

LEAP OF REASON

MANAGING TO OUTCOMES IN AN ERA OF SCARCITY

“Culture Is the Key”

Chapter 3

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Culture Is the Key

In my forty-plus years of experience in the for-profit and nonprofit sectors, I have come to see that there's a common denominator among organizations that manage to outcomes successfully: They all have courageous leaders who foster a performance culture.

An organization's culture has a huge impact on whether the organization can achieve what it hopes to for those it serves. To me, all organizations should strive not only to foster a *healthy* culture, where their people understand the mission and feel appreciated for their role in fulfilling it. They should also strive to nurture a *performance* culture.

Once again, I use the term "performance culture" with some trepidation. I know it's radioactive for some, especially those in the education field.

But the term as I'm using it shouldn't be threatening. I mean simply that the organization should have the mindset to do what it does as well as it possibly can and continually seek to do even better. For example, there are many teachers I know who would not naturally see themselves as representing or contributing to a performance culture per se. And yet they stay after school to tutor or counsel; grade papers late into the night; care immensely about helping students learn and grow; and even show up to cheer their students on at games, plays, and other events. These teachers may not see what they

do as being driven by a performance mentality, but their actions in serving their students speak louder than words.

A Great Culture Starts With Great People

Nurturing a performance culture begins with recruiting, developing, and retaining the talented professionals you need to fulfill your mission. Failure to do so is, to me, literally a dereliction of duty of board and management—from executive director to line supervisor. Board and management need to “get the right people on the bus, in the right seats,” in the famous words of management expert [Jim Collins](#).

I’m a big believer in the notion that what makes things happen is people. Best practices are wonderful, but they are most effective in the hands of highly talented people. I’d take the best talent over best practices and great plans any day of the week. Too many of us think that organizations and systems solve our challenges. They play a vital role, but the key lies in the people who execute those plans.

To amplify this point, I will share a long quotation from a leader of great distinction in the educational, philanthropic, and nonprofit sectors:

I despair over the money being expended by our sector on evaluation, measurement, etc. The simple truth is that if you don’t stay focused on the quality and energy of leadership, all the rest is beside the point. We all continue to avoid the tough but vital question of gauging . . . the assessment of the human element. . . . My own experience that now stretches over fifty years is that we are a long way from quantifying the critical element of judgment.

So this is the basic question: Do you have the right talent, leadership, and judgment in place to execute your mission? Next to questioning the mission itself periodically, this is the most important question boards and management must ask themselves.

Asking and answering this “hot potato” question is difficult. It might require change and improvement on the part of those already

on the bus, *including the person driving it*. It might require bringing different people on the bus. Most often it requires a combination of the two.

The truth is that we're not good at this type of change in our sector. We often sacrifice the quality of our programs and services in order to protect those who aren't doing their jobs well.

Why? For one thing, we generally lack effective ways to assess the performance of staff so that we can help them improve or move on. More important, executives just don't want to deal with the confrontation that's sometimes required when we know a staff member's performance isn't good enough. We avoid providing the honest, constructive feedback people need to improve. When steps for improvement don't work, we are loath to make changes, especially terminations, lest we rock the boat. Too many of us allow appeasement and accommodation to override doing our best for those we serve.

It's a delicate balance when you're dealing with someone's career (and livelihood). Candidly, there are times I've made the go/no-go call too quickly. I've seen people develop to become solid performers, even leaders in their organizations, after I thought they weren't going to make it. Fortunately, others saw something in them that warranted going the extra step.

Such decisions are never to be taken lightly, and there's no checklist of steps. It comes back to the quality of judgment of those making the decisions. Intuition and instincts are an important part of the equation.

In the early years of VPP, I took the team to visit the offices of [General Atlantic, LLC](#), a preeminent global growth-equity firm that invests to build great companies. In a discussion with one of the best executives I've had the pleasure of knowing, one member of the VPP team asked, "What's the most important thing you do to help the firms in which you invest?" He said simply, "Make sure the firm has a great CEO, and then make sure he or she has or gets a great number two. It's all about the people."

I can't begin to relate how true this has been in all aspects of my business and nonprofit careers. In 1987–88, as CEO of Morino Associates, Inc., I recruited a new executive-management team with the background and experience to lead our firm to where we aspired to go. Trust me, it was not a popular action, but it proved central to allowing the firm to achieve what it did in the years that followed.

