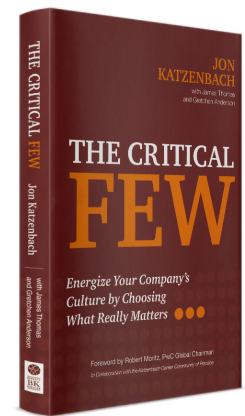


# The Critical Few

Energize Your Company's Culture by Choosing What Really Matters

by **Jon Katzenbach**

With James Thomas and Gretchen Anderson



## Contents

Why Aligning Culture Matters

Page 2

A Critical Few Traits

Page 3

A Critical Few Behaviors

Page 4

A Few Authentic Informal Leaders

Page 6

Measuring Cultural Action

Page 7

## THE SUMMARY IN BRIEF

The fate of any change effort depends on whether and how leaders engage their culture. Culture is implicit rather than explicit, emotional rather than rational—that's what makes it so hard to work with, but that's also what makes it so powerful.

In *The Critical Few*, best-selling author Jon Katzenbach and his co-authors identify the three most critical cultural elements leaders need to focus on: traits, characteristics that are at the heart of people's emotional connection to what they do; keystone behaviors, actions that would lead your company to succeed if they were replicated at a greater scale; and authentic informal leaders, people who have a high degree of “emotional intuition” or social connectedness.

By leveraging these critical few elements, you can tap into a source of catalytic change within your organization. People will make an emotional, not just a rational, commitment to new initiatives. You will elicit enthusiasm and creativity and build the kind of powerful company that people recognize for its innate value and effectiveness. Let *The Critical Few* show you how.

## IN THIS SUMMARY, YOU WILL LEARN:

- Why changing organizational culture is so much harder than changing strategy and operating models.
- To find the traits, keystone behaviors, and authentic informal leaders in your organization that will help you mobilize lasting change.
- To effectively implement and measure culture-change interventions.

## Why Aligning Culture Matters

Every industry (and indeed, every company or global institution) has its own unique cultural situation, but all organizations have one thing in common. Whenever they summon the collective will to commit to meaningful change, the success or failure of this effort depends on whether and how they choose to engage their organizational culture.

And increasingly, “committing to change” is not a one-time occasion or event but a constant challenge of 21st-century management. Eighty percent of respondents to the Katzenbach Center global survey on culture believe that their organization must evolve to succeed, grow, and retain the best people.

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. Conversely, if you ignore your culture or presume that it will resist you, you will be far less likely to achieve your goals.

Cultures are important and powerful because they determine what your company is capable of doing. An organizational culture is a collection of deeply held attitudes, entrenched habits, repeated behaviors, latent emotions, and collective perceptions of the world. Culture is the shared set of assumptions we all bring when we work together—our unspoken expectations of one another.

### Why Cultural Alignment Is Tricky

It’s also true—and this sounds like a bit of a paradox—that every company has both an overarching, consistent culture and competing, divergent subcultures.

Within a company, business strategy is our driving direction, the grounds on which we all have decided that we are best positioned to compete. And our operating model is how we plan to get there—the way we structure our reporting relationships and governance such that it will best support the kinds of activity that will help us achieve that strategy.

Culture is the third component: the motivation that drives and supports both other elements. It’s the emotional commitment people feel (or don’t feel) when the leaders describe the strategy. It’s the commitment and passion that people bring to their roles, to the daily actions that will support any direction.

Just as no complex company has one singular strategy or operating model, no company has a single monolithic

culture. A company’s subcultures exist and bounce up against each other like branches of a family tree at a reunion. Is this a problem? Not unless serious friction or misalignment exists.

Leaders of large companies are trained to recognize and address any signs of misalignment between operating model and strategy. The cultural forces are much more difficult to recognize and far harder to address. The driving forces of any cultural situation are emotional rather than rational. This is why culture feels so unfamiliar and mysterious to most leaders.

