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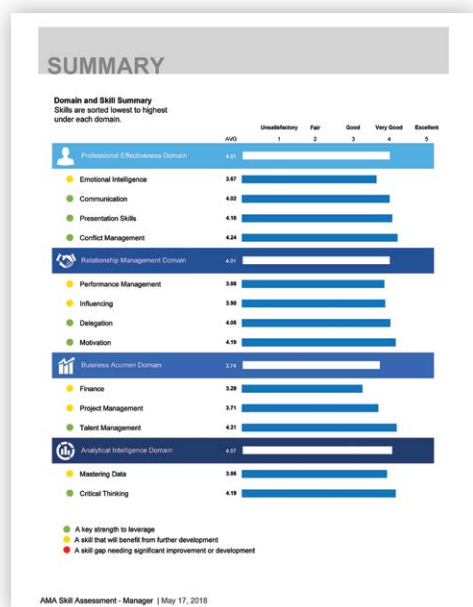
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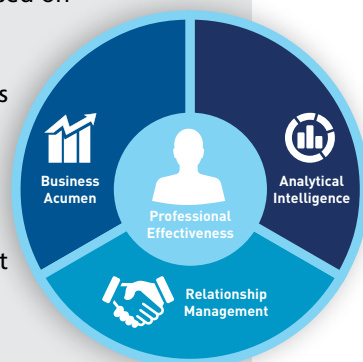
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NTT Data: An Influential Japanese Company Going Global

Keiichiro Yanagi, senior executive vice president, explains how NTT Data is addressing the challenges large Japanese companies face when transforming from domestic to global enterprises.

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FEATURES

DEPARTMENTS

Talking About My Generation (X, That Is)

A "changing of the guard" will be happening in all aspects of life, most particularly in business and in politics. The Baby Boomer generation is retiring, and the next generations, Generation X and the Millennials, are expected to fill these empty leadership positions.

The question is, can they? Do they have the necessary leadership skills to do so? There is a meme I saw recently that resonated with my Generation X self: "Millennials watch in horror as the Baby Boomers continue to destroy the world. Gen X, dead inside, sigh as we look for our old goth boots." It's a crude meme, but evocative, and offers some hints of the attitudes to overcome.

This issue of *AMA Quarterly* has several articles that touch on the generational differences and what it will take to bring them up to leadership speed, and how to make company cultures more welcoming and nurturing of Millennials, who are more apt to job hop.

Chuck Underwood specifically looks at the factors that influenced how Generation X and Millennials grew up and gave them characteristics that can alternately help or hinder their ability to lead. He suggests ways companies can alter their training and their culture to overcome the challenges these generations face in leadership roles.

Jeffrey Dunn looks at how a company's corporate culture can help or hinder efforts to retain talent.

Elissa Tucker of APQC details how three companies are instituting programs to track and develop executives.

On the cover, NTT Data, a Japanese company, shares the unique challenges it has in nurturing and developing talent as the environment the company operates in has changed.

AMA shares research in an infographic that describes how many managers lack mastery of key skills to lead changes in corporate culture, and how developing a corporate culture capable of not only surviving but thriving during periods of transition requires staff proficient in relationship management, systematic thinking, business acumen, and professional effectiveness.

To help you overcome culture gaps in your organization, whether generational or otherwise, AMA continues to provide the training that can make the leaders needed for the present and the future.

Christiane Truelove
Guest Editor, *AMA Quarterly*

Invest in People to Create a Meaningful Corporate Culture

It's been said that corporate culture trumps strategy and even senior leadership. While strategies can be mimicked and talent often moves, corporate culture has been shown time and again to offer a sustainable competitive advantage. In the age of transparency, if your staff doesn't believe and live your core values, your customers will know the difference. And the right corporate culture can bring out the best in your talent and create synergy among teams that is not easily duplicated.

In our work with Fortune 500 companies, we're noting several trends driving a renewed focus on corporate culture:

Increased dependence on contingent workers. Talent shortages, the rising costs of benefits such as healthcare, retirement, and insurance, and the costs of payroll are making contingent workers more attractive to many businesses. Contingent workers also allow organizations to staff up or down as the need arises. They expand the organizational knowledge, cut costs, and allow for more organizational agility, helping companies reduce risk. Yet there is also risk inherent in using contract workers, as constant shifts in the workforce make it more difficult to maintain consistent service or to move key projects forward.

- These workers still represent your brand and, in some cases, deal directly with customers. Formalizing your corporate culture into an onboarding process complete with training helps to deliver on your brand promise.

Dispersed, global workforce. In addition to an increased use of contingency workers, many organizations are now spread across the globe, making it more difficult to establish and maintain a corporate culture that has meaning to workers or that informs behaviors. Scaling corporate initiatives so they resonate and inspire employees to respond consistently is a challenge for many of our clients.

- Your culture needs to be consistent around the world, yet at the same time, you need to be mindful of local cultures and adapt your training accordingly. Create consistent policies and procedures, aligned to the culture you are building, but deliver them in local languages with local sensitivity using examples people can relate to.

Shifting demographics. Even full-time employees are in flux. The aging of the workforce is forcing a reemphasis on succession planning and knowledge transfer. Building up your talent and improving your bench strength are becoming ever more important and transcend countries or cultures. We're in the midst of a global war for talent, and hidden in that war are the skills that can make all the difference in whether an organization continues to succeed. Soft skills such as delighting customers, inspiring and motivating employees, building up loyal relationships between customers and partners—these are the skills often handed down and reinforced through corporate culture. Unfortunately, they are often lost when more experienced staff leave and are replaced with less seasoned executives.

- Organizations can combat this by staying on top of their succession planning with learning adapted to the way employees want to learn, designed to appeal to all, no matter what their learning styles or preferences are.

In all of these cases, a strong corporate culture helps maintain a focused strategy and consistent customer experience. It's the constant in the midst of continual, rapid changes that keeps your customers happy and your strategy marching forward.

Whether the culture is codified, or subtly handed down from manager to employee, *it's the people who bring the culture to life.* No matter how artfully crafted, your corporate brand and narrative are only as believable as the experience customers have when they interact with the company. Investing in your people and their interpersonal skills remains the best way to create a meaningful corporate culture. Building up a culture is not in an event, but in a learning journey where each piece builds on the last. Only then will you see an evolution in your staff's behavior that translates into sustainable growth and value.

Manny Avramidis
President and CEO
American Management Association

Keiichiro Yanagi

NTT Data: An Influential Japanese Company Going Global

Keiichiro Yanagi is senior executive vice president at
NTT DATA Corporation, one of the world's top 10
IT services providers, headquartered in Tokyo, Japan.
A 34-year veteran of the company who joined straight from
university, he is now a board member with responsibilities
for global HR and corporate strategy. Here he explains
some of the challenges large Japanese companies face
when transforming from domestic to global enterprises, and
how NTT Data is successfully addressing these issues.

NTT Data has grown from being a company focused on the domestic market in Japan to become a multinational player with a global presence. What were some key milestones along the way?

