



[Buy book or audiobook](#)

The Critical Few

Energize Your Company's Culture by Choosing What Really Matters

Jon R. Katzenbach, Robert Moritz, James Thomas and
Gretchen Anderson • Berrett-Koehler © 2019 • 208 pages

Human Resources / Corporate Culture

Take-Aways

- Culture determines an organization's potential.
- Cultural alignment pays handsome dividends.
- Cut to the chase with the “critical few” emotional elements of culture change.
- Traits define the essence of your organization.
- “Keystone” behavioral changes drive culture shifts.
- “Authentic informal leaders” (“AILs”) don't need official titles.
- One size doesn't fit all for measuring progress.

Recommendation

If your company's efforts to shift its culture have fallen short, strategic adviser Jon Katzenbach offers a solution. He and co-authors Gretchen Anderson and James Thomas provide a blueprint for seamlessly aligning your culture with your business goals. Traditional culture change plans often fail because they're off-target and overly complex. To avoid stumbling, focus on three critical emotional aspects of culture: "traits, keystone behaviors and authentic informal leaders." Katzenbach's formula derives from more than 40 years in consulting. His insights prove a valuable resource for guiding your organization through its journey of transformation.

Summary

Culture determines an organization's potential.

Company's typically strive toward the goals of satisfying customers, offering exceptional products and services, making money, and having a positive impact on society. But those objectives often fade as time passes. Leaders and employees lower their expectations and lose sight of how culture influences prosperity. Boards fire their CEOs when companies fall short of financial expectations, though the underlying problem often proves to be failure to provide sufficient structure, direction and motivation for the workforce.

"If you are a leader at any level and you see an opportunity to move your business in a new direction, you will be far more successful if you engage your culture in your effort."

Within a company, people's collective actions, emotions and values define the culture. Culture establishes suitable behaviors and norms. Do leaders expect meetings to begin promptly at your company? Can employees have a snack or check their phones during presentations? Company culture is often difficult to define, but provides an unofficial framework for acceptable ways of conducting business.

Organizational operations normally function with these components:

- **"Business strategy"** – Consensual agreement on how to compete most effectively.
- **"Operating model"** – The methods and actions for achieving strategic objectives.
- **"Culture"** – How employees respond to directives and whether they commit emotionally.

The Katzenbach Center's annual, worldwide survey indicates that an increasing number of leaders believe culture plays a critical role in organizational achievement. But leaders conditioned to repair imbalances between strategy and their operating model find managing cultural issues daunting as they are "emotional rather than rational." Conventional change initiatives mostly fail to address employee emotional states and interactions. Organizational success depends on leaders recognizing people's behaviors and their perspectives. It's difficult to fix what you don't understand.

Cultural alignment pays handsome dividends.

Engaged employees who share beliefs, goals and attitudes move forward with energy and commitment. They take accountability for achieving objectives and don't want to disappoint their colleagues. Collaboration

comes naturally. Zappos, Airbnb and Southwest Airlines are good examples of companies whose employees vest positively in the corporate culture and thus prioritize customer experiences.

“Culture is the shared set of assumptions we all bring when we work together – our unspoken expectations of one another.”

Organizational flow charts do not account for the emotional factors that shape daily operating procedures. More than half of those who responded to the Katzenbach survey perceive an inconsistency between how their company works and what’s on paper. Leaders should be consistent in what they say. They must understand employee emotional states to reinforce corporate values, boost development and introduce change. Leaders need a good working knowledge of the official and informal aspects of their companies, and how those aspects strengthen and nourish one another.

Cut to the chase with the “critical few” emotional elements of culture change.

Altering habits and routines at large or entrenched companies is challenging, and requires focus and perseverance. People are reluctant to embrace change, even for their own good. You can be an agent for change whether you’re the CEO, an executive, a manager or a frontline employee. Don’t accept the status quo. Focus on three fundamental categories, the “critical few,” to achieve cultural alignment:

1. **Traits** – These are the core attributes and qualities shared throughout the organization.
2. **Keystone behaviors** – Some employees carry out daily actions that would elevate corporate performance if everyone did the same.
3. **Authentic informal leaders (AILs)** – This small group of workers intuitively connects with colleagues emotionally and socially.

Tracking the critical few simplifies your efforts and gives you a handle for a pragmatic, long-term influence on performance. This philosophy emphasizes the emotional element, in sharp contrast with traditional, more complicated change initiatives which distract rather than illuminate. Leaders know that complicated top-down approaches really don’t change anything.

“First you need to understand your culture; then you can work within it. This is how to bring out the best in your organization.”

Develop a simple game plan everyone can embrace. Resist the urge to list multiple keystone behaviors for bolstering your culture. Picking a few instead of a dozen is difficult but necessary. Transforming a culture may turn out to be the most significant feat of your career, whether you are an executive or in the trenches. When you inspire others, they’ll follow your lead and become more receptive to change.

Traits define the essence of your organization.

Traits are the foundational building blocks of your culture. They dictate how people throughout your organization think and behave. Culture cannot evolve until its participants recognize these essential traits. Leaders who neglect this aspect of the change process will hamper their change initiatives. Traits are not good or bad – they simply exist – and employees can hold diverse emotions about them.

Identifying cultural traits requires input from a broad base of your workforce – not a handful of people – through one-on-one interviews and small groups. Avoid asking participants general questions about what they consider important traits. Find out, for example, why they enjoy their work; how they believe you make decisions; what prevents progress; and whether their colleagues committed to the company long-term or are looking elsewhere.

What you observe personally will give you insight into employee cultural priorities. Are meetings laid-back or regimented? Are workspaces decorated or austere? Are casual conversations commonplace or discouraged?