In 1989 we merged with another firm to create LEGENT Corporation. One of the smartest and best actions we took was to recruit three new outside board members who were seasoned executives and had “been there, done that.” Absolutely priceless! Very soon I came to see that they had more insights in their little fingers about building great organizations than I possessed in my entire body (and I was heavier in those days). Being around them while we worked through the integration of the firms was invaluable professional development for me.

After I transitioned to the nonprofit world, recruiting Carol Thompson Cole to VPP in 2003 was a defining action. She both fit into and helped build our culture in positive ways. Carol's leadership is the primary factor underlying the broad-based acceptance and success of Venture Philanthropy Partners to date.

If we had more time and space, I could offer a dozen additional stories that emphatically illustrate the value of getting the right people with the right judgment at the right time to help an organization succeed. But what is probably even more instructive is to acknowledge that each time I strayed from going after the right leader, I inadvertently set my new hire up for failure and needlessly caused great angst for those around me and our organization. And it always took a toll on those we served.

Nurturing Culture Change

Leaders can't simply create by edict the organizational cultures they desire. The best we can do is to influence culture through our words and deeds. An organizational culture is a complex, organic system that has a lot in common with a coral reef. “Coral reefs are one of

nature's most beautiful creations," says high-tech CEO Jim Roth. "Man has not figured out how to create them. What we do know is we can care for them and nurture them to survive and thrive or kill them through neglect and abuse." The same is true of culture.

So how, precisely, do we nurture a culture through words and deeds? What can we do to strengthen the connective tissue that binds an organization together and cultivate an orientation toward performance? Here are some of the things that I think are most pertinent:

- **Recruit culture leaders.** An effective way to influence culture is to find people whose personalities, attitudes, values, and competencies exemplify the culture to which you hope to evolve. Sometimes these leaders are sitting right in your midst, waiting for the opening and encouragement to do their thing. At other times you have to recruit from outside the organization. It is often the combination of developing from within and recruiting from outside that fosters a performance culture.
- **Walk the talk.** Model—that is, live—the behavior you want others to practice. In my corporate life that meant getting out to talk with and listen to our customers. It meant (and still does) little things like answering a phone within a few rings and picking up that piece of trash on the floor. And it meant bigger things, like being sure that the decisions on corporate direction and people's careers were grounded in the organization's guiding principles.

I've been fortunate to be involved in a three-year transformation of a school, guided by a leader the board recruited in 2007. From its inception, the school's teachers and staff genuinely cared for the students they served. In fact, this caring attitude was the defining characteristic of the school for more than two decades. But as the organization grew from a small school with several grades to nearly four hundred students in grades one through twelve across two campuses, the stakes changed.

Starting with the leader's unrelenting commitment to the students, intense work ethic, strong values, and abiding belief in the potential of his staff, he led a quest to change the culture. And he did so by first "walking the talk" himself and then getting the faculty and staff to do the same. For example, he, the faculty, and the administrative staff changed the dress codes for faculty; highlighted the importance of individual responsibility; ended the practice of students sometimes referring to teachers by first names; encouraged curiosity and new ideas; achieved a greater level of transparency; and made excellence in teaching the norm. They effectively modeled behaviors of a learning community for the students to emulate, and it's beginning to yield results.

- **Know what you stand for.** Take the time to flesh out your core beliefs and your guiding principles, and then do what it takes to make them more than just slogans on the wall above the water cooler.

In my corporate life, I was a fanatic about customer service, and we recruited people we thought were inclined the same way. One day I dropped into the office of a systems developer who wanted to share a new idea. As he sketched his suggestions on a whiteboard, I asked him what our customers would think. He was utterly dismissive of our customers' input, and that turned out to be a career-altering error. Being highly responsive to and respectful of our customers was a guiding principle of our firm and a sacred part of our organizational culture.

A well-defined and accepted set of guiding principles is important to any organization, but I suspect that it is especially important for those in the nonprofit sector. It may sound corny, but take the time—through an inclusive process—to define the principles that guide what you do as an organization and as individuals. Then ensure that these principles are embraced by and instilled in every member of your team.

