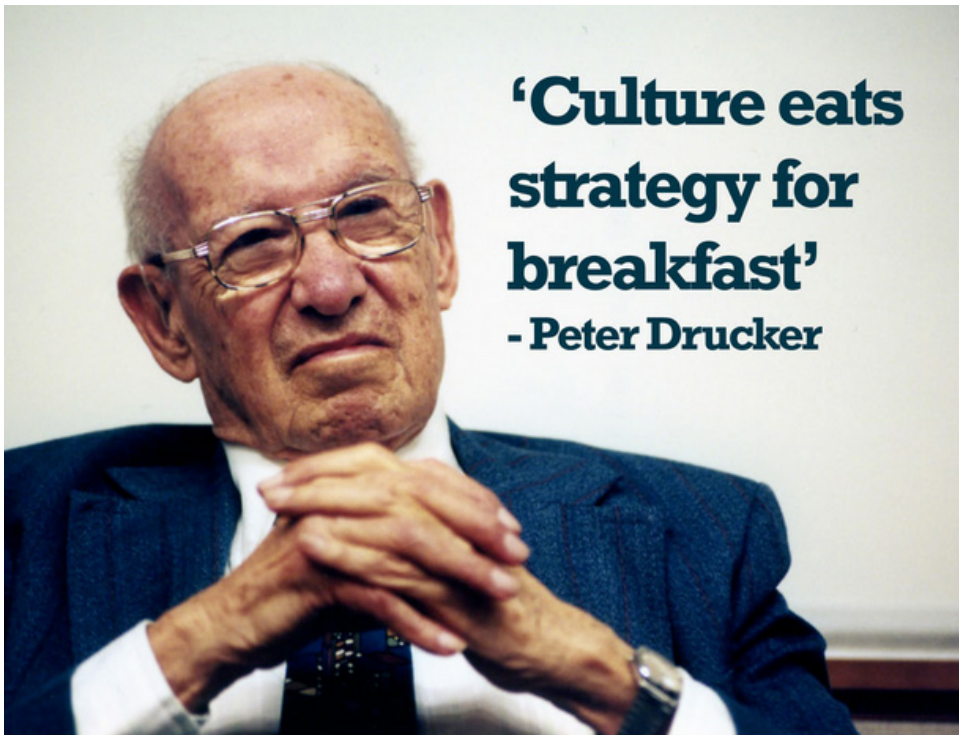
The HBR article highlights a great set of corporate examples where the CEO's didn't set out to change the culture. Their focus was on addressing more immediate issues like declining customer service attributes, worsening relationships with unionized employees, an aggressive and cut-throat management team.

Rather than tackling the underlying culture, the CEO's tackled issues like decision rights (pushing autonomy down to the actual customer service folks), reviewing compensation and benefits (particularly for dis-enfranchised union workers) and heightened praise for transparency (to executives who were fearful that showing weakness would result in them being marginalized).

In short when the organization saw positive results from these new behaviours, the culture began to shift. A direct onslaught to tackle the culture first would not have been as successful.

#10: Culture eats Strategy for Breakfast

No doubt Peter Drucker's meme has floated past in your newsfeed in the past 24 hours or a colleague has dropped this overwrought phrase into some meeting recently.



My issue isn't that the phrase has been so over-used as to become trite. The issue is that it creates the wrong perspective. Rather than setting Culture and Strategy as two conflicting opponents or choices for an executive team, I would suggest that it is more accurate to say "Culture is the Strategy"

Look at any high-performing organization and you quickly see that the decisions they make, the business arenas they operate in and the business areas they avoid are often driven by their Culture. Wal-Mart has a culture where every penny counts – go to their Bentonville HQ if you want to see just how much they live that ethos – so the notion of them entering into a high-margin business would be an anathema to them. But, as I mentioned frequently, culture drives how a business behaves and that has a direct impact on the customers it attracts.

British Airways and Virgin Atlantic both have a high service ethic but their cultures determine how their employees deliver that service. And, by extension, that will determine which customers will be attracted to each airline. Four Seasons and Shangri-La are both incredibly luxurious hotel experiences but, again, the delivery of that attentive service is discernibly different at both locations. That is Culture – and that will impact the clients who choose one over the other.

As such, saying that Culture eats Strategy seems too narrow a perspective. If Strategy is about determining, in AG Lafley & Roger Martin's famous words, "Where To Play" and "How To Win" you could argue that Culture is Strategy.

Dear Reader, I've had a tonne of fun writing this list up. It has involved a broad amount of reading and research but it does highlight the primacy of Culture as a business driver.

Your organization has a Culture already, the real question has to be – is it building or stifling your opportunity for growth and success?

Leaders, what culture are you prepared to tolerate?

Company founders. Celebrity actors. Famous comics.

And now Government officials and Senators.

In many of these situations what has quickly followed the apologies (in some cases), the contrition (in too few cases) or the steadfast denial (unbelievably) is an equally terse apology from the company or employer of said individual.