If you are truly interested in having your company transform, then you need to become conversant with the emotions, behaviors, and deep-seated attitudes that exist in your company. You need to know what employees feel strongly about, both positively and negatively. This knowledge is “cultural insight”—the clarity that allows you to truly see what motivates your people.

Then, with this knowledge fully in your grasp, you can move to “cultural action,” targeted interventions that influence how people behave from day to day.

### The Three Critical Cultural Elements

Once you find basic cultural elements that motivate your workforce, you can cultivate them and align them with your goals. These elements tap the emotions that bring a culture to life. They are broad enough to resonate across the whole organization but focused and simple enough to encourage real actions in people’s daily lives. They fall into three basic categories:

- **Traits:** A set of shared characteristics that represent the “family resemblance” of your entire enterprise—the qualities that transcend subcultures and are at the heart of the shared assumptions people bring to work and their emotional connection to what they do.
- **Keystone behaviors:** A few carefully identified things that some people do, day after day, that would lead your company to succeed if they were replicated at greater scale.
- **Authentic informal leaders (AILs):** A few people, or at least a reasonably small percentage of your company’s people, who stand out because they have a high degree of “emotional intuition” or social connectedness.

A sharp focus on these critical few elements reduces complexity and begets a positive, informal, and lasting cultural impact on performance. Most importantly, this approach

When people you trust and admire model and enable a few key behaviors and help others do the same...those behaviors spread quickly, and they stick.

takes the emotional dimension of human behavior into account and exploits the power of simplicity. It amplifies community connections because it encourages the workforce to look to peers and colleagues for insight, support, and encouragement.

When people you trust and admire model and enable a few key behaviors and help others do the same (and feel good about it!), those behaviors spread quickly, and they stick.

---

## A Critical Few Traits

Traits are at the heart of any organization. They are the essential characteristics that form the scaffolding for how any group of people thinks, feels, and behaves. They are the stable, prominent qualities that are shared across a company.

For any leader who seeks to understand a business's cultural challenges and how it operates, it's important to start by surfacing and articulating these critical few traits. The process of doing so—the diagnosis, the self-reflection, and the narrowing down—is a crucial first step to both evolving and aligning an organization's cultural influence on how people behave to get things done emotionally as well as rationally in any organization—gaining cultural insight.

Organizations can change (or, rather, evolve)—but only if that change is grounded in a solid sense of the steady state of that organization. In the Katzenbach Center global survey on culture, one-quarter of respondents reported that an effort had been made to change their company's culture and that they had seen no difference whatsoever as a result.

This “failure to budge” on the part of culture is due to leaders' skipping the “traits” step—that is, refusing to surface, articulate, and commit to working with their organization's core differentiating qualities. It is a result of jumping to solutions without pausing for self-reflection and diagnosis.

Leaders must begin with a solid understanding of where they are today, what “family resemblance” exists across the company. Then and only then is it possible to focus on behaviors that bring out the best, most useful aspects of these

core qualities—and to encourage more of them, every day.

## Arriving at Your Traits

You won't be able to arrive at an accurate, emotionally resonant group of traits by asking only a few people. You'll want to engage groups of people at different levels across the organization in structured interviews and focus groups designed to surface their feelings about your organization's culture.

Twelve common traits include consensus-driven, caring, hierarchical, individualistic, relationship focused, paternalistic, cautious, “above and beyond,” process focused, opportunistic, optimistic, and egalitarian.

At a high level in the organization, the best approach to surfacing good data is to avoid direct questions, such as, “What traits are important in our culture?” That kind of direct approach is likely to yield only platitudes.

Instead, get people to tell stories about what's important to them. Ask what they love about coming to work, what they are proud of regarding the way that they work together, decide, and motivate. Stage some of these conversations as one-on-one interviews and others as small, informal peer groupings. You'll be surprised and delighted to hear what emerges from eight or 10 people who are encouraged to share their thoughts in an appropriate, safe environment.

Also ask people what frustrates them at work. Focus on qualities and patterns of behavior that are unique to the organization. Inevitably, subculture traits will appear. This is natural and logical. But do not let the presence of strong, differentiated subcultures distract you from the task of surfacing and identifying overarching traits.