“The driving forces of any cultural situation are emotional rather than rational. This is why culture feels so unfamiliar and mysterious to most leaders.”

The traits that reflect your company’s uniqueness reflect positive and negative aspects. For example, employees may appreciate that decisions require a majority. Conversely, they might not like waiting for a decision until a consensus emerges. Compiling and analyzing a traits inventory can take weeks. When you finish the groundwork, whittle your list to three to five critical characteristics that best describe your organization’s cultural condition. These traits should:

- Summarize your company’s “essential nature.”
- Be relevant to people throughout the organization, regardless of position or department.
- Prompt excitement from your workforce and serve as motivators going forward.
- Reinforce your company’s desire to shift to a new direction.

Keystone behavioral changes drive culture shifts.

Executing a culture shift means turning words and ideas into actions. Cultures evolve slowly and steadily, even under ideal circumstances. Taking specific steps to alter behaviors and create keystone habits ensures lasting change. New actions that employees might find awkward at first – or may not even understand – can become motivating, fulfilling experiences.

One telecommunications company, for example, wanted to upgrade customer service, but traditional initiatives failed. Leaders who believed they could train employees to be more sensitive to customers realized that trying to change employee mind-sets wasn’t sufficient. Through observation and analysis, Katzenbach’s team discovered that team members at call centers with high customer service grades shared “positive emotional connections.” Their camaraderie fueled respectful and empathetic treatment of customers.

*“People are much more likely to act their way into a new way of thinking than to think their way into a new way of acting.” (co-author of *The Power of Positive Deviance*, Richard Pascale)”*

Transforming organizations by applying keystone behaviors requires time, perseverance and selectivity. Too many mandates will dilute the effort and prove ineffective. Identify and list a critical few behaviors, narrow them down and apply them to your culture. Each behavior should be short and direct. Begin its description

with an action verb, such as “enable others to make decisions,” “recognize each other for achievements, and back up and support each other,” or “create a need for certainty, and do not allow decisions to be reopened.” Behaviors aren’t necessarily universal. Your list must apply specifically to your company and industry.

Never underestimate a leader’s power to influence culture change. Executives and managers can motivate their workforce by modeling specific behaviors daily. One airline, for example, held all its quarterly leadership team meetings at its Australian headquarters. To demonstrate its commitment to a new behavior – “incorporate a global perspective in all major decisions” – the CEO rotated meeting sites across the continents where the airline operated. Another CEO, following a mandate for more transparency and trust, took the bold risk of sharing with his team all the results – good and bad – of his 360-degree feedback.

Authentic informal leaders (AILs) don’t need official titles.

Every enterprise has authentic informal leaders (AILs) who stand out from their colleagues. These rank-and-file employees, admired for their emotional IQ, energy, dedication to organizational principles and ability to collaborate, prove invaluable in guiding culture shifts. Typically, promotions or personal glory do not motivate AILs. They intuitively sense how colleagues and customers feel and often act as unofficial liaisons between management and workers. They excel at monitoring the emotional pulse of their environments. These special employees fall into the following categories:

- **“Pride builders”** – They inspire peers by drawing energy from their surroundings. Their contagiously positive attitude raises the performance of others and makes dull or difficult tasks bearable.
- **“Exemplars”** – These AILs motivate by modeling behaviors that promote organizational objectives. They go out of their way to achieve results, even if it means bending the rules.
- **“Networkers”** – These people use their social relationships to accomplish their work without official mandates. They operate within the system and avoid obstacles that stop others.

Find AILs through casual conversations or formal employee engagement surveys. Get the word out that you’re looking for recommendations. Explore areas of high achievement. If a department outperforms expectations, AILs likely are responsible. Recruit only the best candidates for your first group. Be patient and get it right. This group will set the tone moving forward.

“Every organization has individuals within it whose social capital and emotional intuition set them apart from their peers.”

After quietly assembling your team, make a big, splashy announcement. Team members will appreciate the public recognition and inspire others to join the next wave. Meet regularly with your AILs as your culture evolves. Find out what they think of your initiatives. They will help overcome cultural roadblocks and will connect strategies with concrete business results.

One size doesn’t fit all for measuring progress.

You need evidence to determine how your initiatives are influencing keystone behaviors. In 1987, newly-hired CEO Paul O’Neill of Alcoa announced that employee safety was his top priority. Though analysts

criticized the decision, Alcoa's profits set a record in O'Neill's first year. The company had reached unanticipated heights by the time O'Neill stepped down after 13 years. Several years later, a General Motors plant manager told Katzenbach that applying O'Neill's safety concept turned the entire operation around. Why? Because it showed the manager cared for his employees as human beings.

"If you want to be effective at change or boosting performance, you can't encompass multitudes. You need to focus your attention on the critical few."

A large technology corporation focusing on improving laptop quality uncovered several weaknesses "along the whole value chain." The critical breakthrough occurred when a manager said he measured only how quickly laptops shipped. Emphasizing speed instead of quality revealed a misalignment of values and incentives. Ultimately, hundreds of engineers attended "quality behavior workshops," and the company introduced new standards for determining product readiness in various developmental phases. In one year, managers and employees saved the organization roughly \$100 million in warranty costs.

People will move in new directions, outside their comfort zones, only when the culture supports them in doing so.

About the Authors

Jon Katzenbach is founder of the Katzenbach Center at Strategy&, the strategy consulting arm of PwC, and has advised companies worldwide for more than 45 years. **James Thomas** is a partner with PwC's Strategy& and leads the Katzenbach Center in the Middle East. **Gretchen Anderson** is a director at the Katzenbach Center.



Did you like this summary?
[Buy book or audiobook](#)
<http://getab.li/40281>