KY: The company has achieved 30-plus years of unbroken growth and is still growing like a start-up, except that we're not a start-up. This fact is a good representation of our journey overall and something that I am very proud of.

We always planned that our overseas growth would evolve through three distinct stages. The first was that we would increase our physical presence outside Japan, which we did with the help of targeted acquisitions in the U.S. and Europe. The second phase was that we would leverage our growing international presence to become a "recognized global brand," and aim for 50% of our overall revenues to come from outside Japan. The third phase would see us becoming a "trusted global innovator," with the majority of our overall revenues coming from overseas.

Earlier this year, when publishing our fiscal 2017 results, we announced that we had completed the second phase of this evolution, having become a brand recognized in many countries beyond Japan, with overseas revenues heading towards the 50% target. We are now, therefore, firmly focused on the third phase—on becoming a "trusted global innovator"—a phase that we expect to last until around 2025.

Our acquisition of Dell Services in the U.S. was obviously a major milestone along this journey. More than two-thirds of our employees now work outside of Japan; our focus from now will be on leveraging that overseas presence to drive up global revenues, and to become a trusted business partner of clients throughout the world.

How has your competition changed as you've evolved from a predominantly Japan-focused IT services company into more of a global provider?

KY: When we talk about competition, there are obviously two aspects: competition for business and competition for talent. And the former clearly influences the latter.

Our business competitors 10 to 15 years ago were generally other large Japanese IT service providers in Japan; most of them, like NTT Data, offered lifetime employment and on-the-job training from scratch. That's clearly changed; now we find ourselves increasingly competing with U.S. and European companies and with newer IT companies in fast-developing countries like India. Our prospective employees assess us, and the opportunities we offer, in comparison with those companies, which means having to adapt our hiring and retention processes, especially in Japan.

How is NTT Data's management of its human resources evolving in response to your growing presence in the U.S. and other overseas markets?

KY: At NTT Data, we give our overseas subsidiaries a lot of flexibility in terms of how they recruit, manage, and

2016–
New growth
Discontinuous
Innovation

2017
Present

Global
3rd Stage

Global
2nd Stage

Global
1st Stage

Overseas sales ratio
30%

Our aim
Overseas sales ratio
50%

Our aim
Sales ratio

Japan & APAC

North America

EMEA & LATAM

FY2016	FY2018	Around FY2025
Increased Global Coverage	**Recognized Global Brand**	**Trusted Global Innovator**
Expanded geographical coverage to 185 cities in 45 countries and regions	Aiming to establish a global brand targeting an overseas sales ratio of 50% and consolidated net sales in excess of ¥2 trillion	Aiming to become a company trusted by clients worldwide with Global Top 5 status
NTT DATA Group employed approximately 80,000 people		
(At present, 118,000 people in 53 countries and regions)		

Number of Female Managers
(People)
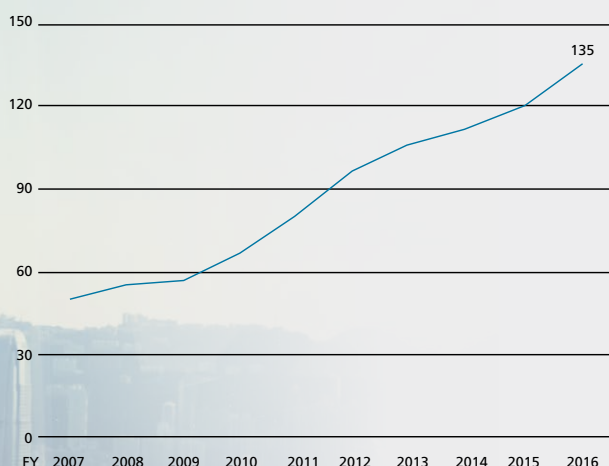
remunerate their staff. We certainly don't impose any Japanese conventions on them. The things that motivate employees and inspire performance vary from country to country, so one size definitely does not fit all. This isn't just a "Japan versus the rest of the world" comparison—there are significant differences in workplace culture between the U.S. and Europe, and between individual countries in Europe. The same can be said about Japan and the rest of Asia too.

We recognize that becoming global doesn't mean that our employee management style in Japan will change overnight. We see it more as a gradual evolution. Large companies like NTT Data have traditionally offered lifetime employment, with many employees joining straight from college and spending their entire careers there. Staff turnover is low and mid-career hires are rare. But that is changing, particularly in the technology industry, and so the gap between the Japanese employment model and the U.S. model is narrowing.

Japan is also no different from the U.S. in that our brightest and most creative young minds tend to be more restless and will often seek opportunities to further their careers in other companies. Although NTT Data's current annual turnover of staff is just 2% in Japan, with the increased influx of younger employees we see this rising. We will undoubtedly see an increase in mid-career hires to replace those who move on, and our processes will evolve to handle that.

Our central management takes a long-term perspective to growth—not just on a quarterly basis. For example, we foster a corporate culture in which local management are encouraged to implement projects that contribute to and stimulate the wider organization. These projects add to the attractiveness of the company, which in turns supports our talent acquisition in an era when competition is severe.

And although much autonomy is given to these leaders of overseas group companies, we are all connected through shared values. That's a fundamental and, I think, unique concept that underlies diversity at NTT Data.

Are your recruitment criteria for Japanese college graduates changing? And how about recruitment of non-Japanese in Japan?

KY: With many of our corporate functions now having oversight of overseas operations, and our sales teams increasingly needing to liaise with colleagues outside Japan, English is clearly becoming a more important criteria in recruiting here in Japan, and all of our HQ departments with overseas responsibilities have English speakers as a result.

With our increased global presence, we are recently attracting graduates who want to work for a truly international company. In that sense, we find ourselves competing as much with major general trading companies or airlines as with other technology companies for talent. But, regardless of an individual's English ability, we are interested in those with an international mindset and those with a keen interest in technology or with the potential to develop good consultancy skills.

We've been recruiting foreign graduates of Japanese universities into our Japan operation for some time now, and currently have around 190 non-Japanese employees from 23 countries here. Many of these recruits speak Japanese, and most have a technology or engineering background. The company in Japan has a much more international feel to it nowadays.

Japan as a country has something of a reputation for being rather insular and not so accommodating for people from other countries. Is that still the case?

KY: As much as I'd like to deny that allegation, it is still largely true. More than 98% of the population is ethnically Japanese.