Whatever method you use to gather insights about your company's traits, compare the results with your own observations. Watch people in meetings, in casual conversations, and in their daily operations.

The goal of this detective work is to generate a list of culture traits that is unique to the organization and to understand the positives and negatives associated with these traits. You can think of a company's traits as a list of

neutral descriptors, with positive manifestations (or sources of strength) on one side and negative manifestations (or challenges and barriers) on the other.

For example, you may have a company that is consensus driven, in which the entire team feels ownership of decisions. This may be a valuable trait for your company because it can ensure that once a decision has been made, many people will come on board to help execute it. On the flip side, if decisions can't be made without consensus, it's very hard for an organization to act.

After you develop a "long list" of traits, select three to five key traits that best articulate your company's current cultural situation. Choose carefully, because the traits will be a touchstone in the process of evolving your culture. To be most useful, these traits need to meet several criteria:

- Reflect your company's essential nature;
- Resonate across the enterprise;
- Trigger a positive emotional response;
- Support your company's cause.

### From Traits to Emotional Commitment

Emotional energy is released as traits are defined because traits, when well-articulated, reinforce and remind people within an organization of their sense of belonging to something larger than themselves. People want to feel rewarded and recognized. They want to feel the pleasure of being part of a team. They want to learn. They want to work with others who are capable and committed. They want to be part of a culture that fosters all these qualities.

When they find such a culture, they choose to be part of the enterprise. Work is no longer just transactional. They are reminded of the passion and curiosity that led them to their chosen field. They feel they can excel at their job, and they are ready to experience feelings of pride, belonging, adventure, achievement, and other personal benefits of accomplishment.

## A Critical Few Behaviors

Any leader who is struggling to understand how to harness emotional energy to drive priorities faces a basic challenge: How do you go from diagnosing to directing? How do you go from just talking about how things should happen to actually getting people in key places to take actions that yield better results?

The idea that changing behaviors, rather than mindsets, is the most practical way to intervene in an organization's culture is at the heart of the critical few approach. Charles Duhigg, author of *The Power of Habit: Why We Do What We Do in Life and Business*, writes persuasively about the transformative power of keystone habits.

For Duhigg, a keystone habit is "a pattern that has the power to start a chain reaction, changing other habits as it moves through an organization." In other words, if you want to change the way people think, you don't start with or rely primarily on rational argument. You change what they do, even if it doesn't come naturally to them at first. Over time, as the new behavior becomes a pattern, they will likely change how they feel about doing it.

### Finding a Slimmer Margin

A few years ago, James Thomas led work with a major oil company on a behaviors program designed to shift elements of its global culture to better align with its strategic objectives. One of these objectives involved an organization-wide need to operate at a slimmer margin. As a way of surfacing potential ideas to accomplish cost savings, platform managers were encouraged to conduct weekly meetings focused specifically on cost-saving ideas.

In these conversations, managers pointed out the monumental operational expense of repairing or even replacing equipment that had been mishandled. As it turned out, many of the front-line people who used these machines on a daily basis simply weren't aware of their costs. They had not connected their individual behavior (how they handled equipment) to their organization's larger goal (managing costs for competitive advantage).

Once this connection had been clarified, the people themselves came up with ideas to better economize. At one site, a front-line employee proposed labeling all the machines with price tags. A discernible drop in repair costs was the immediate result.

One employee then pointed out that the general practice of running cooling fans at all times was superfluous when the temperatures dropped. Thus began a new practice of turning off fans when they weren't necessary, leading to further cost savings. Idea by idea, more cost-conscious ways of behaving came into being, spreading organically across the organization. The behaviors moved from one-time acts to ingrained ways of getting things done. Thus, a new way of behaving became more prominent in the overall culture.

## From Keystone to Organization-Wide Behaviors

What is required to apply this simple concept of keystone behaviors to the transformation of a complex global organization? Time, patience, and the willingness to be selective.

