Community Wealth Partners

A Share Our Strength Organization

Creating a Change-Making Culture

A Field Guide

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Introduction

Leadership expert Peter Drucker famously said, "Culture eats strategy for breakfast."

While many in philanthropy have heard this quote and quite a few may agree that a strong culture is critical for foundations to achieve their goals, data suggest that culture may indeed be a barrier to success for many foundations.

A 2017 survey of grantmaking organizations by Grantmakers for Effective Organizations found that 48 percent of grantmakers did not think their culture was where it needed to be to maximize effectiveness. Further, only 61 percent of respondents thought their culture enabled them to attract and retain people with the right talents to work for their organizations.

Many foundations invest significant time and resources in developing strategies that chart a course for greater impact without including attention to culture in the process. As the data above indicate, attention to culture is critical for ensuring the organization is well positioned to meet its goals and has the right team in place.

While culture can often feel ambiguous, this field guide aims to make tending your organization's culture feel more actionable and concrete. In this field guide, we will offer a method for creating a change-making culture, with questions to discuss with your staff and board and practical recommendations throughout.

Benefits of Culture Building

Engaging the team in co-creating culture together yields several benefits.

- **Clarity on how to live your mission.**
  The approach outlined in this field guide will help your team align on how individual behaviors connect to the outcomes you want to see.
- **Greater transparency and trust.**
  Intentionality around behaviors that create the desired culture leads to greater transparency, which then improves the level of trust within organizations and between organizations and stakeholders.
- **Greater buy-in.**
  Culture building that uses a bottom-up approach generates deeper buy-in across the organization and greater clarity about how to accomplish the work.
- **Greater productivity and effectiveness.**
  In organizations with strong cultures, staff have the trust and autonomy they need to operate effectively. Therefore, teams are more likely to trust and support leadership decisions.
- **Distributed leadership throughout the organization.**
  Culture-building efforts provide opportunities for staff at all levels to demonstrate leadership, because everyone bears responsibility for building and sustaining culture. Culture work can be a great leadership-development laboratory and a remarkable succession-planning tool.

Components of Culture

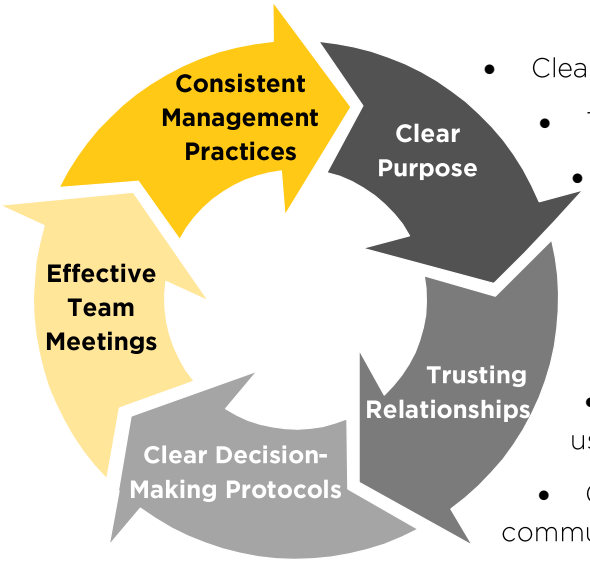
Culture is a culmination of beliefs, values, norms, and behaviors.

Culture is often described as "the way we do things around here," but that phrase does not recognize that culture is built whether you focus on it or not. Many organizations have stated values that come from shared beliefs among staff and board members about what is most important to them. Some organizations create values statements or hang their values on the wall, while giving little thought to whether or not norms inside the organization, both spoken and unspoken, reinforce these values and beliefs. To create a culture that lives their values, organizations must establish explicit structures, processes, and policies (*norms*) that reinforce those values. These norms will incentivize the types of individual behaviors that will reinforce the culture. Similarly, organizations must reflect on norms, both implicit and explicit, that might be incentivizing behaviors that are in conflict with organizational values and determine ways to change those norms.