I think Japan needs to accelerate its globalization efforts and show more awareness of the needs of different cultures and
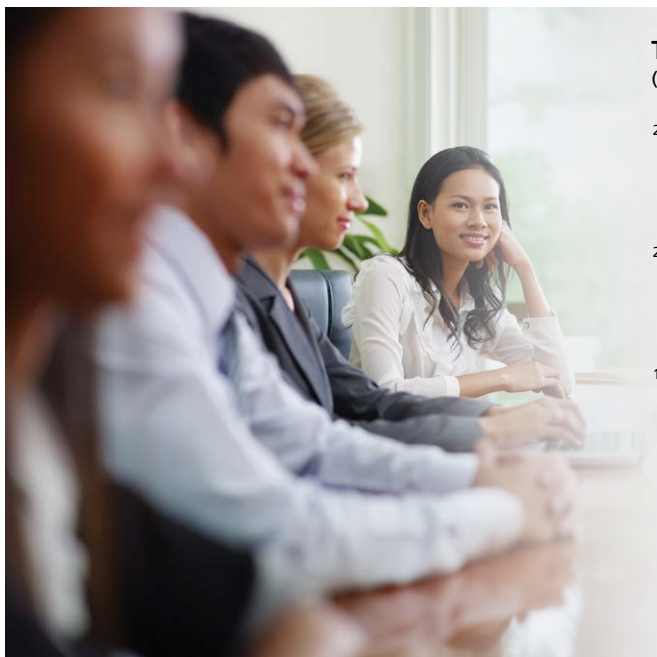
Trends in Annual Working Hours per Employee
(Hours)
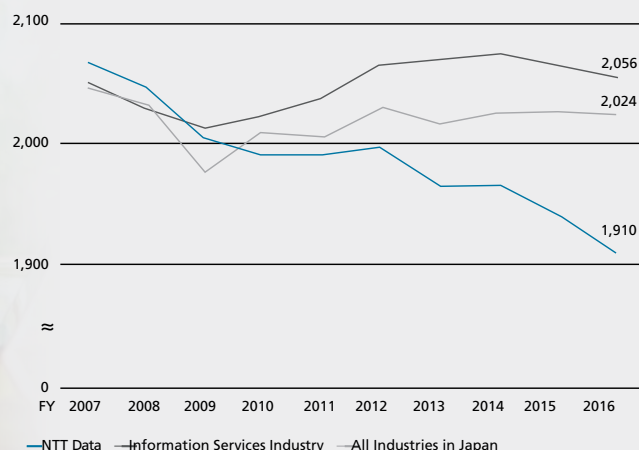
Source: Proprietary Data / Japan Information Technology Services Industry Association basic statistical survey report / Ministry of Health, Labour and Welfare Monthly Labour Statistical Survey

religions. As a country, we need to make it easier for non-Japanese to travel and live here comfortably.

For example, vegetarians and others with special dietary needs may still find it difficult to eat out in Japan, particularly in rural areas. There are very few facilities for those with specific religious beliefs, such as prayer areas for Muslims. Global companies like ours have a responsibility to do more to lead the way.

Diversity is a hot topic in the U.S.—what's your record like within NTT Data?

KY: Diversity has been high on NTT Data's agenda for some years now, both in our Japan operation and in our overseas offices. In Japan a major focus has been encouraging more women into the workplace and removing the barriers that impede their career progress. Of course, we intentionally focus our graduate recruitment on those with engineering or technology backgrounds, and it's a fact of life that the majority of those still tend to be male.

Having said that, as a result of various initiatives, since 2008 we've managed to raise the ratio of women in our new graduate hires in Japan from 25% to 35%, and the number of women in management positions has almost trebled. A key factor in this has been our drive to reduce the long working hours which are commonplace in Japan, which have tended to make it more difficult for women in the workforce.

While we are progressing, we know we still have work to do, and we are committed to this effort. For example, an employee-driven group known as "Women Inspiring NTT DATA" has been established with chapters in North America, South America, Europe, and Asia. And last year, 13 of our female leaders from international offices were invited to attend the Global Summit of Women where guest speaker Ilka Friese, managing director and CFO of NTT DATA Germany, shared our global promise to tackle gender issues and enhance opportunities for women in business and leadership.

So it might be some time before we see a non-Japanese or female CEO at NTT Data?

KY: We're moving consciously along the clear path of globalization and diversification that I mentioned earlier, and are now entering what we call our Global 3rd Stage. This is very much focused on building out our overseas capabilities to position NTT Data as a trusted global innovator. In that context, and given the autonomy our local offices enjoy, I'm not sure how important it is that we have a CEO in Japan who is of this or that nationality or gender.

Some consumer-oriented and sales-oriented Japanese companies have non-Japanese CEOs, but we are more of an enterprise- or government-focused business, where as I mentioned earlier, senior-level business relations with clients and partners are important, particularly in Japan.

Having said that, with already three-quarters of our workforce being overseas, and with an increasing percentage of our revenues coming from outside Japan, it's quite feasible by the projected completion of this 3rd Stage of our development, in six or seven years from now, that we might have a CEO who comes from outside NTT Data, and that he or she might be non-Japanese.

How important are teamwork skills in your company?

KY: People often generalize that in the U.S. more value is placed on individual competency and innovation, whereas

in Japan the emphasis is on harmony and teamwork. In my view, both approaches are important and have their place in a working environment. Sometimes you need an innovative approach that comes up with an off-the-wall solution; sometimes you need a large team working in harmony to solve a client issue.

One unique aspect of our business is that we work on high-level integration of infrastructure systems at many of the world's biggest companies, and have vast experience in national-scale financial and public projects.

As you might imagine, the most critical factor in successfully accomplishing projects of this scale is being able to harness and manage the collaboration of the great many workers involved. This is largely possible because NTT Data employees share common methodologies and a strong sense of commitment to quality. Our people acquire this work ethic during their early days at NTT Data, instilled by project managers who have spent years with the company. I think that this is the core of our corporate culture—our DNA —that shapes the development of human resources and mobilizes teams in the workplace, and is perhaps the clearest demonstration of how our strong teamwork links directly to business growth.

Another significant contributor to growth is the way we incorporate teamwork into our core managerial skills and competencies. For example, we have a rule at NTT Data that whenever we report a problem to our manager we are required to suggest a solution at the same time. Back when I was heading one of our group companies, I had a team member come to me for help with a problem, and I simply asked, "What do *you* think we can do to solve the problem?" The guy was dumbfounded and said, "But isn't it your job to provide direction and come up with solutions?" We share our problems, find solutions together, and grow as a result.

In Japan you have a saying "the nail that sticks out gets hammered flat," meaning that people are expected to conform and not stand out. Is that changing?

KY: It's interesting that at NTT Data, a lot of the nails that stuck out in the past have now become senior executives. Not all of them had smooth or predictable paths to the top. And if a nail is sticking out for a good reason, we welcome it. So that expression definitely doesn't apply to us. Of course, it's easier to manage staff in a uniform way and apply standardized rules across teams and organizations. In my experience, smarter managers tend to value diversity in a team and are happy to apply diverse methods to move the team forward. Having said that, there are situations where you want uniformity and conformity—for example, during a crisis situation where fast, maybe almost military-style, communication may be required between departments; in situations like that, you may not want too many opinions—or any nails sticking up.

> "We incorporate teamwork into our core managerial skills and competencies. For example, we have a rule at NTT Data that whenever we report a problem to our manager we are required to suggest a solution at the same time."

What personal experiences have shaped your own thinking and the way you approach your job?

KY: When I was six years old, my father was posted to the U.S. and so I found myself in a regular U.S. elementary school in New York state for two years. In Japan I'd been taught not to speak out of turn or stand out, but I soon learned that in the U.S. if you don't speak up, people tend to ignore you and you get left behind. That lesson has stuck with me.

