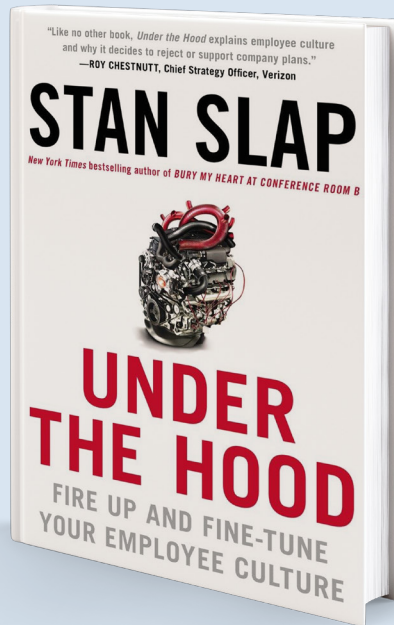


Book Snaps™

In-depth reviews of best-selling business books.



Under the Hood

Fire Up and Fine-Tune Your Employee Culture

By Stan Slap

Stan Slap is president of the international consulting company SLAP, renowned for achieving maximum commitment in manager, employee, and customer cultures. His work has produced legendary impact for a who's who of successful companies—the kind that don't include "Patience" on their list of corporate values. He is the author of the New York Times bestseller *Bury My Heart at Conference Room B*. He lives in San Francisco.

A Book Review by Soundview

Manage Culture So All Can Prosper

Stan Slap helps organizational leaders understand and work within and upon their employee culture in his book, *Under the Hood: Fire Up and Fine-Tune Your Employee Culture*. For Slap, employee culture can help a company flourish or lead to significant struggles. While management is primarily concerned with the success of the company and moving things forward, culture is actually most concerned with protecting itself. This can put employee culture at odds with management and leadership teams. Because Slap understands this deeply, in his book he attempts to help leadership learn how to manage culture so all involved can prosper.

The First and Primary Deadly Sin

Slap's first deadly skin of corporate culture is the "failure to respect the power of employee culture." He believes that the other deadly sins stem from this single one. He defines culture as "your employees' shared beliefs about the rules of survival and emotional prosperity." In short, culture refers to employees' beliefs about how to thrive within the organization. This culture's main priority is self-protection, not the flourishing of the organization. Even though managers are an important part of an organization, they are not part of the culture. In the most important ways, they are outside of it. Still managers are "the key influencer of its survival and emotional prosperity."

To explain how important culture is, Slap tells the story of Mrs. Fields Cookies. Slap knew that it was crucial for growth of the company for employees to sell milk to customers when they sold cookies. This simple act could increase average sales by 30%. Despite knowing this and being repeatedly encouraged to sell milk, employees did not routinely do this. One day, frustrated, Slap created posters for one store explaining the company's commitment to quality and perfection. It detailed the necessity, in short phrases, of treating customers like they are family. He did not expect much of these posters, but when he next returned to the store, he noticed that employees had signed the poster, and he heard employees singing "We Are Family" to customers. He realized that the change happened when he started concerning himself with culture. To have a strong

culture, employees must know why things are done, predict how things will play out, and see the company as a force of good. Demanding the sale of milk did little to nothing but defining company culture had a significant impact.

Further Deadly Sins

Slap's second deadly sin concerns the "presumption of rapid behavioral change." Typically, Slap states, planned organizational change is generally met with either overt or covert resistance. With overt resistance, management acts too late in order to prevent resistance. With covert resistance, it is already too far underway for management to prevent it. Organizational culture is resistant to change because its primary motive is self-preservation, and change threatens this. Slap explains that those at the top can allow themselves to believe that they are masters of change and that those beneath them do not hold this trait. As Slap explains, however, this is an oversimplification. Those at the top create the change and make the change when they are ready for it, making it easier for them to adopt. This is not the case for those upon whom change is inflicted. In order to help company culture accept change, Slap encourages managers to relate the change in terms that the company culture can relate to, demonstrate personal confidence in the change, and prove "that the change is real and safe." Managers should both remind the culture of what is not changing and sell the change as if it were a consumer product.

Slap moves on next to discussing the difference between leadership and management, stating that the third deadly sin is managing when leading is what is required. Cultures are unified when they feel either attacked or inspired. Slap maintains that a true leader's "emotional commitment is the ultimate trigger for your discretionary effort, worth more than your financial, intellectual, and physical commitment combined." It is this commitment that solves problems. This requires leaders to live their "own deepest values in whatever relationship or environment you're involved in." Being a manager requires a person to subjugate their values to that of the company. This causes emotional detachment on the part of the manager. "The irreducible essence of leadership is that leaders are human beings who live their own deepest values without compromise and use those values to make life better for other people. That's why people become leaders and why people follow leaders."

