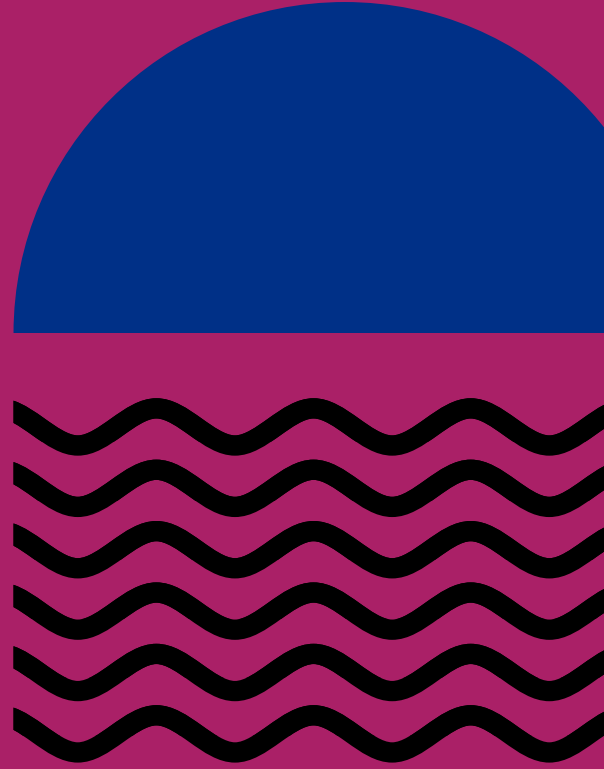# Gagen MacDonald

Six Levers that define how companies think, feel and behave

It's all about your people. Especially today.

We're living through one of the most dynamic periods of societal change in several hundred years. It's a particularly exhilarating time for our firm since, for 25 years, we've pioneered a deeply personal mission to help organizations and their leaders navigate the very *human struggle of change*.

And let's recognize that right now there is no shortage of people struggling with change.

We've written this piece for leaders at every level because we passionately believe that it's the people inside your organization — those wonderful, messy, irrational, creative, stubborn, energetic, amazing humans — that hold the key to your business's future. And if we can help them — and you as their leader — master the very real struggles all around us, then great things can truly happen.

However, people at every level in an organization, from the most junior employees to those in the C-Suite, are grappling with a tsunami of changes that weren't even on the radar just a few brief years ago.

The return-to-office debate rages fiercely in many corners, with no end in sight. Topics like mental health, psychological safety, belonging, inclusion and gender equality have been thrust into the limelight as the global pandemic has caused massive shifts in what employees expect from their organizations. Concurrently, other broader societal issues like extended life expectancy and a rapidly aging population are manifesting in pressing business questions, like how you manage five generations in a workplace at the same time?

And let's not forget the relentless march of technology.

Digital capabilities like Zoom® and Microsoft Teams® were life savers for organizations when we were all unceremoniously sent home in March 2020. Those same connectivity tools, which have only grown in both functionality and importance, have paradoxically been cited as the reason our people feel less connected and more lonely than ever before. In recent months, artificial intelligence (AI) has become the latest topic to capture the imagination, or stoke the fears, of people across the globe. Where we may once have been considering how to build a thriving organization in the metaverse, we're now considering if AI will be the long-awaited utopia that fully unlocks people's creativity, or a dystopian scenario where we're replaced by robots and mass unemployment prevails. In our opinion, the future remains uncharted (to quote Margaret Heffernan) and that can be both exciting and terrifying in equal doses.

However, the more disruption and uncertainty defines markets and companies, the more valuable your people and culture become. They are your most vital asset and your most distinct competitive advantage. In uncertain and tumultuous times like we are facing now, it has never been more critical to attract, motivate, inspire, invigorate and retain the right people to drive your organization forward. Whether you're building a new AI-enabled

product, undergoing a digital transformation or disrupting a multi-billion-dollar market, it's the collective imagination, fortitude, adaptability and energy of your people that will make that aspiration happen. Or not.

That's why culture has become the most important asset in the arsenal of any organization. Culture is either an accelerant or an impediment to your business strategy.