When back in Japan at a regular Japanese school, I stayed in a dormitory that was run by a Canadian. The dorm was always untidy, and the Canadian guy was always angry with us. I was one of the more senior boys, and I asked everyone to help me clean the dorm. We made the place spotless, and after that I was his "go-to" guy. So I learned that even in Japan, it's sometimes better to put your hand up.

Do you see any other major differences between the way U.S.-based and Japan-based companies are run?

KY: It's tempting to focus on the differences. But the reality is that in today's world we face challenges that have very little to do with where we've come from—they are the challenges that companies in fast-moving industries are facing everywhere. The challenge of being a partner rather than just a vendor, proactively proposing ways that clients can win market share or run their businesses more efficiently, rather than waiting for the client to express a need for something which you then go away and build.

Of course, there are cultural and historical factors which have led to differences in corporate culture between, say, U.S. and Japanese companies, or between European and U.S. companies. And I think it's important for companies like NTT Data with global ambitions to respect those differences and not try to suppress them or micromanage them away. I guess you could call that respecting the diversity of the globe, which may be the most important diversity of all. Q

Managers Lack Mastery of Key Skills
to Lead Changes in Corporate Culture

AMA surveyed more than 2,000 professionals at all organizational levels, across more than 20 industries, to determine their level of competence in four key domains: business acumen, analytical intelligence, relationship management, and professional effectiveness.

Analytical Thinking Keeps Employees on Course

These skills are fundamental to making midcourse corrections to keep performance and corporate culture on track, yet...
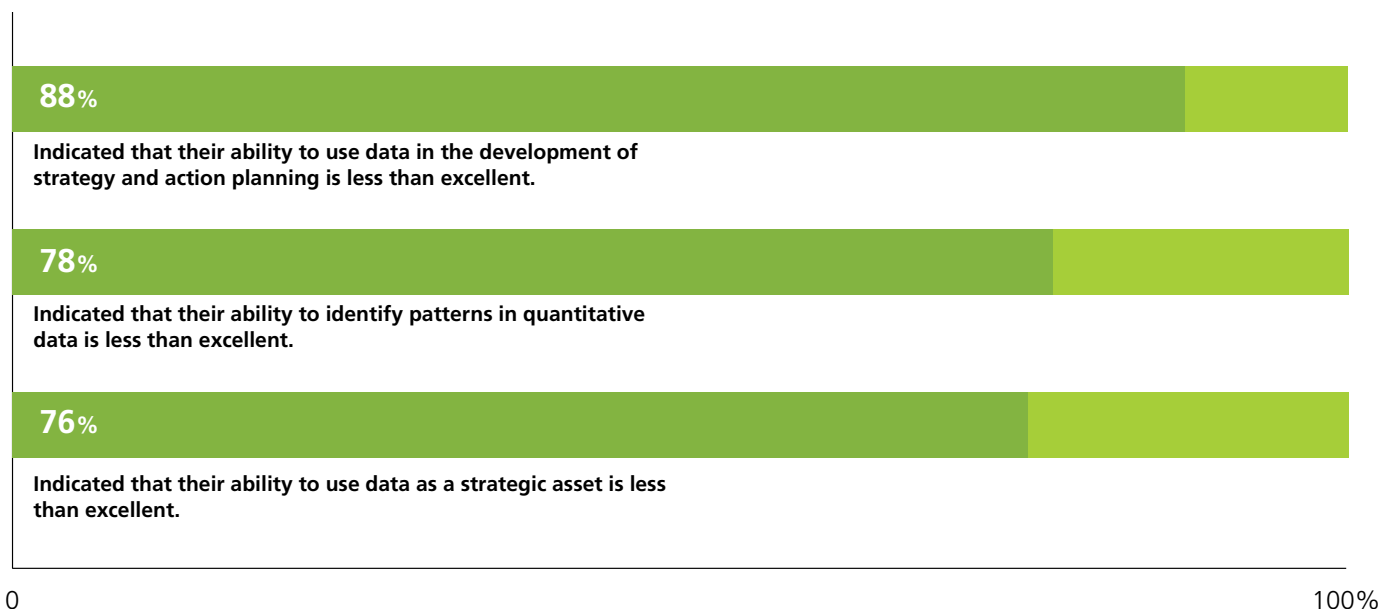
88%
Indicated that their ability to use data in the development of strategy and action planning is less than excellent.

78%
Indicated that their ability to identify patterns in quantitative data is less than excellent.

76%
Indicated that their ability to use data as a strategic asset is less than excellent.

0   100%

Developing a corporate culture capable of not only surviving but thriving during periods of transition requires staff proficient in all four areas: relationship management, analytical thinking, business acumen, and professional effectiveness.

Communication Skills Inspire Performance

Communication and persuasion skills help keep staff motivated and focused on the right things, yet...

84%

Indicated that their ability to conduct critical conversations is less than excellent.

84%

Indicated that their ability to communicate change in a confident and effective manner is less than excellent.

0   100%

Conflict Management Helps Employees Through Difficult Periods

Conflict is inevitable in any workplace. Rooting out the cause and redirecting passion back into the desired behaviors is a fundamental skill for all managers, yet...

86%

Indicated that their ability to identify the cause of an interpersonal conflict is less than excellent.

0   100%

Need help? Contact AMA: www.amanet.org

How to Broaden Your View of Innovation Opportunities

BY AMA STAFF

As the need for innovation intensifies, companies can get a much broader view of the opportunities available—and the competitive threats—by changing the way they look at customer behavior. That's the advice from Stephen Wunker, managing director of New Markets Advisors and co-author of *Jobs to Be Done: A Roadmap for Customer-Centered Innovation* (AMACOM, 2016).

In a podcast on AMA's Edgewise series, Wunker suggested that organizations must shift their focus from asking "what people want" to asking why they want those things and what is triggering their demand. With a broader view, a company can uncover the underlying "job to be done"—that is, what the customer is really trying to accomplish when he considers the options available.

This shift in focus will lead not only to sustaining innovations, but also to the critical innovations that create a company's future growth. "You get a much more expansive view of both what the opportunity and the threat is," Wunker said. "That's how you get the really big innovations to happen."

The landscape of innovation

When you focus on jobs to be done, Wunker said, you may discover a more complex definition of your industry and a larger landscape of innovation opportunities than many companies recognize.

He offered the example of automobiles. A typical automaker might use a needs analysis to identify product-related features that customers want. It then executes well on those needs.

But when BMW developed its Mini for the small-car market, it took a different approach. The company looked at what people were trying to get done in their lives that might involve transportation, Wunker said. BMW discovered that many people were concerned with self-expression—a job to be done—and created the Mini in response. "They nailed a differentiated piece of metal real estate that they can hold on to. Anybody else who tries to do that is just a knockoff," he said.

Wunker believes that this viewpoint is beneficial for new managers and those looking to advance their careers. When you are able to step back and understand people's underlying motivations, he said, "you create an insight about what makes people tick that as a leader is really important."