Corporations often fear that allowing managers to pursue their values will necessarily make them subjugate company priorities. Slap asks, "What if the real leaders in your company, transformed from throughout the ranks of its managers, flourished in the belief that to protect the company was to protect their ability to gain the personal benefits of leadership – to live their most important personal values every day at work?" Slap's main recommendations to encourage leaders are to encourage leaders to incorporate their most important values into their work and to help these values create better conditions for employees.

Slap then moves on to communication and discusses how important it is. He writes that corporate communication must "be sincere, heartfelt, and empathetic to the lives of those

receiving it" if it is to be persuasive. Culture notes how often a message is repeated and the way it is said and also notices the priority given to it and who it is spoken to. Slap maintains that silence from culture in response to a message does not mean the culture is not taking it seriously. It simply is also paying attention to everything else that is going on. In addition, he maintains that "cynicism doesn't mean your employee culture doesn't care.... Cynicism means it hurts to care, and the culture still has plenty of commitment to give if it can be convinced it's safe and sane to give it." One step in doing this is to "do something significant to prove that you mean it."

Slap's fifth deadly sin concerns money and rewards. He ends this chapter discussing a retail store that noticed a sudden increase and then decrease in productivity. He went personally to the store to figure out what happened. He learned that in a crunch, a grade school teacher was hired as a manager. The manager was concerned with tidiness and order. She also found a pack of gold stars hidden away somewhere. She decided to give a gold star on each person's time card who sold a dozen cookies. This was so effective in encouraging motivation that she had to keep changing the reward, eventually giving a star for every three dozen cookies sold. When asked why the sales then had a sharp decrease, she told him that she had run out of gold stars. Employees were no longer motivated.

Slap writes, "Most compensation systems focus on money. The better ones focus on what money buys. The best ones – that deliver maximum cultural impact – focus on what money can't buy: security and a sense of self." Slap then goes on to detail ways that companies can help their employees feel a sense of security and pride in their work. First, however, he cautions his readers to be careful about the cultural impact of what it is they give, making sure not to give gifts for compensation that might be offensive in other countries or cultures. Next, he warns against rewarding employees and then laying them off shortly after as this takes away security from remaining employees. Slap maintains that helping an employee's family realize the impact the employee has on the company can be particularly helpful. This can be done as simply as sending a letter of praise to an employee's home rather than giving it to them at work. He also details many types of compensation that confer honor, respect, and prestige that are not specifically monetary such as providing concert tickets, specialty classes, or concierge services. Creativity can be employed in situations where a company does not have money to spend on pricey services because the main message is appreciation.

The Last Deadly Sins

What do the Peanut Corporation of America, Enron, and Circuit City all have in common? They were all million or billion dollar companies that currently have \$0 in revenue. As Slap explains, these companies all had specifically stated company wide values that were often in stark contrast to the activities that brought the companies down. Slap's sixth deadly sin is "asking for too much trust." He maintains that companies ought to do anything they can in order to avoid officially naming company values. Rather, they should ask employees what they believe the



Some things that were once allowed in an employee culture simply will not be allowed anymore once a company grows.”

company’s values are, and when they are not what leadership wishes them to be, leadership ought to do everything they can to enact changes that demonstrate the values they are striving for. As Slap explains, management is, by nature, forward looking because managers are interested in success. Culture, as already explained, is interested in survival. As such, culture is looking at the past to see what has already happened. When trust is broken, leaders can make good on small promises, avoid specifically stating values, and trust the culture it is asking to trust it in order to build up trust.

When discussing his seventh deadly sin, Slap suggests illumination. This is because this deadly sin has to do with how new initiatives can bring very little payoff. Slap explains how quite frequently companies will put a lot of time, money, and effort into kicking off initiatives, but often it does not pay off. He writes about how Oracle sought to get the message out about four new transformations. Oracle took great effort to get the message about these transformations out to employees, but despite seeing the message everywhere, employees never fully got it. Slap writes that “The problem was that the Four Transformations had to take their place in line behind the Sixteen Thousand Other Transformations the Oracle employee culture had on its plate.” In North America, only 43% percent of employees reported comprehension of these Four Transformations even though the transformations were listed on their mousepads and screensavers. To get employees to understand and buy into transformations, Slap recommends explaining to employees when the change will occur, explaining problems people may encounter, and letting employees know that “it’s okay to raise a hand and ask for help.”

Common Vulnerabilities

Slap discusses four key vulnerabilities companies face. The first of these vulnerabilities is growth. Things must change when a company starts to grow, but there are things leaders can do to mitigate the damage. Slap maintains that you can scale “a great employee culture as your company grows.” Slap states that “When you already have a great employee culture, the key to competing against big companies is not to build another big company; it is to build a very big, small company.”