It can unlock innovation or trap it in numbing bureaucracy.

And in today's age, every organization needs to innovate.

WHAT IS CULTURE?

Culture is, sadly, one of those words amorphously defined and inconsistently understood. At Gagen, we believe that culture is an ecosystem that drives the behavior of the tribe. It is forged through intentional and unintentional beliefs that are shaped by experiences.

The most common mistake we have seen over decades of helping large companies hone, evolve and improve their cultures is the notion that cultures are synonymous with behaviors. This is a false concept. Behaviors are the byproduct — as well as the driver — of cultures, not the culture itself. Culture change efforts frequently fail because they promote new behaviors without doing the deeper work necessary to understand the root causes of the current behaviors and how to make the shift to the desired behaviors possible.

EXPERIENCES

RESULTS

BELIEFS

Culture

ACTIONS

THINKING
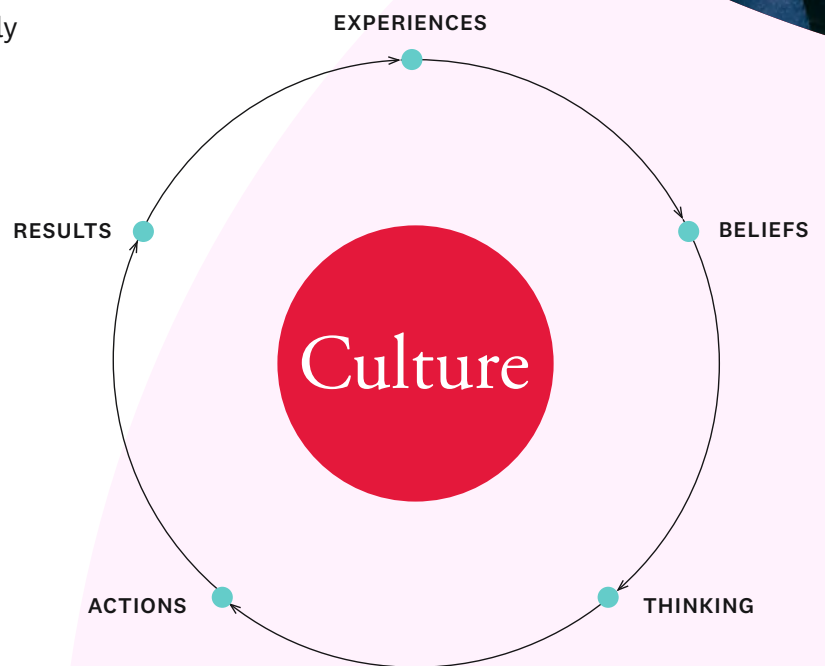
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SHARED BELIEFS

Cultures are formed — and evolve over time — based on the beliefs shared by a community of people. When these shared beliefs take hold among a critical mass of individuals, they inspire a common pattern of observable actions. They become the norms versus the outliers. The adjective we use to describe these sets of common actions becomes the label for our culture.

So, if cultures start with shared beliefs, where do beliefs come from? Beliefs are formed from experiences.