First, let's make clear what is meant by behaviors. Behaviors should be general enough to apply to all groups and levels; simple enough for the newest person to be able to understand; stringent enough to be related to the organization's strategy; and specific enough to be based on the organization's existing cultural strengths and challenges.

Changing everything at once is impossible. Focusing on just a few behaviors allows for consistency and coherence.

Some effective organization-wide behaviors include the following:

- Use business goals and the mission to guide day-to-day project work and decisions;
- Enable others to make decisions;
- Foster explicit conversations about trade-offs between quality, speed, and budget;
- Get to know others in social settings;
- Look proactively for upstream and downstream implications before making system changes.

Note the primary characteristics they have in common: To begin, they are concise and coherent. They are also directive. Each begins with a verb, and this is deliberate. This syntax choice reflects the ultimate goal for any critical behavior: It can be acted on. It isn't an emotion, an attitude, or a perception.

Note that there are no perfect behaviors. A behavior that is effective at one company may not be effective at another. An effective behavior for your company should

- Harness existing sources of pride or emotional energy to drive intrinsic motivation toward your aspirations;
- Address barriers that get in the way of realizing your aspirations;
- Encourage the replication of actions that enable your goals.

Although not every behavior will accomplish all three of the goals listed above, each behavior should accomplish at least one.

The best way to identify the behaviors that work for your organization is to do this exercise in parallel with the process of agreeing on your culture traits. You will use many of the same sources of information: interviews and focus groups, existing assessments, existing employee engagement surveys, and your own observations. During your detective work, you can compile a comprehensive list of behaviors that you believe have the potential to help the company achieve its aspirations.

### Behavior Selection: The Critical Few

Now comes the fun (and the extremely challenging) part: selecting from your long list to attain the critical few. Why the emphasis on just "a few"? You need somewhere to begin. Changing everything at once is impossible. Focusing on just a few behaviors allows for consistency and coherence.

Some of the potential prioritization criteria include leadership support (will senior leadership adopt and role-model the behavior?); impact and relevance (will the behavior impact the most critical areas/business objectives?); impact on motivation (does the behavior change create motivation and momentum for follow-up efforts?); ease of implementation; measurability; and other elements.

To select their critical few behaviors, some organizations engage in conversations about trade-offs. Others use a voting process, which can vary from the public and very low tech, like a simple show of hands, to the private and electronic, like a voting tool.

And how will you know that you've chosen the right behaviors? There are no perfect few behaviors. Likely, if you have been thorough and thoughtful in developing the long list, any of the behaviors would be useful and effective in moving your culture forward. The process of deciding which ones to prioritize is, in and of itself, a form of intervention.

## A Few Authentic Informal Leaders

In Jon Katzenbach's (aka Katz) decades of work in this field, one of his formative client experiences was his opportunity to advise General Motors as it climbed out of severe financial distress following its declaration of Chapter 11 in June 2009.

For CEO Fritz Henderson, harnessing emotional energy to drive GM's change priorities was not an option—it was an imperative.

Katz's recollection of early conversations with Henderson is vivid. "Everyone is telling us to change our culture," Henderson lamented. "And people are going to expect to see it happen right away. In fact, they want it to have happened yesterday. Here's the trouble: I know that simply isn't possible. A culture takes shape over decades. This is true anywhere; it is especially true at GM. Our culture is global, complex. It is a challenge just to understand it, let alone to replace it or guide it toward change."

Henderson; GM's head of leadership and culture, Chris Oster; and Katz all agreed on a core premise: General Motors' leaders must work "with and within," rather than against, the strong prevailing culture.

Henderson believed that steering GM through turbulent waters required a deep, intuitive understanding of culture. His culture council formed a strategy council of very well-respected informal leaders from the front line and middle management to serve as a sounding board and voice of the people: "Fritz's 50." Members of this group were not the high potentials on a clear path to senior leadership; rather, they were solid citizens, many of long tenure, most at the front line or lower middle management.