Connecting Strategic Thinking to Results

BY REED DESHLER

One of the most important characteristics of a leader is the ability to think strategically. Leaders must be adept at recognizing themes, trends, and data applications and envisioning big ideas. These strategic thinking skills are vital.

However, there is an additional factor to strategic thinking often missing from leaders' skill sets: the ability to envision the organizational consequences of the strategic choices they're considering. A leader must understand the exact implications of including specific trends, themes, and ideas in an organization's design. The ability to connect strategic ideas to results is particularly relevant for inexperienced leaders, who often mistake innovative thinking for strategic thinking.
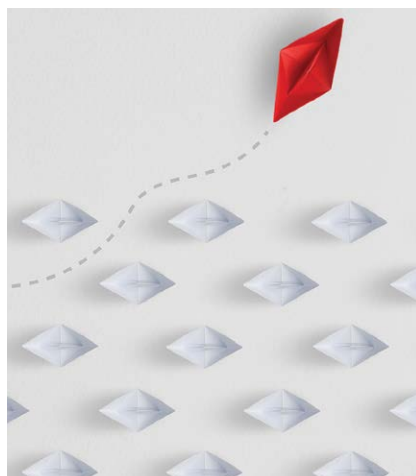
I once led a planning session in which one participant stood out for his innovative thinking. However, he could not communicate what the implications might be if his ideas were implemented. The more seasoned members of the leadership team eventually turned their attention to ideas and strategic planning that took into account potential implications for the organization's talent, resources, and positioning. While innovation is important, innovative ideas are only useful when resources can be applied and the organization's attention shifted.

How can you encourage people to think both strategically and practically? Consider implementing these practices:

Seek out frameworks and tools that facilitate strategic thinking. Good tools and frameworks facilitate strategic visioning and provide a concrete model within which leaders can process information and grasp the implications of their choices on the organization.

Use forums. In a forum setting, leaders gather to envision new strategic possibilities and to vet their organizational implications. It's an excellent opportunity to discuss and analyze the consequences of a proposed strategy. The live interaction allows innovative and practical thinkers to benefit from each other's strengths and facilitates the process of identifying and remedying organizational and strategic misalignments.

Encourage strategic discussions. Meetings offer an ideal opportunity to exercise strategic thinking by thoughtfully suggesting trade-offs or pointing out the consequences of past or present choices on the organization. Even a new manager can eventually become a role model of practical strategic thinking by exercising conscious awareness of the implications of strategic choices.

Involve all levels of the organization. When strategic conversations are allowed to move beyond the walls of the executive meeting room, they become more robust through the involvement of not just high-level decision makers, but also those responsible for implementing the strategy.

With these practices, leaders can help teams think through the choices they make and envision the tangible consequences of strategic decisions.

Principal of AlignOrg Solutions, Reed Deshler specializes in developing strategic organization designs and helping companies bring them to fruition.

How Collaborative Innovation Can Change the Game

BY GAIA GRANT AND ANDREW GRANT

The reality TV show Survivor has been described as an exotic version of office politics. To "survive," the participants need to collaborate with others and form close social bonds. Yet those who make it through to the end also need to be ruthless individualists.

This apparently incongruous tactic can mirror contemporary corporate culture. While people are told they should collaborate in teams, they're often rewarded as individuals. Particularly in the area of innovation—where the stakes can be high but the potential rewards are captivating—individual creative genius is often put on a pedestal. The winners in "the innovation race" are rarely recognized as teams.

Perhaps it's time to change the game. Here's how to innovate more collaboratively:

Break out of silos. A 2006 McKinsey report found that high-quality interactions within an organization lead to better innovation. The authors state, "Rewards for collaborating and for sharing knowledge... help the organization as a whole rise to the level of its best innovations." For example, while scientists for many years have typically worked independently in their labs, the emergence of the Internet has enabled better communication and collaboration.

To break out of silos: Try facilitating communication between potential silos. Reward resulting collaborative innovation efforts.

Build on brilliance. While we might typically celebrate famous inventors as individual creative geniuses, most have in fact built on the ideas of others. Thomas Edison is credited with inventing the light bulb in 1879, but other types of incandescent globes had been patented as long as 30 years before by other inventors.

The petty feuds and backstabbing that can characterize an individualistic approach have blocked potential new innovations. The development of a cure for AIDs was delayed by about four years by trivial arguments over who was responsible for the discoveries.

To build on brilliance: Try creating collaborative opportunities for people to share and build on each other's ideas.

Pass the baton. A common complaint is that during the innovation process, when a project is passed to another department, the follow-through to implementation isn't maintained. This may require us to completely reevaluate the way we think about innovation as a "race."

To pass the baton: Try setting up systems and structures that will ensure innovation projects can be effectively handed over at appropriate times. This will help ensure follow-through to implementation. When a long-term view is taken, it's easy to see that the winners in innovation might not be the fastest or first to market. They might instead be those that can develop the most collaborative innovation teams.

How collaboratively innovative are your teams?

Gaia Grant and Andrew Grant are the directors of Tirian International Consultancy. They help to create innovation cultures for a range of international organizations.

3 Behaviors That Spark Innovation and Drive Digital Transformation

BY ISAAC SACOLICK

Most businesses want to deliver innovative solutions to customers, and many identify innovation as a strategic goal. In a 2017 PwC survey, over 60% of companies viewed employees as their most important innovation partners. A 2017 Gartner survey found that 42% of CEOs had begun digital business transformations. So how can leaders elicit the behaviors, practice changes, and delivery of innovative products and services that will enable the transition from legacy business models to ones that are competitive in a digital world?

In my experience, transformations should start with small innovative teams that can develop new practices like market research, digital product development, agile management, and data science that are the foundations for both innovation and transformation. Eventually, these programs hit all departments when sales teams must sell new digitally backed products, marketing teams must reach new prospects through omni-channel programs, and businesses must deliver digitally competitive customer experiences.

Most organizations can bring on their best and brightest to be these early participants, but bringing on a larger part of the organization requires leaders to drive behavior changes. Here are three ways to enable more employees to participate in digital programs:

Encourage people to ask questions. All businesses that are feeling competitive pressure should challenge the underlying assumptions that make their legacy products, services, and operations successful. Getting people comfortable with asking questions enables them to move away from "the way we always do it" to a dialogue around what makes better sense in a faster, digital world.

Maybe the sales team is visiting prospects too often. Someone might ask, "How can we have more frequent discussions with prospects without traveling to them or emailing them individually?" That question opens options for the marketing department to leverage marketing automation tools to nurture prospects. Maybe your operations team wants to explore using automation to eliminate repetitive tasks. Someone asks, "How can we learn to be product owners in IT's agile development process?"

In these examples, there are likely some people in the organization that still harbor doing things the old way. Asking questions is

3 Behaviors That Spark Innovation and Drive Digital Transformation

(continued)

a nonconfrontational approach to challenging the sacred cows and opening a dialogue about new solutions.

