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LEADERSHIP & BUSINESS PODCAST

EPISODE 31: DAVID FRIEDMAN – BUILDING POSITIVE CULTURE

Ken White

From the College of William & Mary in Williamsburg, Virginia. This is Leadership & Business. The weekly podcast that brings you the latest and best thinking from today's business leaders from across the world. We share the strategies, tactics, and information that can make you a more effective leader, communicator, and professional. I'm your host Ken White. Thanks for listening. Well, chances are, throughout your life, you've been a part of some great organizations and teams and some not-so-great organizations and teams. For the successful organization, company culture plays a major role. When the culture is positive, people are happy, they perform, and everyone benefits. Our guest today helps organizations build healthy cultures. David Friedman is the author of *Fundamentally Different: Building a Culture of Success Through Organizational Values*. He joins us to discuss the important role of organizational culture. Here's our conversation with David Friedman.

Ken White

Well, David, thank you for joining us. You just gave a talk to a number of people here at the College of William & Mary. It was a very interesting talk. You had some leaders, some middle managers, and followers. It is really interesting, and we're glad you were able to join us today. So thanks for being here.

David Friedman

My pleasure.

Ken White

So you teach, coach about culture. How did you even get into this?

David Friedman

You know, Ken, it was really accidental in many respects. It was really a process of sort of discovery. So what happened was I went to school here, as you may know, and I was a philosophy major, and people think like how do you go from being a philosophy major to being in business, and what happened was that my father had been in the insurance business and I had worked a couple of summers alongside him when I was in college here,

and I got out of school and remember thinking gee you know I didn't necessarily dream of being in the insurance business, but I wanted a chance to be self-employed and to be independent to control my destiny. So I went to work with my father and got into that business. And over the years that I grew that company from two of us to eventually about one hundred and ten employees, you know, I just discovered a lot of things along the way. And what I found was that that the cornerstone of everything that we did, all of our success was based on the way in which we operated, or we call it these days the culture, you know, the way that our people were was just different from everybody else. And so much of it, I remember I had this very distinct memory that in the very early years my father thought incorrectly, so by the way, and I think he'd probably acknowledge this too. My father thought that unless people owned the company, they would never be the way you want them to be. And I had this early recognition that no that you can hire lots of really good people who don't need to own the company don't even want to own the company who could do incredible things, but you have to teach them. That you can't assume that they're just going to somehow naturally be the way you want them to be. You have to teach them. So I began early on this process of teaching people how I wanted them to be, which really is all about culture. And over the course of my career, I found over and over again that the culture that we had created for most of it a little bit accidentally, but the culture that we had created was such a powerful influencer that caused one it caused employees to want to work with us and to come to our company. So we got the pick of the litter. We always got the best employees and cause them to stay with us. And it also caused customers to buy from us. That that it's what led to the trust they had in us. It led to our credibility. They felt comfortable with us. They believed in us. They believed we would deliver the things that we had promised we would deliver. And so it was such a big business attractor. So over time, I began to recognize this, and it really shifted from kind of doing this naturally to thinking about what's going on here and why is this so powerful. It goes back to my philosophy perspective that I was philosophical or reflective about the things that were working and began to say, why does this work so well, like what's going on and how could I be even more intentional about it? And we did a whole series of things to be really, really purposeful and intentional about our culture. And it was just a big part of our success.

Ken White

And people noticed that, right? And so they start asking you what have you found out. And through that, you wrote a book, and now people are asking you share this information with us.

David Friedman

Yeah. And I tell you, and I mentioned in this morning's talk, that when I wrote the book, I really wrote the book as a closure step. I wrote it as a way of wrapping up my old career so that I could tie it in a nice bow and be finished with that and go do something completely

and totally different. But it was the system that we had created to be intentional about our culture, which is around something I call fundamentals which are behaviors that we teach. We'll get into that, but the system that I created around the fundamentals was really the signature thing of my career. That's really what if I look at what did I do in my business career. The fundamentals were the signature of that event of that career. And so I wanted to write a book about that and then have closure to it. But the book led to a whole lot of other things, and here I am teaching that material to people all over the country, and I tell you what's fascinating to me, and I shared this morning, I think I shared it with you before this is so simple and so straightforward. This is not rocket science. And every time I talk about this content, this material that we've created, people walk away saying that's just incredible, that's so simple. You've made the topic of culture which for so many is so abstract.

Ken White

Yeah.

David Friedman

You've made it simple and practical, and sustainable. And I can do something with this, and there's a lack of that when it comes to the topic of culture.