Throughout GM's storied turnaround, Fritz's 50 played a crucial role. They expanded to include other configurations. These groups gave the CEO and other senior leaders a ground-level, authentic view of the day-to-day challenges that stood in the way of achieving their cultural and behavioral priorities.

They were also able to translate the leaders' core messages about GM's need to transform into plain language and emotionally appealing stories that were crystal clear to their peers. This helped generate the kind of emotional support that Henderson and subsequent senior leaders across GM needed to be successful.

## Defining an Authentic Informal Leader

Let's start with what they are not: Authentic informal leaders are not on your executive team or in any other highly placed position on your organization chart. Formal leaders play a role in any effort to evolve a culture, but their influence and position mean that they are already empowered to do so.

AILs also aren't your high potentials, the superstar performers who are next in line for formal leadership roles. Most of them do not harbor those aspirations; their basic motivations go well beyond money and position. This is precisely the reason they can add a dimension of influence that complements formal programmatic efforts.

AILs are individuals whose social capital and emotional intuition set them apart from their peers. They are able to interpret and harness the emotional tides present in any organization. They are able to sense not just the feelings of other specific individuals but the collective feelings of the organization as a whole.

This gives AILs the power to anticipate and understand how and why a "rational" leadership decision, like eliminating a flextime arrangement that few employees had taken advantage of, might trigger a negative and unexpected emotional response. (People like to believe that their work is flexible, even if they personally find it more effective to work side by side with their colleagues in the office.)

## Finding Your AILs

You can find the most effective subpopulations of authentic informal leaders using a variety of methods, ranging from informal conversations to more digitally enabled methods of surfacing patterns of relationships and affiliations such as social network analysis. All these methods have a crucial factor in common: They differ from the formal HR mechanisms used to identify the top candidates for strategic moves or promotions.

Any process or method should help you organize, synthesize, and pressure-test the collective intuition of a range of people from across your organization. Below are some pointers to help you begin:

- **Use your networks to seek recommendations—and encourage others to do the same.** Send emails to colleagues, describing the kind of person you're looking for, and ask for suggestions. Ask your team to do the same.
- **Consider your critical few behaviors as a**

Interventions, when well designed, aim for the front line, where work gets done. They rewire how people work together day to day.

**starting point.** Keep your desired behaviors in mind. You're looking for the informal leaders who "see it" (recognize the value of change), "get it" (understand the reasons), "want it" (are committed to change), and, in most cases, already "breathe it."

- **Seek and explore the pockets where expectations are being exceeded.** Seek your company's pockets of excellence—especially those where success defies logic. It's likely that AILs are driving this performance.
- **Start with "ideal" candidates.** To establish an effective initial group, you must carefully select, develop, and test your informal leaders. Begin with the best of the best. Even if initial efforts turn up only a dozen people who meet the criteria you've defined, that's enough to start.
- **Start subtle and then celebrate.** Keep the selection process under the radar, but announce the selection with appropriate fanfare and acknowledgment.
- **Encourage viral spread.** After several meetings, the first group can expand. They should enlist the next informal leaders.

Work with AILs should be ongoing throughout your culture evolution process, taking the form of a series of discussions. You will ask for AILs' feedback on leaders' ideas. You will also ask them how they achieve their goals. Working with the energy of AILs is the best place to dig into cultural obstacles and to determine how you can align strategy, operating model, and culture.

## Measuring Cultural Action

As leaders digest and respond to the theory of the critical few, they ask two questions. The first is, "How do I actually get people to act differently?" And the second is, "How will I know if my culture is improving?"

The answers to these questions are deeply intertwined. Cultural situations evolve slowly over time. You can't

point your finger and mandate behavior change. But you can intervene to create the conditions that make the right behaviors emerge. That's why the word "intervention" is used here as a broad term for any deliberate act that an organization undertakes to explain, encourage, reinforce, or reward critical behaviors.

## The Key to Effective Interventions

The most effective interventions have three characteristics. First, they evolve out of the critical few-behaviors discussions, and therefore they are, innately and by design, coherent with the overall message about how the desired behaviors will support the business.