The company apologies have followed an eerily similar thread of contrite handwringing – often coupled with a sense of complete ignorance – for creating a culture where employees didn't feel safe bringing harassment cases forward or where powerful figures were deemed beyond reproach.

Case in point London's Old Vic Theatre put out this release on Tuesday.

"The Old Vic apologises wholeheartedly to the people who told us that they have been affected," said Kate Varah, the theatre's executive director. "We've learned that it is not enough to have the right process in place. Everyone needs to feel able to speak out no matter who they are.

"That apology really goes to the people who feel they were affected by this but what is also important to understand there is a new way forward for this organisation."

As repugnant and extreme as these examples are, they merely reinforce a personal belief that despite all the noise and energy about culture and building great company cultures, this is the truest definition of any corporation:

"Your Culture is defined by the worst behaviour tolerated by leadership"

For me, the power of the phrase hangs in one word - tolerated - because it suggests a willful corporate apathy to inexcusable behaviour.

Wells Fargo executives tolerated a hyper-aggressive culture of "cross-selling" that lead to employees creating 2.1 million phony or fake accounts and ultimately lead to a record fine of $185 million, a Government hearing and a fired and disgraced CEO.

Silicon Valley unicorn UBER tolerated a deeply misogynistic culture under former CEO Travis Kalanick until the company's "bro-culture" was famously outed by a female employee. UBER's new CEO Dara Khosrowshahi acknowledged that fixing the culture was his first task and, to that end, the

company has recently released a new set of corporate values that were actually defined by the employees. Central to these new values is "We do the Right Thing. Period" which is powerful. As an aside what is surprising, to me at least, is that none of the values seem to reference the actual drivers who deliver the celebrated UBER service. What will those drivers have to tolerate under the new CEO I wonder?

In the midst of significant cost-cutting and layoffs, General Electric executives tolerated the practice of having a second corporate jet "shadow" former CEO Jeff Immelt as he flew around the world visiting other GE offices. At a cost to shareholders of $6,500 per hour this "shadow jet" scandal has cast a long shadow over the GE CEO's legacy and a heightened skepticism about the company's financial prudence. Perhaps it's not surprising that newly-minted CEO John Flannery is recommending GE executives can fly commercial.

While these examples are extreme – which is why they make newspaper headlines and set off a chain-reaction of recriminations and upheavals – it is the smaller, more insidious behaviours that organizations tolerate which decimate morale and kill cultures.

The middle managers who don't protect their teams from the wrath of management and let it all roll down hill.

The tenured leaders who espouse that ideas can come from anywhere yet pay no attention to any suggestions that come from the newest employees.

The sales leader with a crappy attitude, who is given a "hall pass" by management, because they always hit their numbers.

Perhaps this is why I admire Reed Hastings at Netflix who famously said "Do not tolerate brilliant jerks. The cost to team work is too high."

Or Bob Chapman, CEO of barry-wehmiller and author of the sublime leadership book "Everybody Matters", who rather eloquently had this to say about values and behaviours "It's no good putting "honesty" or "integrity" on the wall if we aren't willing to confront people who consistently fail to uphold those values, regardless of their performance."

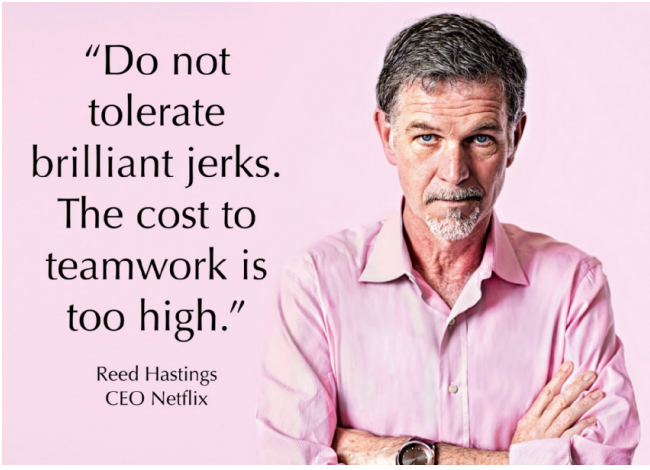
In my world, tolerate is what happens when our youngest wakes up at 6am on weekends and we let her crawl into our bed. It is not what happens when she refuses to share her toys or is disrespectful to her Mom.

What you're prepared to tolerate – as a parent, as a friend, as an employee and as a leader – speaks volumes to the people around you. And to the environment you create.

So, does what you tolerate grow or diminish those around you? Does what you tolerate stifle or augment the very best of your people? Perhaps the better question is;

What are you no longer going to tolerate in pursuit of a truly brilliant culture?

Weigh In, Dear Reader, what are the behaviours you've seen tolerated by your organization that are getting in the way of your culture? I'm very keen to know.



Dear Reader,

If you'd like to share your thoughts
on this important topic, please reach out.

You can find me on *LinkedIn* or on *Twitter* **@ZimHilton**

Of course, if you're interested in being
interviewed for this series, then send me an email.

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Released December 2017