Ken White

Yeah. So what are you finding when you go to a company you're working with a management team? What are you seeing in terms of culture?

David Friedman

Well, what I see is that everybody is talking about culture and more so today than ever before. Everybody gets that culture is really really important, but they don't have a clue what to do about it. So what they do is the standard stuff that every book talks about and that every consultant talks about, which doesn't work, which is they go out and they do some big exercise, and they write a vision statement and a mission statement they all spend a whole day trying to figure out what their vision mission is, and they write some set of core values, and it mostly is bland and generic, and we're all going to you know we're going to be the leading provider of X Y Z and take care of all of our stakeholders whatever the heck that is and nobody cares. But now they can check the box that says we got a vision, mission, and core values, and they could put on their website. And if they're really proactive or really progressive, they have everybody sign it, and now they think that everybody is going to live this way, and then they'll go back to work and forget about it, and that's all that people do with culture, and mostly in my experience they don't know what to do about it that it's not really I mean I sound kind of cynical when I say that, but it is what most people's experience is.

Ken White

Very much so.

David Friedman

When I go into companies, what I'm working against is their previous history of doing these silly exercises that most of the people, if they were honest with themselves, would acknowledge, oh, that was kind of a waste of time, you know, and so they think to themselves when I first get there they think oh do we have to do another one of these exercises. And when so quickly, I show them a completely different approach. They end up saying thank you. Finally, somebody has made sense of this topic and made it real and actionable and concrete instead of all wishy-washy and abstract, and it's what turns people on to this.

Ken White

So you talked a little bit this morning about the recognition of culture and performance. Can you explain that?

David Friedman

Yeah. You know can I say to people all the time that everything that I teach people and show people is based on one very very simple premise and it's the premise that we would all recognize that the culture in any organization any group of people has an extraordinary influence over the performance of that group that you could take the same people and you put them into one two three different companies in the same industry with different cultures and those human beings will perform differently. And we all recognize that you know we've all been. Sometimes I'm with a group, and I'll say have you ever been on a championship sports team, whether it was a high school team, a little league team, anything? And remember how everybody up their game everybody performed at a different level because they just it just drew the best out of them. And if you've ever been on a lousy team where nobody did any good, and the team stunk, you know everybody sunk to that level that that the culture that's in that group just significantly influences the performance of the group. So we all know that, in fact, you know I do this thing sometimes when I'm with a large group of employees. So these are rank-and-file employees. They're not the leaders, and I'm trying to help them see that this culture stuff isn't that complicated. And I'll ask them I do this thing where I'll ask them. So how many of you in this room have ever worked for some company other than this one and they all raise their hand, of course, and I ask them how many of you have ever worked in a lousy company where it's just a bad place, and three-quarters of them all raise their hand, and I'll go around the room, and I'll ask a few people, so you know Ken tell me about the place you work. What made it so bad, or Bob, what made it so bad where you worked, and I got a bunch of people talking about these bad places, and then I asked the group. So in that lousy place where you've worked. Do you think that affected how you did your work, and

they all say oh yeah, absolutely it did? So then I asked them do you think it affected the bottom line. And they all nod their heads. Of course, it did. So then we all know then that the place in which you work, that environment we happen to call that in the fancy places we call that culture. But we all know even the rank-and-file employees. You don't have to have a Ph.D. about this to know that the culture that you're operating in enormously influences how people do their work. And so if you get that, you know that that's the basics if you understand that, and almost everybody would. What that suggests to me is then if I'm a leader wouldn't it make sense that if I could be more intentional or more purposeful about creating the kind of culture or the kind of environment that would have the highest probability of causing my people to perform at higher levels will obviously be more successful. Why wouldn't I want to do that? And yet there are very few companies do.

Ken White

Yeah.

David Friedman

They just think either that it'll take care of itself or that it's just organic and you can't do anything about it, but they don't take control over it. They don't. It's just they just hope it works out, and great companies are intentional about it.

Ken White

Our conversation on building healthy cultures will continue in just a minute. Our podcast is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. If you're looking to improve your leadership and business skills, the Center for Corporate Education has a terrific program scheduled in April. The certificate in business management. It's a five-day program that covers strategy, accounting, operational effectiveness, communication, and leadership. A great program for the professional who needs business and leadership skills but lacks an MBA. For more information, go to wmleadership.com. Now back to our conversation with David Friedman on building a healthy culture.