Every day at work we encounter countless bits of information; tiny signals ranging from the number of video calls with cameras "on" to the tone in our boss's voice to the hierarchy of information on the intranet homepage. We are constantly analyzing this mix of information in order to better understand our companies' priorities and values, future direction and the behaviors they reward and encourage. The conclusions we reach from this analysis form our fundamental beliefs. Our beliefs subsequently inspire our actions. Where our beliefs and our colleagues' beliefs overlap, we get a massive collection of similar actions. This collection of common actions is the result of our culture.
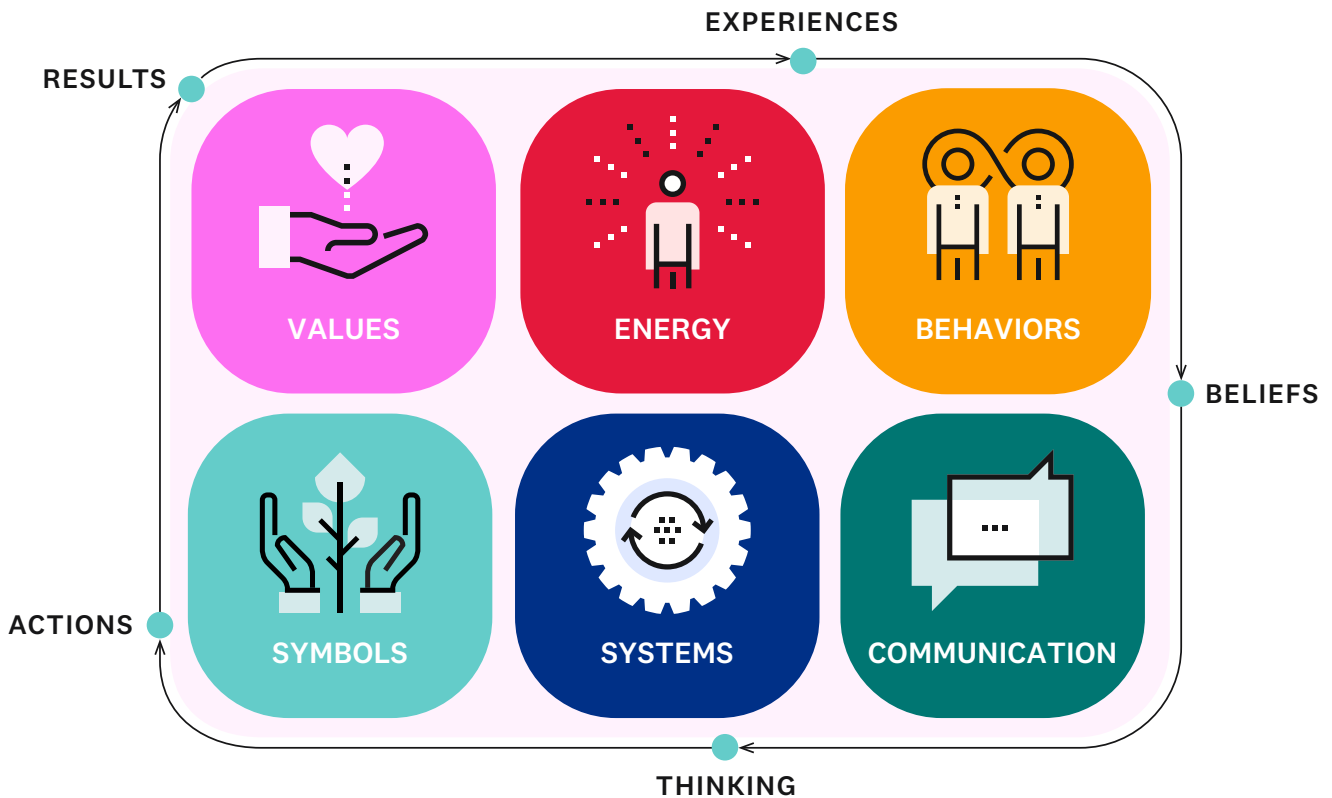
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To drive culture change, leaders often try to evoke certain types of behaviors inside their organizations. Below are four illustrative examples of how certain employee experiences influence how they think, act and behave — and the results they can spark.

	EXPERIENCE	THINKING	BELIEF	ACTION	RESULT
ACCOUNTABLE	When my boss makes a mistake, they acknowledge it in front of our team.	Sitting on your hands won't help you get ahead.	Taking ownership is the key to success here.	I raise my hand, take a project on and live with the outcomes.	Our projects typically get done quickly and efficiently.
CUSTOMER-CENTRIC	Our company invests in systems & technology that constantly capture customer feedback.	They're serious about serving the customer's needs.	The customer always comes first here.	I look for opportunities to interact with customers and solve their problems.	Our customers reward us because we take their input and needs seriously.
INNOVATIVE	My boss is fine with me trying something new and failing, as long as I did my work competently.	As long as I am thorough and accountable, I have license to experiment.	As long as I am focused and trying my best, I can fail and still succeed here.	I take smart risks, try new things and do them to the best of my ability regardless of result.	Not every project succeeds, but we move fast, learn from our failures and our successes are major breakthroughs.
GROWTH	We are encouraged to put forward ideas and work on projects that will redefine the market.	Our leaders evaluate projects on their potential, not just on the numbers.	Professional and personal growth is highly regarded here.	I'm always looking to help the organization learn and grow.	We out-perform our competition at every possible opportunity.