Second, they track and measure the tangible impact of putting the new behaviors into action—and, ideally, even attach these new ways of behaving to "hard" business results. Third, they appeal to the minds and hearts of those impacted.

Just as AILs are distinct from cultural ambassadors and change champions, behavior interventions are distinct from the top-down communications programs that accompany traditional transformation programs—the type that tend to result in colorful posters and wallet cards. Interventions, when well designed, aim for the front line, where work gets done. They rewire how people work together day to day.

As in the area of selecting traits, behaviors, and informal leaders, the key to interventions and measurement is to focus on a critical few. You select a few targeted areas of your organization where a shift toward the identified behaviors is most likely to have a tangible impact that can be seen and felt in a manner that helps people rally behind your cause.

Choosing the business issue or aspirational metric on which you will focus your interventions is important. It's also crucial to choose the area in your business—be it a department, facility, or function—that would be most opportune for the first pilots.

Start by looking for those executive and department leaders who support you, who are clearly energized by the topic of behavior-led transformation. Then, from this

group, filter down to those who lead a manageable, mid-range area of the business.

### Measurement as an Approach, Not Just an Outcome

Ultimately, your goal should always be to find a way to attach new behaviors to improved business results, even if that link can seem tenuous or indirect. The continuous effort to find that link, to make it real and tangible for others, should be your north star.

There are always opportunities to capture valuable data on effectiveness along the way. You can—and should—trace practical, tangible, simple information, like the number of people involved, responses received to email communications that are sent out related to the overall culture effort, and traffic to intranet sites that promote critical behaviors.

This will help provide a baseline reference data set, allowing you to trace how momentum builds over time. Also look for data your organization is already capturing, such as employee engagement scores, and track whether any of these scores rise.

This is especially effective if you preselect, early on, specific questions that relate to behavior areas where you are trying to make a difference—for example, if you have a critical behavior related to empowering employees at all levels, you might narrow in on a specific engagement survey question, such as the response rate to “I feel encouraged to come up with new and better ways of doing things.” You could even break out this data by level and investigate how the rate changes over time or by area of the business and assess whether any pilots improved those scores.

Finally, pay attention to stories that emerge along the way. Often, when an organization is successfully evolving its culture, stories about new ways of behaving that demonstrate “it’s not just business as usual around here” pop up and go viral. An incident becomes a story that others repeat because it contains some powerful truth—an implicit lesson that resonates with other experiences and conversations.

You want to choose metrics just like you choose behaviors—not according to some abstract set of ideals but by paying close attention to the way real work gets done and what matters emotionally to people.

Culture is never all good or all bad. Focus not on an abstract idea of what the “best” culture is but on what is strongest, most reliable, and most effective within your current culture. As long as we keep culture a part of our focus, it will enable us to sustain our distinctiveness over time—whatever the future holds.

### IF YOU LIKED THIS SUMMARY, YOU MIGHT ALSO LIKE:

- *Summary: The Power of Community* by Howard Partridge
- *Webinar: Redesign Work, Cultivate Human Potential, Achieve Extraordinary Outcomes* by Carol Sanford



Jon R. Katzenbach is the founder of the Katzenbach Center at Strategy&, PwC’s strategy consulting business. He is a recognized expert in organizational performance, collaboration, corporate governance, culture challenges, and employee motivation. James Thomas is a partner with PwC’s Strategy& based in Dubai, United Arab Emirates. He leads the Katzenbach Center in the Middle East. Gretchen Anderson is a director at the Katzenbach Center, where she works with client teams across the globe who are operating at the intersection of strategy and organizational performance.

*The Critical Few: Energize Your Company’s Culture by Choosing What Really Matters* by Jon Katzenbach with James Thomas and Gretchen Anderson, copyright © 2018 by PwC, has been summarized by permission of the publisher, Berrett-Koehler, Inc. 192 pages, ISBN 978-1-5230-9872-9.

Summary copyright © 2019 by Soundview Book Summaries® www.summary.com, 1-800-SUMMARY.