Ken White

So when you work with those great companies who are intentional, what do you tell them? How do you coach them and guide them?

David Friedman

So I really created a simple framework to organize what it takes to be intentional about it. How do you? There's a word I use often. I talk about institutionalizing a culture. And when I use that phrase institutionalizing, what I mean is how do you get your culture to be so

deeply embedded in the DNA of your organization that is just the way people are around here. It's just, you know, at our company, it's just the way we do things. That's institutionalized, so it's not just again the statements on the walls. It's how people live. And so when we talk about how do you institutionally what do you do. I use an eight-step framework which organizes the different steps that it takes in order to be intentional about creating it. And the eight steps are really as follows that there are two. There are two steps in here that my experience tells me have a disproportionate amount of influence over our success. If we do these two things, we're going to be 80 or 90 percent of the way down the path.

Ken White

Wow.

David Friedman

And if we don't do these two things, we're not gonna get very far. So when I explain the eight-step framework, I usually explain all eight steps but put particular emphasis on the two really core things, and in fact, when I usually use a flip chart, I draw this which our listeners can't see. But if they did, I would draw a circle with the two steps in the middle that are the core and then six outer rim steps that represent the other things. So to give you the brief overview of that.

Ken White

Yeah.

David Friedman

The first step and all of it is very straightforward. The first step is that we have to define with tremendous clarity exactly what we want our culture to be because, as obvious as it would sound, how could I go about driving a culture through my company if I don't know what I'm trying to drive? I mean, that's pretty obvious. I often say to people that driving a culture is primarily a teaching function. That's really what is. It's not about putting signs up with our vision and mission, and values. It's about what am I teaching my people day after day after day after day. If I don't know what I'm teaching them, I'm not going to do it very well. So I sometimes even refer to it using that teaching analogy I sometimes referred to as a curriculum. It's to the extent that I have a curriculum around my culture. Now I can get my managers and supervisors to all teach from the same curriculum. And now we can start to get the consistency. So the first thing we have to do, it's just totally foundational, is we have to define what is this culture. And as we do that, I take a very different approach from everybody else in that I actually sound sacrilegious to some people, but I'm just not a big believer in core values, and everybody thinks that's crazy because, you know, core values you have to have that. I talk about behaviors because I think behaviors are much more useful. What are the behaviors that when our people do these specific things? This is really

what makes the culture the way we want it today. Behaviors are actions, where values are abstract ideas. So, for example, a value is quality, integrity, honesty, respect. The concepts of behavior is an action. It's something that you actually do. So examples of behaviors are things like I talked about this morning, practice blameless problem-solving. That's an action.

Ken White

Right.

David Friedman

Be a fanatic about response time. That's an action. Do what's best for the client. That's an action. You know, assume positive intent. That's an action. These are actions versus values. And the reason that distinction is so important is that it's very difficult to teach values. It's hard to give people to coach people on values. It's hard to give them feedback about values. But I can teach them how to do things. And so, creating a behavioral definition of our culture is so much more useful for people. It's easier for the company to be able to picture what are the behaviors that you say. If I could get my people doing these things more consistently, boy, we'd be one amazing company.

Ken White

And it leads to that tremendous clarity, right?

David Friedman

Now we have the clarity. So the first thing we do is to define the culture but define it in terms of the specific behaviors you want to see happening that you say that's what I'm looking for. That's what I would want to say. I call. I give those behaviors a name. I call them fundamentals because I think they're fundamental to success. So we begin by creating a set of fundamentals. That's the first step.

Ken White

Right.

David Friedman

Second step which is one of the simplest things I've ever learned in my life. And yet, at the same time, one of the most powerful is a concept that I call creating rituals. What I mean by creating rituals are rituals or things that become baked into the way that we operate. There's some behavior that we do over and over and over again until they become automatic. So a simple example of a ritual that most are familiar with is the national anthem. You go to a ball game, and we start the game with a national anthem every single time. It's not like if they're not running behind schedule, they see if they can squeeze it in,