As a classic example, Harvard Business School professor Gary Pisano published a fascinating article in the Harvard Business Review entitled "The Hard Truth About Innovative Cultures." One of the findings of his research, for instance, is that to achieve innovation, you have to embrace the tension of dichotomy. There is a flip side to every behavior you desire. As an example, if you want employees to be innovative, you can't just create the belief that failure is acceptable. You must simultaneously create the belief that incompetence won't be tolerated. It's only through this complementary system of beliefs that innovation — or any other culture attribute — can thrive[1].

[1] https://hbr.org/2019/01/the-hard-truth-about-innovative-culture

a *Paradigm* for Culture Change

Changing a culture is a complex endeavor. Humans are emotional creatures whose behaviors are difficult to trace. When you combine thousands — often tens of thousands — of individuals, the complexity increases exponentially.

Shifting a culture in a strategic manner requires a solid understanding of a culture's roots, how it functions and where you can thoughtfully intervene.

So, if you want to change your culture, you can't just simply state your desires or objectives. Instead, you need to shift belief, and this means you need to intentionally and deliberately change what employees experience each day. These new experiences will jolt your ecosystem by introducing new bits of information for people to process and digest.
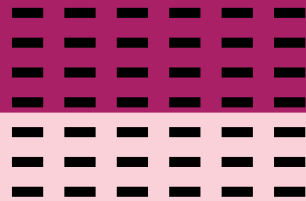
THE SIX LEVERS THAT SHAPE EMPLOYEE EXPERIENCE

To take a holistic approach, the employee experience can be mapped over six co-mingling levers. These levers can be dialed up or down at various moments, based on where your needs currently exist. They are:

Values

Energy

Behaviors

Symbols

Systems

Communication

It's important to note that these six levers don't operate in neat siloes or have clean borders. They touch, frequently overlap and they are highly permeable. Changes in any one lever tend to color another, and they are often interdependent. The power of these levers isn't that they can be engineered like a machine, but rather they provide an expansive and comprehensive vantage point through which you can systematically assess how the three elements of your strategy, structure and culture work together to shape your employee experience. Many activities contain elements of multiple levers simultaneously at work. The goal in utilizing these levers as a resource is not to definitively determine in which "bucket" each individual activity sits, but instead to gain a sense of which levers are not being proportionally utilized, or where various elements of your employee experience are misaligned.

In our experience, when these levers are neglected or work in conflict with one another, they breed disharmony. Disharmony breeds dysfunction and disengagement. Dysfunction leads to the graveyard of failed strategies. However, when these levers work together to create patterns of consistent information, build shared beliefs and operate in alignment with a company's strategic direction, they unleash incredible potential.

Understanding which of these levers to pull, and which to leave well alone, does require a leader to know three things deeply.

Your people. What are the current competencies and capabilities inside your organization today and how will your talent needs evolve in the future?

Your current culture. What has led to the formation of the norms currently experienced across the organization and is that helping or hindering your progress?

Your desired future culture. How does the organization need to think, feel, behave and make decisions in the future if you want to succeed?

Let's dive into a short synopsis of how each of these levers operates, and practical advice on how they can be used to drive performance.

Values

The principles, statements and philosophies that guide an organizations internal conduct as well as its relationship with the external world.

Decision-making continues to be distributed more broadly throughout companies. To move with speed, simplicity and agility, decisions once made by executives are now made by junior and middle management, and decisions made by junior managers are made by individual employees. While the executive leaders have relinquished control over many decisions, they still possess the ability to help individuals make sound decisions on the enterprise's behalf. To this end, values are among the most powerful instruments we possess.

When done correctly, and supported by other levers, values are an extremely powerful way to guide decision-making and behavior. For instance, if a company is clear and consistent in placing value on diversity and inclusion — and if it supports that value through other levers (*a critical if*) — when addressing a complex problem, employees will be naturally cued or prompted to assemble a diverse group of minds and function as a team. This is less likely to happen in a company that places its value, for instance, on speed-to-market.