Get out of the office and meet customers and prospects. The world is changing fast, and your customers have higher expectations and greater options to select products and services that deliver convenience, intelligence, and value. Start-ups and market leaders in other categories are looking to steal market share from slow competitors that are out of touch with customer needs. But you also have opportunities to develop new services and to branch into new areas if you can identify optimal customer segments to deliver services on digital capabilities.

In today's world, leaders from across the organization must get out of the office, learn from customers and prospects about their needs, and develop a perspective on how to deliver new experiences. Marketing specialists should learn how to best message and target prospects. Sales should be learning who their new competitors are and how to defend against sales objections. Technologists should learn about the underlying technical capabilities required to fulfill value propositions.

Ask for data, then insights, then opinions. A most important element of digital transformation is to evolve the data-driven organization. These changes can be profound, especially in businesses with top-down decision making driven by experienced but opinionated leaders that may be out to benefit themselves as much as their business. A data-driven organization provides governance, practices, and tools for people to present a thesis—by first presenting data that backs it, then insights they've inferred, and lastly their opinions and conclusions.

This process enables calculated risk taking. If you believe that reaching prospects can be done economically through social media, then run experiments, capture the results, analyze user behavior, and provide a forecast that backs whether a larger investment will yield acceptable returns. Want to shut down a legacy system? Measure the actual usage of the system, identify the power users and their key functions, develop insights on the business value delivered by these processes, and produce a business case on whether or how to replace the legacy system with a more optimal solution.

Behaviors drive organizational change

At the heart of delivering innovative solutions and transforming products and services is organizational change. Employees' roles in the organization, their job functions, and how they deliver business value are all subject to reinvention as business models and products evolve. To get more people aligned around the business and digital strategy, you must ask employees to challenge the status quo, learn what customers need today, and leverage data to drive decisions.

Isaac Sacolick is a top digital transformation influencer, a contributing editor at CIO.com and InfoWorld, and the author of Driving Digital. *He is the president of StarCIO.*

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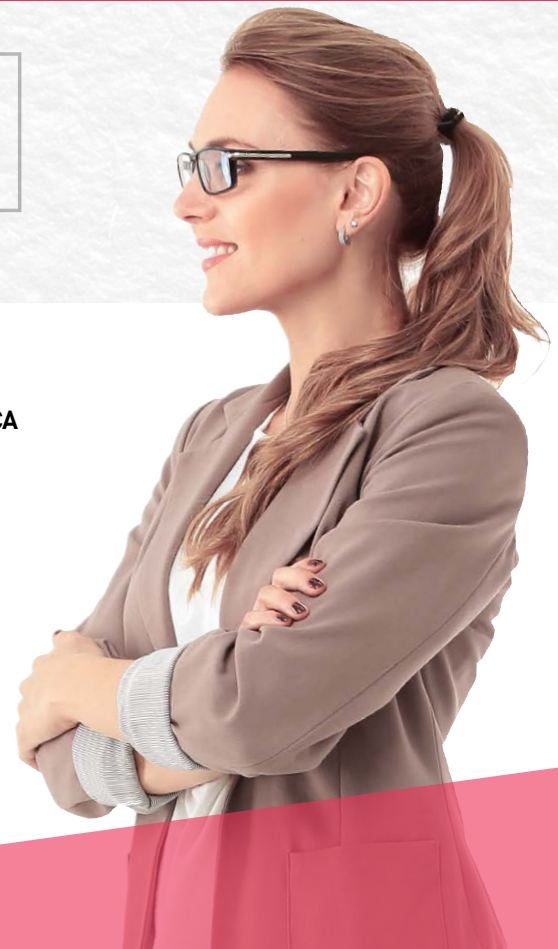
Focus on Candidate and Employee
EXPERIENCE
How to Attract and Retain Talent

BY SHARON HULCE

I really love what I do for a living, if for no other reason than being able to watch and experience firsthand the new trends in finding and engaging talent.

With the current rate of unemployment at less than 4%, finding talent has increasingly become the biggest issue employers face today.

The new buzzwords that people are talking about are "candidate and employee experience." For firms with big organizational development departments, this new phenomenon has taken on some reality and, while not perfect, has resulted in programs that appear to attract the new Millennial worker.

But for the common masses, candidate and employee experience are not even on their radar.

So let's discuss how those of us who run organizations without massive human resource departments can compete. Candidate experience refers to the process of garnering talent from your unique branding message, starting with how you source talent and continuing through the interview and offer stages. Employee experience starts pre-onboarding and runs

> "Employee experience starts pre-onboarding and runs through the life cycle of an employee in establishing a strong company culture."

through the life cycle of an employee in establishing a strong company culture. Let's unpeel this onion one step at a time.

YOUR UNIQUE MESSAGING IS KEY TO FINDING TALENT

Our old messaging used to garner talent was about what motivated the Baby Boomer worker—the ability to earn a good wage (even overtime), clean facilities, steady work. Today's messaging is very different. We must be able to articulate how our purpose, what we produce, or the service we offer can make a difference in the lives of those impacted by the business.

The reality is, money is no longer a key driver in the decision of where to work. Motivators now include having a work-life balance that allows employees to truly "live" while working for your organization, providing challenging work that can keep a new employee from becoming bored quickly and wanting to move on, and empowering employees to do things in a new and/or different way than their previous, potentially less innovative, predecessors did.

Candidate experience is not an easy undertaking. In some cases, putting together new messaging can mean a significant cultural shift, one that requires a leader who will be completely aligned with and committed to the change. Those leaders that have bought into a "people first" cultural transformation for their workplace are winning the war on talent.

CHANGES COME TO SOURCING TALENT

The process of finding people to interview also has changed completely. Gone are the days when you could place an ad on a post in the company yard or on a job board and tons of qualified applicants would apply.

Passive candidates, which are by far the most attractive candidates to fill an open position, need to be sourced. Communication in the form of an email, text, or social media outreach, with a great message around the company's story written in a way that stirs the reader's emotions, will help companies enhance their pipeline with talented passive candidates.

Interviews are being done in a whole new way as well. It no longer makes sense to just "drill" candidates on why they think they are qualified. Because your "purpose" and

your "why" are important to job candidates, your questions should express your culture and allow you to determine if the candidate can integrate into it.

Here are some examples of questions that we ask:

• Mental toughness is important to be successful in our organization. Many times, the simplest of circumstances can derail a project that you have worked tirelessly on. Tell me about a time where you had to demonstrate mental toughness to continue when things got rough.

• While each person in our organization works as a solo producer to hit production metrics and earn compensation, our group either wins or loses as a team. What would you do if you had to make a decision that would impact your own compensation negatively, but ultimately appeared to be the best decision for the team? Explain the steps you would go through to make this decision.

These questions bring out two core values that we talk about when we interview—mental toughness and passion for the company. If candidates do not express these values, they culturally are misaligned and will not integrate well into our organization. Hire for attitude, train for skill.