or they don't assign it to somebody and say, Ken, it's your job to try to remember to do it. It's just what we do. It's a habit, is another word for ritual in many respects. When the reason this is such an important concept, as simple as it is, is that in the absence of something becoming a ritual, we're just not good at making things last that we have the best of intentions whether we're talking about on a personal level all the people that set their new year's resolutions and six weeks later aren't doing them or at a corporate level when companies and organizations roll out big initiatives that they're all excited about this is the greatest thing since sliced bread and they really seriously mean to do it. And then two months later, they get distracted, they're busy on something else, and it all falls by the wayside, and everybody has that experience. Well, most people aren't good at sticking with things. Rituals are what enable us to keep things going when something becomes a routine. So if we could use the example that we talked about before the national anthem, if it wasn't such a ritual that was just baked into what we do, it wouldn't happen at every game. It would. People would forget it after a while. But we don't leave it to that. It becomes a ritual. So the concept here is that when something becomes a ritual, it's easy to sustain for a long period of time because it's just automatic behavior. It's just what we do. So the thought is if we could create rituals around how we teach and practice those behaviors, those fundamentals. Now it has a chance to last for years and years and years and years because it's not subject to or dependent upon our motivation and discipline. I say to people all the time this isn't a topic that you can overpower or outmuscle with discipline and motivation. You can't say to yourself, you know what? We're not usually good at sticking with things, but that's stuff Friedman says is really important. This time we're going to stick to it. You're not going to you're going to get distracted unless you build rituals. So to give you an example, what I am talking about. So what we do is we take our fundamentals, and we take the list in my own company. I happen to have 30 of them, which sounds like a lot, but it really isn't. We take our list, and we focus on one each week, so week number one, all through the week, we're talking about the first fundamental. Week number two, we're on the second one. Week number three run the third one, and so on. At the end of 30 weeks, we go back, and we go back to the beginning, and we do it again and again and again for the rest of our lives. And we do that, and we focus on it during the week through a series of rituals. So an example of one ritual, just to give you a flavor for what that means, is that in our company, every time we have a meeting, it doesn't matter whether it's a sales meeting, a management meeting, a service meeting, a customer meeting, a vendor meeting. If we're having a meeting every single meeting we have, the first agenda item in the meeting is fundamental of the week. Just like you know, you start a game with the national anthem, or some people start a meal with a prayer. We start meeting with the fundamental of the week, and we have a three to five-minute discussion about this week's fundamental. So depending upon your role, you could be in seven different meetings this week, and in every single meeting, we're going to kick it off with the fundamental of the week. That's an example of what I mean by a ritual. So typically this is all stuff I did in my own company and now formalized it.

Ken White

Sure.

David Friedman

We teach others that typically, there are three or four different rituals we may be doing throughout the week, but we're constantly teaching all week long. We're focused on fundamental number one all throughout the organization in a series of rituals. And it just heightens our awareness of it. Next week number two and three, and so on. And when we do this over and over again, it just becomes the way we do things. It becomes second nature. It's such a simple thought, but that's how you make it real. So that's the core. There are six other things that we do.

Ken White

Right.

David Friedman

But those two things, if we can figure out what are the behaviors that you say would really drive success in your organization. And then, we could create a systematic way to teach it over and over and over and over and over again. It's going to become second nature to people. It's that simple.

Ken White

And there's more information, of course, in the book. Last question or point is this doesn't cost any money.

David Friedman

It's so simple. Yeah.

Ken White

These are behaviors your just simply talking about behavior. There's no grand plan where you have to have this gigantic budget to do do do what you're saying. Who is ultimately responsible? Is there a culture officer, or is it when you seen companies? I'm sure it's mixed probably.

David Friedman

Well, it is, but what I would say it depends on what you mean by responsible. So let me answer it this way. People sometimes ask me what's the single biggest determinant in success of this. And I would tell them that the single biggest determinant is CEO sponsorship, and what I mean by that is that is this has to be driven by the top. The CEO has to be a passionate believer in the importance of culture and saying to the organization

this is important to us. It is not something in my experience that can be pushed up from let's say the HR level. So if the HR person read my book or heard me speak or decided this was important and went to the CEO and Ken, you're the CEO, and says, Ken, I heard something I think this is really important for us to do, and you say to him or her sure if you want to do that go ahead. It's not going anywhere. It has to start with you. Implementation HR is often intimately involved in implementation, but if it's not sponsored at the CEO level, it's not going to work. It has to start there.

Ken White

That's our conversation with David Friedman, and that's our podcast for this week. Leadership & Business is brought to you by the Center for Corporate Education at the College of William & Mary's Raymond A. Mason School of Business. The Center for Corporate Education can help you and your organization by designing and delivering a customized leadership development program that specifically fits your needs. If you're interested in learning more about the opportunities at the Center for Corporate Education check out our website at wmleadership.com. That's wmleadership.com. Thanks to our guest this week David Friedman and thanks to you for joining us. I'm Ken White. Until next time have a safe, happy, and productive week.