In many cases, values can feel static, rigid and detached from a company's day-to-day life. Cynics will often say that corporate values make for nothing more than great posters in the halls. That's likely because the organization's stated values are not aligned to its operating priorities, market pressures or on-the-ground reality. For this reason, executives should consistently pressure test their values, ensure that they're in line with their broader management philosophy and practices and then both express and live them relentlessly.

How do you apply this?

Having strong values does not mean you have a strong culture. Your values will only shape your culture if they are relevant to the choices your employees are forced to make each day. Do your values align to your brand promise and the experience you want to deliver for customers? Can employees practically apply your values to guide their own decision-making? How do you tackle situations when employees, particularly leaders, act in a manner inconsistent with your stated values?
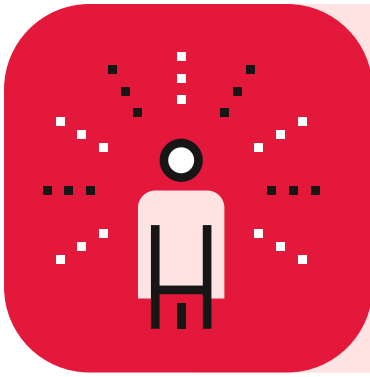
Energy

What we sense and feel — the atmosphere, ambience, tone, pace and speed of how we work.

Humans are sensing creatures. We focus so much on formal messages — what we tell people in presentations, in emails or through videos — but often lose sight of what we're telling them through their senses of sound, smell, taste and touch. As people, we are closely attuned to the energy of the environment around us. We're hard-wired this way — our survival depends on it! For leaders, tending to energy is a powerful way to shape culture.

A classic energy-sapping situation we encounter in many of our engagements is "change fatigue." As organizations lurch, or pivot, from one new direction to another in response to an ever-changing market, the whiplash effect on employees can be extreme. That whiplash is exacerbated when the reasons and rationale for the change are poorly understood and employees are merely told "stop doing that, start doing this" without context or explanation. Over time, energy is replaced by exasperation.

Our days now seem filled with a never-ending series of video calls that start early and finish late. Often with no consideration given for bathroom breaks or an opportunity to get up and move around. Can we really be surprised that so many colleagues now attend with their cameras off and their energy levels seem low? As this reality of video meetings is likely here to stay, how you set up and show up in this situation is vital to the energy you either create or deplete. Simple actions like starting meetings five minutes after the hour (and ending ten minutes before) enable your people to get up, grab a glass of water or just move around. Being purposeful about who you invite, and allowing folks to decline meetings they have no active role in or reason to attend, reduces the energy sapping pressure of "presenteeism" that still plagues many cultures. A nifty trick we learned during the pandemic is starting every meeting by asking, "What are you bringing to this meeting?" This simple empathetic intro acknowledges that, unlike when we were all together in an office, in this remote environment we have no idea what our colleagues were doing earlier or where their energy might be.

How do you apply this?

Being intentional about the energy we exude can greatly influence culture, and help bring business targets and goals into reach. What energy do you convey as a leader? How do you enter a room and start a meeting? How do you acknowledge and address the energy your people are giving off? What's your posture or tone when you join a video call? Little demonstrations of energy can have a large ripple effect.

Behaviors

Individual, leader and team conduct that can be observed and measured.

As the saying goes, actions speak louder than words, and nothing trips up culture change efforts more than misalignment between a company's culture goals, stated values and actual lived behaviors.

For instance, many companies today tell employees they want to drive cultures of accountability. Yet, when a project experiences a mishap or fails to achieve results, too often, people watch their boss, their boss's boss and their boss's boss point fingers and deflect blame.

Behaviors have an enormous ripple effect. They bleed into everything. They are the greatest source of confusion, misalignment and dysfunction at nearly every company struggling to transform or achieve results.