My final note on candidate experience is about how to create the actual experience a person has before, during, and after the interview. A couple of ideas that we have witnessed are:

Before the interview. Businesses that do "candidate experience" well have created material that gets candidates excited to interview with them. One of my favorites is the video Oshkosh Defense (a division of Oshkosh Corporation) created, called "We Are Honored" (on YouTube). This video begins with the normal viewing of the products the division makes—which in this case are very large military vehicles that, frankly, are not very "sexy" to the average worker. Fast forward, and you see several employees of Oshkosh Defense talking and working at their jobs. So far, nothing unique—but here is where it turns to magic! Suddenly, you see these same people holding pictures of loved ones—brothers, sisters, husbands, wives, and war buddies—and the messages attached to each picture create a strong emotional connection at your core. When reality sets in, that their work is saving the lives of those they love, you get "why" they are so passionate

to work for Oshkosh Defense. This one video transformed the interest level of candidates who would interview with the company dramatically.

While this is a great example, sometimes all that's needed is a nicely worded email from the company president telling a candidate how excited they are to meet him or her and a bit about the company's story.

During the interview. It is critically important to put your best foot forward during the actual interview. People always compliment our "Director of First Impressions" for the amazing experience she creates for candidates when they enter our doors. This is "game day"—now the "experience" begins:

• Everyone is greeted by a live person, not a phone with an extension to buzz.

• Everyone is offered a beverage.

• No one waits for more than five minutes in the conference room—even if they're early. Someone goes in and keeps them company.

• We let them know ahead who will be in the room and their positions in the firm.

• We tell them they can ask any questions they would like. We will be completely transparent.

• We learn about them first. This is as much about their decision as ours, and we want to know what it is that brought them to our firm.

• The president, owner, or a member of leadership meets with every candidate for at least five minutes, no matter the position. No one can sell a firm better than those who run it day in and day out, and that passion creates the "why" for most candidates. This step is the one most often missed, and one of the most important not to miss because we think other tasks are more important than hiring good people?!

• If we decide to make an offer, we do so within 24 hours. Speed to hire is very real in this market.

After the interview. Once an offer is accepted, the final "candidate experience" piece is to send the person a company token, with a letter saying how excited you are that he or she will be joining you.

This can be as simple as a note, but a polo shirt with the company logo or business cards with the person's name and title go a long way in getting the candidate excited and creating that feeling of "I am home."

CREATING A CULTURE OF EMPLOYEE ENGAGEMENT

The final stage of the employee experience is about integration into your corporate culture. This is referred to as "employee engagement," which begins with what tends to be the weakest link for most companies—onboarding.

From the first day, employees make decisions about whether they made the right choice of company and how long they intend to stay. I hate this statistic, but the average Millennial stays in their current job on average 18 months to three years. The mentality of "I owe my soul to the company store" is long gone.

Creating a culture of engagement is probably one of the most difficult tasks for most company leaders today. Understanding what keeps your employees motivated and engaged is certainly an ongoing challenge.

The best advice we can offer is to try some "employee engagement activities." Here are a few examples of such activities that seem to be working for our clients:

Having fun at work. When you take time to play hard after working hard, it appears to keep the culture fresh and build camaraderie and teamwork among employees. We implemented Office Olympics once a week, where we end at 4 pm on Thursdays to challenge each other to everything from chair races in the parking lot to Silly String fights.

Large corporations can do this within individual departments instead of company-wide, but giving people an outlet to be "people" appears to create cohesive cultures.

Using social media to recognize and reward performance and personal milestones. Birthdays, anniversaries, outstanding sales achievement—everyone loves it when the company recognizes them. Letting friends and family share in their successes and celebrations via social media has a lot of traction.

Giving everyone a voice. Implementing workshops that mix generations together to understand and come up with creative solutions to the challenges being addressed gives all generations a renewed appreciation for the differences and strengths each brings to the workplace.

Involving and including families in the employee's work life. This can include everything from goal setting to community engagement activities. The more the family buys into an employee's work, the more commitment we see from that employee.

Offering flexible work schedules and work from home. Not all roles have this possibility, but where it can work, it is a huge motivator.

The bottom line is this: The "experience" you create for your team is one of the most critical components of winning the war on talent. It's the emotional activities, not just the transactions of our workday, that create the "whys" that motivate the next generation of workers. The sooner we embrace this change, the sooner we can win. The only thing stopping you from winning is you. AQ