Northeast Ohio's Lawrence School, which is the subject of the essay by Ethan Schafer on p. 127, did an outstanding job in this regard. You can see the clarity of the school's vision, mission, and guiding principles on its website (lawrenceschool.org/about/mission). There's nothing pro forma about these statements. The leadership team—staff and board—invested three months in debating and fleshing them out. Once that comprehensive process was complete, every member of the leadership team took the time to assimilate these definitions and then work to instill them throughout the full faculty, administration, and student body. The definitions are no longer words on paper but principles upheld by everyone in the school.

- **Answer the question “To what end?”** As I noted in Chapter 1, with all the rhetoric around mission, scaling, accountability, and the like, the reality is that we often have to go back to basics and ask, “To what end?” Defining an organization's true purpose is absolutely essential to cultivating a performance culture.

Some years back, I participated with a school's leadership team in a frustrating process that was supposedly about instilling “excellence in education.” The school's programs were, at best, only average. Many within the ranks knew that the academic programs were middling, and some parents suspected it as well. As is always the case, the students knew it most of all. Yet the school's administrators and board members refused to face reality and failed to examine what they were trying to accomplish for the students they served. “To what end?” went completely unaddressed. The lack of clarity about purpose continually limited the leadership's ability to put the school on a trajectory toward excellence.

In contrast, I've had the recent opportunity to get to know a Catholic high school and its new leader. From our discussions it is evident that he has a clear vision for what excellence in education looks like for his institution—a vision that's deeply

rooted in the institution's values. The leader is taking bold steps with his board to ratchet up the dialogue on excellence. He has already moved to introduce the [International Baccalaureate \(IB\)](#) program for the school's educational core and brought in a top-notch educator with extensive IB experience to implement it. Clearly, this school is setting a course to answer "To what end?" in a way that will provide strong guidance for faculty, students, and families.

○ **Ensure that everyone's moving toward the same destination.**

In my business life we once brought in a speaker to inspire our team and get everyone on the same page. He gave great examples of getting folks involved and buying into mission, the normal song and dance of inspirational speakers. But he wrapped up the session with a pithy statement that is indelibly etched into my memory: "Catch the vision or catch the bus!" Harsh? For sure, and it's unlikely that you'll use it at your next all-hands meeting. On point? Very much so.

Don't get me wrong. I welcome constructive questioning, and many colleagues, past and present, have war stories about "spirited" debates that took place within our teams. But once the debate draws to a close and we set a plan of action, everyone is expected to close ranks and align to the overarching goals. It's even OK for the dissenters to continue their line of questioning within the team. But if their actions, overt and covert, work in direct opposition to the goals, that's the time when they need to move on.

Several years ago, an organization I know well undertook a transformation to address some problems and materially improve its programs and services. The organization had done a good job while it was small. As it expanded to provide a broader set of services, quality suffered. To rectify this, the organization's leaders decided to revamp what they did to be more evidence-based in their programs.

Some of the longtime staff members who were fixed in their ways found this new approach hard to accept, even though the changes were showing positive results. After a reasonable length of time had passed, the leaders set out to work with those not yet onboard, making it clear that the organization was committed to this new approach. The leaders laid out their expectations clearly and helped staff members transition to the new approach. This clarity and thoughtful approach resulted in the departure of some staff members, but those who chose to remain “caught the vision.”

- **Ensure a balance between leaders and managers.** Leaders are *inherently* disruptive, dissatisfied with the status quo, questioning. They move the organization and people out of their comfort zones. They drive change, always looking for ways to improve. An appropriate motto of leaders is “The only way you can coast is downhill!” A healthy organization needs leaders in key strategic positions—including, of course, the top!

Managers, by contrast, have to keep the trains running on time. They make sure people do their jobs well, achieve intended results, and have the competencies and resources they need to succeed in their work. An appropriate motto of managers is “Stay focused; hold steady on the tiller.”

There must be balance. If leaders hold too much sway, the organizational culture often ends up being chaotic, even threatening, and the organization becomes at best unreliable. If managers prevail too much, the organizational culture tends to be self-satisfied and tied to maintaining the status quo. The organization will be a poor bet for sustained high performance.

- **Be clear and direct about what you expect.** I’ve struggled for a long time to uphold this principle and still don’t always do a very good job. Many years ago, my partner in the software business overheard me talking to a person on our development

team. Never one to miss a chance to help me get better, my partner said, “You really raked John over the coals for not doing a good job on the routine you asked him to develop. Did you ever explain to him what ‘good job’ meant? If not, you have no grounds to criticize him. You never let him know in clear enough terms what you wanted from him—and then you expected him to read your mind!”