As you look at your culture goals, it's critical that you not only state what you want — for instance, innovation — but that you very specifically and tangibly identify the behaviors you need exhibited to get there. In the case of innovation, for instance, this might be a willingness to suggest new ways of working in large group forums. To achieve this behavior, two things certainly need to happen: You need to understand what belief, process or behavior is holding that action back

today (perhaps, "I will look silly if people don't like my idea"), and you need leaders who create the sense of trust and psychological safety necessary for people to take risks. Without mapping the required behaviors, assessing gaps to produce it and modeling it via leadership, culture change becomes nearly impossible.

💡 How do you apply this?

Behavior change requires leading by example. Are you being purposeful about how you're showing up even in the small details and moments? Are you equally attuned to what you may be tolerating in the behaviors around you? Are the behaviors you desire to experience in your culture consistent and universal throughout your organization? When leaders are conscientious about modeling the behaviors they seek to facilitate, they inspire change throughout the organization.
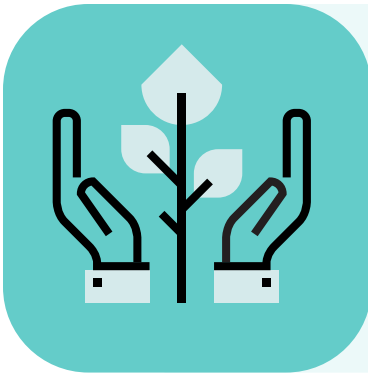
Symbols

Cues that signal an organization's priorities and expectations.

No matter our job, we are always at a deficit of information. We want more explanation, information and a clearer understanding of our companies' strength and direction, as well as how we personally fit into the mix. In that quest for information, when hard data or explicit communications aren't available, we are wired to look for symbols and read between the lines.

From how we spend money to where and with whom we invest time, symbols are everywhere and their meaning registers deeply.

For instance, when executives sit in an executive wing, isolated from other employees, it sends a strong symbol that hierarchy rules the company. When they eliminate offices and sit in the midst of their teams, it's a symbol that they want to be intimately involved in the details of daily work. Both approaches have merits and demerits; the key is understanding the underlying message each option sends. As an example, the Chief Product Officer at Method®, the environmental cleaning company, sits in the company call center because that way he is getting constant customer feedback and insight. Symbolically, he is highlighting what the organization truly values.

Symbols take on added importance in times of stress and strain. When budgets are being tightened, what is the first thing to be cut?

Similarly, does the CEO appear more often with the CFO or the head of R&D? What offices or regions do executives visit most frequently? Which department is given the best floor in the building? In recent months we've all witnessed a slew of mass layoffs, often executed with very little empathy or compassion for those affected. The symbolic way this happened — often by a curt email or brief video conference — will long be remembered by both those departing and those remaining.

Symbols can't be avoided. They're a natural byproduct of action. The key isn't trying to suppress their existence or push things into dark corners. It's anticipating the symbols your actions will send and sensing how they'll register.

How do you apply this?

Symbols are everywhere in an organization. Big and small they create a lasting impression of what truly matters at your company. Consider doing an inventory or audit of symbols that hold special meaning for your people. Ideally symbols of business practices that make you unique and that you want to reinforce. Don't forget that small actions and behaviors have symbolic value too. For example, when executives chose to sit in random seats during meetings versus automatically choosing the head of the table, that subtly reinforces all opinions are seen as equal.
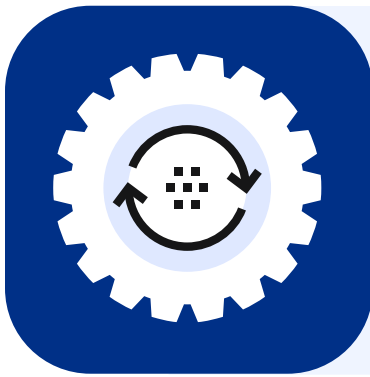
Systems

*The structures, technology, programs and processes
for governance, operations and talent.*

Our cultures are inextricably linked to the systems we use to run our businesses. Any attempt to evolve culture without evolving the processes and structures we use to manage people and operations is bound to prove frustrating and ineffective.