One of the major challenges that companies face is increased pressure from everybody to prove that the company is “a safe bet.” Some things that were once allowed in an employee culture simply will not be allowed anymore once a company grows. Slap maintains that “Process, systems, and layers are all appropriate, but your company needs to pick places to dwell forever in the inappropriate, preserving cultural personality

and individual judgment that, while not disdainful of increased corporate control, remain sacred identity markers immune to taming.” One important move leadership can make is to ask employees to submit procedures that they believe are dumb or wasteful. These complaints can be about new policies but can also include policies leadership got rid of but that employees think should have been maintained. Leadership should also request recommendations for change. Senior management should then review these claims and make a decision regarding them. Slap believes this act becomes proof that management wants to maintain the employee culture.

Another threat that comes about with growth is new employees. Slap believes that oftentimes these employees will be looking for a better culture than they came from but may not hold the company to the high standards of its past culture because they are coming from a company whose own culture is lacking in key ways. Slap writes that “you can stop this problem before it starts by not confusing orientation with onboarding.” He believes onboarding should last perhaps three months because that gives time for a company to decide if the employee is a good fit. Companies also need to create firm guidelines about how their “employee culture is to be led and managed.”

As companies grow, it is important that they honor their past as they move into their more lucrative future. When people complain about changes, it is important to know that this complaining stems from an investment in the organization. Because of this, complainers “can be an invaluable enterprise asset.” Managers must be able to manage these veterans by honoring the contributions employees have made to get the company where it is but also stay focused on “continued learning, strengthening, and progress.”

Another time a company is vulnerable is during mergers and acquisitions. Slap maintains that acquired companies need to be respected. After all, the purchase was not an act of charity. There is something valuable in that company, and this should be respected. Slap states that “Many times an acquisition will go well, and the culture will absorb the changes without seeming to notice. But most times an employee culture will notice this.” There are other moves that can be taken to increase employee security and buy in during the M&A process.

One step that management needs to take is to “prohibit a conqueror mentality.” Usually in a M&A, one company is significantly bigger than the other; this is the dominant company. This has benefits, but it can also lead to “arrogance and condescension.” Executives need to make it very clear that the acquired company is a valuable organization because they have accomplished notable things. Another problem arises

in that the new employee culture is going to be cautious as it considers how to survive in this new landscape. This requires the new company to be patient as the old one learns new ways to manage business. Mistakes will occur, and the whole process of learning will be stymied and delayed if employees are met with unhelpful and unforgiving coworkers. It is also important for a company to get fast wins. This will show both the cultures, the old and the new, “that they can win together.” Finally, management can ease tensions by focusing on those things that will not be changing.

Slap moves on to worldwide giants like CNN and Paul McCartney to discuss the vulnerabilities that can arise with cultural complacency in high stakes, competitive markets, but he also discusses the ways in which leaders can mitigate these vulnerabilities through solid leadership. Slap quotes those who worked with McCartney to explain the degree to which McCartney holds both himself and his crew and band members to high standards. McCartney knows what is going on in all aspects of a show, and he believes deeply in providing a high quality experience for concert goers. The stakes are high for all involved. His songs are so well known that everybody in the audience knows if someone makes a mistake. There is no room for complacency.

Slap provides numerous ways to overcome complacency. The first is to “link your employee culture’s energy to something unchanging like quality, customer service standards, and impact on the world, and use financial performance as an indicator about how well those issues are being performed.” This helps avoid the complacency that can come from both success and from word of doom. Next, companies can give their members the authority to make key decisions. Third, leaders can promote curiosity by allowing employees to make and also to try out suggestions. Finally, companies need to create performance. He writes, “the quality and quantity of your employee culture’s performance depends on its willingness to use” its skills to the best of their ability.

Slap’s fourth point of vulnerability comes about when things go wrong. To explain a company that handled strife well, he discusses the time when Progressive needed to lay off employees because of changes in insurance law. When this became necessary, Progressive gave employees the option to choose if they would like to be laid off. Furthermore, if employees wanted to work through the holidays, the company allowed them to. People still needed to be laid off, but executives did the best they could to do so in the most honorable manner possible.

Slap discusses numerous moves companies can make when facing a crisis. The first is “maintaining cultural commitment under pressure.” It is in difficult times when management can learn whether they have cultivated a high quality culture. It is also important that management maintains a dedication to truth and avoids inappropriately placing blame while also taking steps to earn trust and delivering “on what you promise.” Companies ought to also create “legends among [their] customer culture about how the enterprise is accountable, concerned, and decent.”

Slap has a deep understanding of employee culture. Because of this he understands mistakes companies can make that turn

their culture against them and become yet another problem for management to have to fight against. Slap also understands times companies are particularly vulnerable and when they need to focus heavily on their culture. In his book, “Under the Hood: Fire Up and Fine-Tune Your Employee Culture,” Slap does not simply state the problems he has witnessed; he provides tangible steps companies can take to get employee culture to work with management for the betterment of the entire company and all involved with it. After all, by its very nature, management is set apart from company culture. Because of Slap’s deep understanding, his book is imminently practical and applicable to those concerned with their own company’s culture.