For example, if a foundation names *learning* as a value, associated norms could be prioritizing opportunities for staff professional development and developing processes to integrate evaluation and learning into the day-to-day work of the foundation. Behaviors connected to a value of learning could include staff seeking to learn from others, both inside and outside the foundation, and building in time for reflection and iteration throughout projects.

Before You Begin: Aligning Leadership for Success

Leadership can make or break any effort to change culture. An aligned senior leadership team is a critical element for success in culture change. Senior team members should commit to holding each other accountable for the following attributes of an aligned team:



- Clear team purpose
- Trusting relationships
- Clear decision-making protocols
- Senior team meeting practices that facilitate effectiveness in strategic alignment, communication, decision-making, and management
- Consistent management practices used throughout the organization, and
- Openness to feedback and two-way communication.

As you embark on creating your change-making culture, keep these suggestions in mind:

- **Focus on the behaviors you want to see.**
  What are the behaviors that reinforce your values and lead to the results you hope to see? What processes, policies, or systems do you need to put in place to help team members consistently live out those behaviors?
- **Don't boil the ocean.**
  When creating an action plan for shifting culture, start by prioritizing a few key changes that will have big impact.
- **Find opportunities for quick wins.**
  This strategy will help build the enthusiasm and momentum needed to sustain longer-term organizational change.
- **Rally the leadership team.**
  Successful culture change will rely on an aligned and supportive leadership team to help lead the organization through complex change.

Steps for Creating a Change-Making Culture

1. **Define Desired Culture**
   (1 to 2 months)

2. **Understand Current Culture and Identify Gaps**
   (1 to 2 months)

3. **Prioritize Next Steps for Action and Implementation**
   (6 to 12 months)

4. **Repeat Step 3**
   (6 to 12 months)

Icons in this field guide are by iconomania, Hea Poh Lin, Joost Haar, and Scott Dunlap from the Noun Project

Step 1: Define Desired Culture

Where do we want to be?

The first step in creating a change-making culture is reaching a shared understanding of the culture to which the organization aspires. Culture is comprised of the everyday actions of people inside the organization. When defining desired culture, it is important to focus on specific behaviors you want to see happen broadly across the organization. Helpful guiding questions in this step are, *What are the individual behaviors that, if they happened more frequently and consistently, would help us achieve our desired results?* and *What are the behaviors to which I can hold myself and others accountable?* These behaviors should be connected to organizational values and help move the organization toward its goals. Suggested activities to define the desired culture include:

Key outcomes from these activities include updated value statements, a list of behaviors that are connected to the values and results you seek, and prioritization of desired behaviors that matter most.

- **Review the long-term vision, values, and goals.**
  This is necessary for grounding the team in an understanding of what the culture should ultimately serve—that is, the organization's mission and the impact it wants to have. Revisit your organizational values, if you have them, or create them if you don't. Make sure your values remain relevant and aligned with the behaviors you need to fulfill your mission. If not, then you may want to add to or change the values.
- **Engage stakeholders through interviews, focus groups, surveys, and other tools.**
  Culture change must have an approach that is both bottom-up and top-down so that the team feels full ownership of building and sustaining the culture. Get broad input on the values and behaviors that matter. What are the behaviors stakeholders would like to see? How do these behaviors reinforce your values and help move the organization toward its vision and goals? This outreach should include staff and board members and could also include external stakeholders such as partners, grantees, donors, or beneficiaries.
- **Align on the behaviors that matter most.**
  Your outreach will likely yield many great ideas. It will be important to narrow and prioritize. What are the behaviors that will make the biggest difference? That should be where you start thinking about making changes. Staff retreats can be a great way to co-create the vision for the desired culture and gain a shared understanding of what that culture will look like in practice.