For instance, many companies today are promoting the importance of a customer-centric culture and asking employees to work in ways that deliver value for customers in a faster and more personalized way. These are of course worthwhile goals. However, employees' abilities to deliver on these concepts are bound to the systems they use to gather and process personal insights, engage customers directly and participate in human interactions. If the technologies that they use fail to support these goals or are governed by so many restrictions they can't move at the speed of expectation, the cultural evolution is going to find itself thwarted. One cannot evolve without the other.

Similarly, the systems we use to reward, recognize, compensate and promote individual people must reflect the goals of our culture. If we are told that we want to foster teamwork but our experience is that whoever achieves the highest numerical results — regardless of their approach — receives promotions, we are more likely to respond to what we see than what we hear.

The technology infrastructure we build to support our employees is another crucial area you cannot overlook. If it is cumbersome to collaborate with colleagues or access vital information on a project, meaningful success for your organization is unlikely. With digital so deeply woven into all aspects of our lives, employees are justifiably annoyed when the systems we use to enable our businesses are more difficult to operate, less intuitive in their design and more fragmented than those that we use to enable our personal lives. Studies have highlighted that employees in some workplaces toggle between screens and apps roughly 3,600 times in a given work day[2]. Consider the impact that fragmented system has on their energy and what it says about values like efficiency, agility and speed.

💡 *How do you apply this?*

Enable culture by aligning your culture goals *with* your operating model and your talent programs. HR programs can be a huge enabler of the beliefs and behaviors you want to see. For instance, recruit for culture fit. Working closely with a talent acquisition team to ensure that part of the screening process assesses a prospective employee's ability to work in your desired culture goes a long way to making long-term culture change possible.

[2] https://hbr.org/2022/08/how-much-time-and-energy-do-we-waste-toggling-between-applications
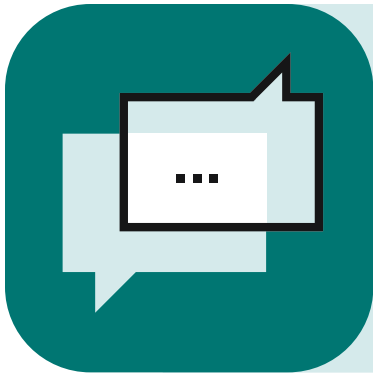
Communication

The exchange of experiences, values and knowledge to create community, drive decision-making and build trust.

Communication happens across many dimensions. Of course, on a primary basis, communication is at the root of every interaction from person-to-person or between business and customer. However, within the context of a large organization, communication also exists as a formal system through which relationships are formed.

Many companies today strive for cultures of transparency where information is shared freely, readily and candidly. These cultures are predicated on an underlying sense of trust and respect, as well as the belief that people can responsibly handle complex or sensitive information as professionals. However, in many cases, companies that embrace a desire for transparency employ communication systems that deliver anything but. Information arrives slowly, is incomplete or heavily sanitized and employees have few forums to ask challenging questions.

Your system of communication must correspond to the goals of your culture — if you want to move with speed, you must share information with speed. If you want to foster collaboration, you must create opportunities for dialogue. If you want your team to act like business owners, you must provide them with the information a business owner would have. If you can't reflect your culture in your system of communication, your culture goals are wrong for your business.

💡 How do you apply this?

Frontline management is one of the most critical players in our communication network. The information managers share sets the priorities teams act on. Many companies are afraid to "burden" managers with extensive communication requests for fear it will "distract from their day job." Communication is their day job, however, and if we don't train, equip and support them to communicate effectively, our ability to shape our cultures will likely sputter.