If you want associates to do their jobs as well as they can, you have to be clear about what you want them to do. You have to have a process for assessing their performance—one that involves their input—so that they get regular feedback on what they do well and where and how they need to improve. One of the tragedies of most organizations is that the people who work there get almost no meaningful feedback, robbing people of vital insights for how they could be better.

- **Encourage self-improvement and personal growth.** Are you ever puzzled (or dismayed) when people don’t ask others for advice or help? When there is an important discussion and people don’t ask questions or take notes? When people aren’t curious enough to explore beyond their assignment? When people don’t give input?

A few years back I was working with school leaders to help them frame a business plan, and I vividly remember asking one of the principals, “What do you think about how we can improve the curriculum?” First came a long pause and a look of astonishment. Finally the principal replied, “No one ever asked me for my input before. We are simply told what to do.” In my view, that was a crystal-clear sign of an unhealthy culture and an organization not likely to achieve its intended outcomes.

It is not just important but imperative to encourage personal growth. One nonprofit executive shared what he tells his people: “Life is change. Therefore, as individuals or as an

organization, by definition, either we're getting better or we're getting worse."

In my experience, people who improve, innovate, and adapt are curious souls and self-learners. An organization's culture should encourage people to ask questions, seek advice, do research, improve what they do and how they do it, help each other, push each other's thinking, probe, nudge, adapt, look at things from different vantage points. All of these behaviors lead to improvement and innovation for the organization and the individuals who are part of it.

Conversely, if you really want to stifle this kind of positive culture, all you have to do is kill the dialogue by saying, "This is how we do things"; demean or punish people for asking questions or offering advice; fail to acknowledge when they need help or direction; or avoid being clear and forthright. You can be sure you'll turn everyone off. They'll keep their heads down and do only what's required of them. They'll comply to survive—and add nothing more.

My Darth Vader Years

I don't want to leave you with the impression that I've figured out all the mysteries of nurturing a performance culture. In fact, when I look back over my career, I see many things I would do differently—especially things I would do with more compassion. Those who know me will not be shocked to learn that back in 1991 at a raucous team celebration for our software business, I was presented with a humorous video depicting me as Darth Vader.

Despite my shortcomings as a leader, I worked very hard to nurture a performance culture. Factoring in that I might be engaging in slightly revisionist history, I believe that the people in the company really cared about what they did and how they did it. They cared about our customers and each other—so much so that these relationships often grew to close friendships, anchored in mutual respect. People worked hard not because I decreed that they should but

because they wanted to do their work very well; they wanted to experience the exhilaration of excellence. When we made mistakes, our openness allowed us to quickly admit and rectify them. It was inherent in the culture that we would respond this way.

It wasn't always sunshine and lollipops, because there was always pressure to perform to high expectations—not just to the firm's expectations but to their peers' and their own. But I have received many notes over the years from those who worked with me during that era saying that those years were some of the most enjoyable and rewarding in their careers. And I honestly believe our work had a lasting impact on those we served (our customers) and the field.

I don't wish Darth Vader-style leadership on any organization. What I do wish is that all leaders would take the time to establish real clarity on the ends they want to achieve, have the courage to line up the right team to fulfill the mission, make clear what they expect of their teams, be disciplined in their execution, and model the behaviors they want the organization to exhibit. When you combine all of these things with a good heart, respect, and genuine caring, you almost inevitably shape an organizational culture in which people take pride in what they do and are eager to excel and play a role in fulfilling the organization's mission. And that's a great formula for creating a real difference in the lives of those you serve.

Take-Homes in Tweets

 An organization's culture has a huge impact on whether the organization can achieve what it hopes to for those it serves.

 All organizations that manage to outcomes successfully have courageous leaders who foster a performance culture.

 An organization with a performance culture focuses on doing what it does as well as it can and continually seeks to do even better.

 We can't simply create by edict the culture we desire. The best we can do is to influence culture through our words and deeds.

 The best way to influence culture is to recruit and retain top talent whose values and skills match the culture to which you aspire.

 Take the time to flesh out your guiding principles, and do what it takes to make them more than just slogans on the wall above the water cooler.

 Ensure that everyone is moving toward the same destination. In other words, help people catch the vision or catch the bus.