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Step 1: Define Desired Culture *(continued)*

CASE STUDY

As Helios Education Foundation underwent significant organizational growth and change, the team encountered some challenges. The staff was growing from 15 people to 30, a shift in size that the literature shows is a common pain point for organizations.* At the same time, the team was trying to work in new ways, moving from focusing primarily on grantmaking to focusing on broader education reform activities and increased community engagement.

* For examples, see "Why Growing Past 20 Employees is so Damn Hard (and what you can do about it)" and "Why everything breaks when you reach 25 employees."

Team members began to feel like there was an old way of doing things and a new way of doing things. As a result, the team was not always aligned on the best way forward. Leadership recognized the need to intentionally shift the foundation's culture to ensure it was well positioned to achieve its vision that every individual in Arizona and Florida can attend and succeed in postsecondary education.

At the start of the process, the staff revisited the organization's values and landed on a set of seven values—impact, innovation, fun, collaboration, inclusion, learning, and integrity. For each value, the team agreed on a set of behaviors that would support staff in fully living each value. For example, for *collaboration*, a value connected to the foundation's desire to work with others to have greater impact, the related behaviors were as follows:

- Define roles, expectations, and shared purpose in the beginning of collaborative efforts
- Share ownership of projects, delegating work and trusting our colleagues to follow through on commitments and contribute to better results
- Communicate information openly and in a timely manner
- Offer and ask for different opinions and expertise, and
- Share credit with colleagues and external partners, humbly giving others the spotlight and recognition.

Icons by iconomania, Hea Poh Lin, Joost Haar, and Scott Dunlap from the Noun Project

Step 2: Understand Current Culture and Identify Gaps

How does culture impact our outcomes?

After you've identified your desired culture, the next step is to clearly understand the current culture and recognize any gaps between your current and desired states. Questions that can guide this exploration include:

- What are our current values, and how do we see people living those values?
- What patterns and behaviors do we notice that have a positive impact on our culture?
- What patterns and behaviors do we notice that have a negative impact on our culture?
- What are the gaps between our current and desired states?

Conduct surveys, interviews, and/or focus groups with your staff, board, and external stakeholders to get a sense of the current culture. Share results in a staff retreat and engage the team to make meaning of the findings and prioritize next steps. An outside facilitator can help maintain confidentiality and neutrality during this process.

Key outcomes from this step include data on current patterns and behaviors that impact your organization's culture and a deeper understanding of gaps between the culture you have and the one you want to create.

CASE STUDY

As Helios Education Foundation reflected on its current culture, the team identified patterns and behaviors among leadership that did not reflect the organization's desired culture. Senior leaders play a critical role in reinforcing norms and behaviors at any organization. In order to live the Helios values, senior leaders recognized a number of shifts they could make. For example, to fully live the value of *collaboration* and enable staff to practice behaviors supporting collaboration, senior leaders agreed there needed to be stronger two-way communication happening between leadership and staff, greater delegation, more openness to new ideas, and stronger feedback loops.

Icons by iconomania, Hea Poh Lin, Joost Haar, and Scott Dunlap from the Noun Project

Step 3: Prioritize Next Steps for Action and Implementation

How can we begin to shift our culture?

Once you have identified gaps between the current and desired cultures, it is time to make decisions about what you want to do differently and develop action plans for making change. Consider processes or systems that must be changed or created to help move the organization toward the desired culture.

As you prioritize, you will need to consider the level of impact each change will bring, and the level of effort required. Questions to guide this consideration are, *What will have the biggest impact in moving us toward our desired future?* and *What level of effort will be required to make and sustain the change?*

For example, you may decide that overhauling your performance review system would help greatly in moving the organization toward the desired culture. However, the level of effort, resources, or expertise required to make and sustain the change is not something the organization can take on right away. As a result, you may decide to defer this action until later and prioritize a different change that will have some quicker results.

When developing an action plan, focus on changing norms (structures, policies, and processes) to reinforce your values. In other words, *What are the structures, policies, and practices that will result in the behaviors we most want to see?* Examples include compensation policies, performance review systems, grantmaking practices, and organizational structures.