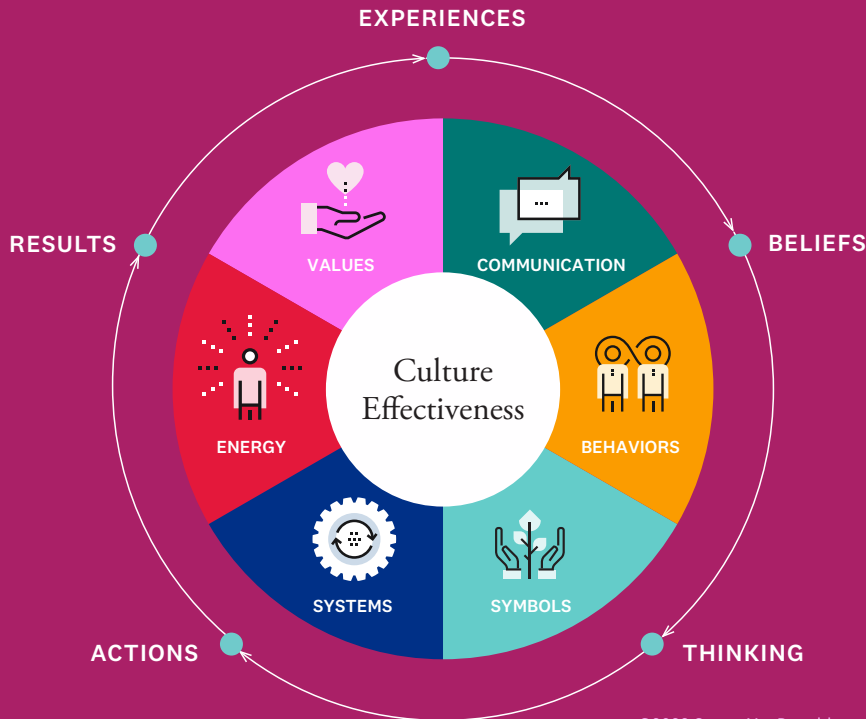## GAGEN MACDONALD'S SIX LEVERS CULTURE ASSESSMENT

> Organizations are constantly assessing, re-evaluating, and measuring the success of their strategies and strategic goals. Why not the same level of assessment of their culture?

Gagen's proprietary culture assessment analyzes the opportunities and strengths of your current culture. Critically, it shows you why those situations exist inside your organization. Armed with those rich insights, you're better able to strategically prioritize what culture change initiatives to put in motion.

Leveraging our Six Levers approach, our assessment is the culmination of over two decades of human-centric experience. We've also combined the learnings and perspectives of contemporary culture and organizational assessments and included inputs from recognized culture academics and theorists in developing this assessment.

Comprising a bank of more than 180 culture indicators — across the Six Levers of Values, Behaviors, Energy, Symbols, Systems and Communication — we're able to scan your organization to identify and correlate the findings needed to drive your culture initiatives.

Your actionable report includes a prioritization of both opportunities and strengths so you are equipped with the insights you need to modify your current culture and create the optimal culture required to drive real business results.

EXPERIENCES · BELIEFS · THINKING · ACTIONS · RESULTS

VALUES · COMMUNICATION · BEHAVIORS · SYMBOLS · SYSTEMS · ENERGY

Culture Effectiveness

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CONCLUSION

In our 25 years of experience , we've found that the *Six Levers that Shape the Employee Experience* remain a systemic method to map the various aspects of your culture. From that mapping, they also become the most rigorous and reliable lens for creating culture change or transformation in an organization. The reason for that success, across different sectors and different organizations, is that they're fundamentally about the people in your organization, and helping them cope with the very real *human struggle of change*.

Cultures are complex, and there's no single process to change them. To change how a company works, you must understand that cultures are a product of experiences and beliefs and be willing to truly shift what your employees hear, see and feel each day. If you roll up your sleeves, look across the broad spectrum of your employee experience and have the patience, commitment and aligned leadership to make meaningful changes to your organization's daily life, you will see the talent and potential of your organization unleashed on a massive scale.

Looking around today, we know that a generation from now, if not sooner, few companies will strongly resemble their present state. Organizations will need to adapt and transform at an increasingly accelerated pace, and that will require their people and their cultures to have the energy and agility to do so as their operating environment remains uncertain and ambiguous. We're reminded of a leader who undertook one of the most storied transformations in business history — Lou Gerstner of IBM. To his credit, Gerstner acknowledged how little importance he placed on culture when he started, and how much culture created the environment for IBM's ultimate transformation:

> Until I came to IBM, I probably would have told you that culture was just one among several important elements in any organization's makeup and success. I came to see that culture isn't just one element of the game, it is *the* game.

Lou Gerstner
CEO of IBM, 1993-2002

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