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Step 3: Prioritize Next Steps for Action and Implementation *(continued)*

CASE STUDY

Helios Education Foundation decided to prioritize work with senior leaders because leadership plays a critical role in shaping culture. Through coaching and facilitated sessions to build senior team effectiveness, senior leaders built more intention around how decisions are made, clarified the purpose of the senior leadership team and its management philosophy, improved meeting protocols, and strengthened their skills in having difficult conversations and building trust. These changes are helping senior leaders more fully live their values and enhancing collaboration among staff and with external stakeholders. All of these changes are enabling the senior leadership team to more effectively lead the foundation toward its desired results.

Key outcomes from this step include creation of a working group to lead culture change work, action plans to guide changes that will foster behaviors aligned with the desired culture, and implementation of those plans.

As you narrow and prioritize your next steps, make sure you are transparent and inclusive with your team. Some organizations form culture working groups to build buy-in and leadership from across the organization. Helios formed a working group charged with the following:

- Model an effective cross-functional team that moves changes forward and benefits the whole organization
- Identify and bring attention to culture gaps at Helios and propose solutions to address them and ensure values are lived, and
- Take a leadership role in defining activities that build relationships and culture.

Clearly communicate how and why decisions are made and what staff might expect as a result of the first steps toward culture change.

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Step 4: Repeat Step 3

How can we continue to shift our culture and sustain it?

Sustaining culture requires ongoing attention from all levels of the team. After you have made progress in some initial priority areas, identify the next steps to keep moving your culture toward the desired state. This step typically begins about a year after the start of Step 3 and should repeat in some fashion every year. Annual planning is an ideal time to reflect on which norms might need attention and select one or two to work on each year. For example, an organization might choose to:

- Incorporate organizational values and behaviors into performance reviews and hiring practices
- Integrate a culture orientation into staff onboarding processes
- Build in time to explicitly recognize and reflect on how the organization is living—or not living—its culture, and
- Get external feedback from grantees, partners, or constituents to help reflect on how the organization is living its culture.

Key outcomes from this step include additional action plans to foster behaviors aligned with the desired culture and implementation of those plans.

You may have created a list of second-priority actions when you started Step 3. If so, revisit that list to see if those changes still make sense. Keep in mind the same considerations about the potential impact of those changes and the effort required to implement them as you identify next steps. Also, be mindful of how you manage the change process for your team. It is important to try to move at a rate of change that is fast enough for people to see the impact of the effort, but not at a rate that is too overwhelming. A workable pace will vary by individual and organization, so it is important to create space for plenty of communication about what changes are happening and why, as well as to gather feedback from staff about how they are experiencing the changes.

CASE STUDY

In the second year of its culture work, Helios Education Foundation began to look at other structures and processes that were key for building culture. The foundation reorganized staff around community outcomes—rather than by functional areas—to break down silos and enable stronger communication. They also redesigned grantmaking processes to bring them in greater alignment with the foundation's culture. As the foundation embarks on the construction of a new building in Arizona, staff are considering how culture will influence that work as well.

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A Change-Making Culture Yields Better Results

Intentional culture work brought a dramatic shift for Helios Education Foundation.

"We are a different organization today," said Paul J. Luna, president and CEO. "Everything we do has a culture lens it didn't have before. Our expectations of each other are clearer, and we have tools we can use when we encounter challenges. As a result, we are better positioned to retain talent, and our external partners have noted a change in how the foundation engages with the community."

While culture can often feel ambiguous and therefore hard to shape, the concrete steps in this guide can help you approach culture change with more clarity. As you pay closer attention to culture and intentionally shape it, your organization will be better positioned to have the impact it desires to make.

Additional Resources

For more information on building culture, check out the following resources:

- Internal Culture, External Impact: How a Change-Making Culture Positions Foundations to Achieve Transformational Change
- Cocreating a Change-Making Culture