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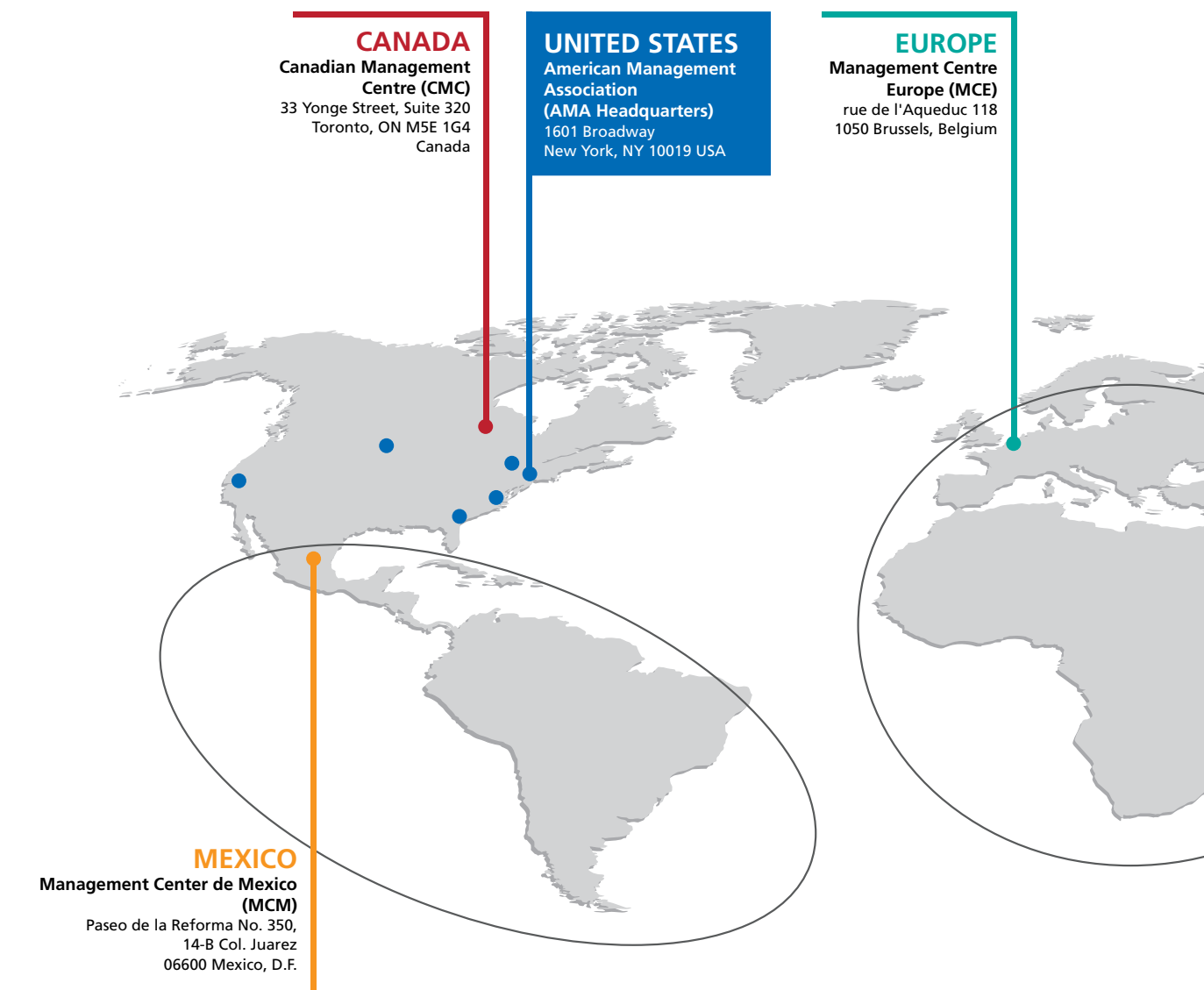
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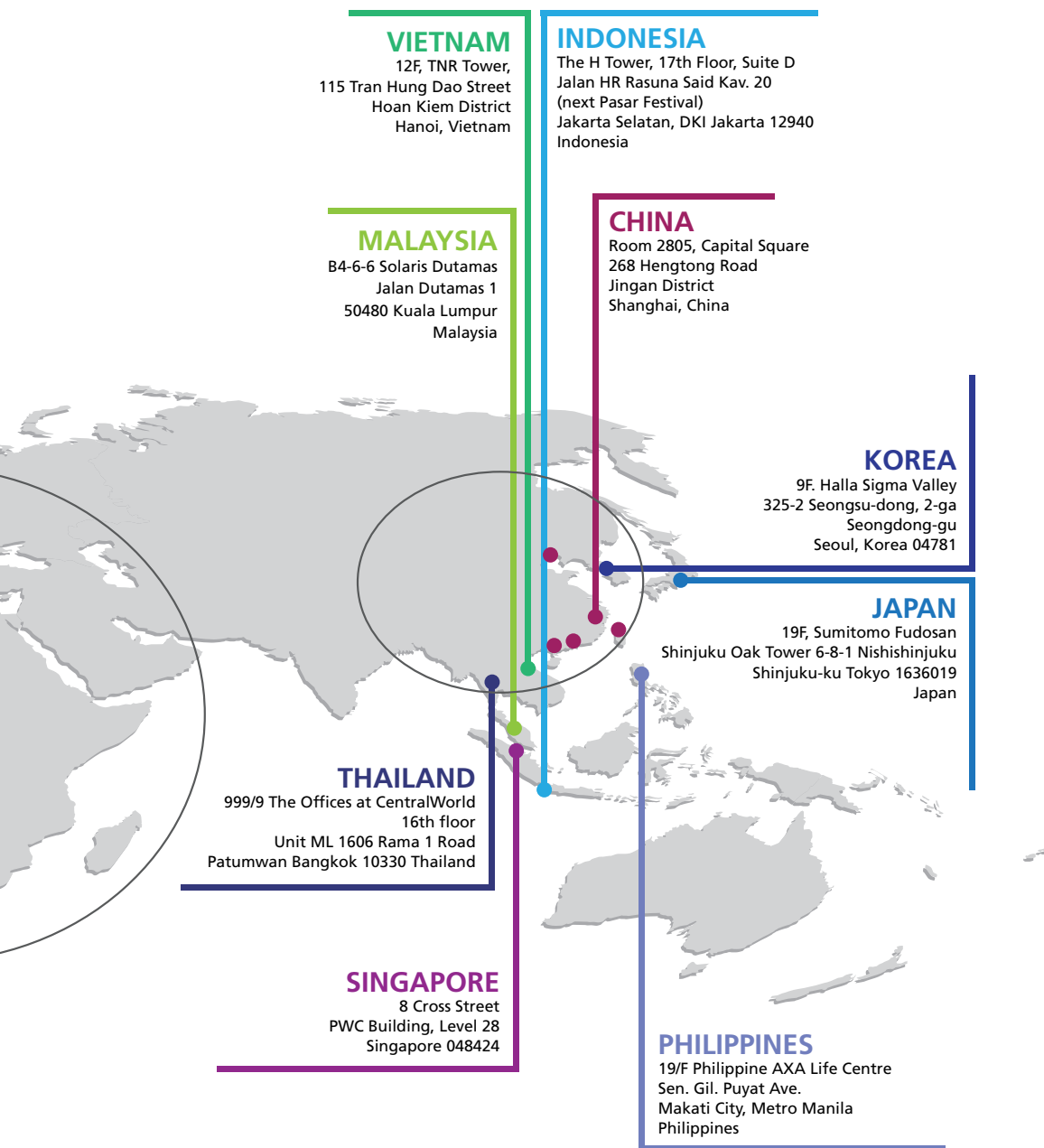
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A Fresh Take on
CAREER DEVELOPMENT

BY ELISSA TUCKER

These three employers have instituted programs
to keep the process relevant.

Traditionally, career development has been a highly selective, well-orchestrated process aimed at growing an organization's future leaders through years of formal training and deliberate internal transfers. Today, reduced employee tenure, flat organizational structures, and unpredictable business needs make traditional career development a risky business investment. At the same time, workforce diversity, knowledge work, and the consumer experience mean that both employers and employees seek something different from the career development process.

With these drivers in mind, some best-practice organizations are transforming performance management, opening career development opportunities to every employee—not just those with "high potential"—and making powerful development tools and resources available for easy access, anywhere in the world.

One key to the success of these new approaches is employee empowerment: By placing development tools and opportunities directly into employees' hands, organizations are empowering employees to evaluate what they really want from their careers, take control of their own paths, and seize the resources they need to achieve their goals at the pace they choose.

Organizations are also offering employees more flexible ways to chase the career of their dreams, whether it's through targeted development or leadership training relevant to their current role or through cross-training opportunities that ultimately take their careers in entirely new directions. For some, career moves aren't always promotions—a lateral move to a different business unit can expand competencies and organizational knowledge, sometimes leading to a new career path that is highly valuable to the organization.

Following are examples of how SAS, Schneider Electric, and MITRE are taking this kind of fresh approach to employee careers. In an effort to align with top business priorities, these organizations have opened career development to all employees, have put employees in charge of the process, and are providing them with robust, yet flexible, career support.

SAS INSTITUTE INC.

Based in Cary, N.C., SAS is the world's largest privately held software business, with more than 14,000 employees and offices in about 60 countries. To meet strong employee demand for development opportunities, SAS has embedded professional development and initiatives for creating future leaders right into its three-year strategic plan. Because turnover is remarkably low—just 3% to 5%—SAS is committed to providing development opportunities that will help mid-career, seasoned employees grow into future leaders, while helping incoming Millennial talent get up to speed and advance in their careers. At the same time, SAS is investing in cross-cultural and global business education

to support an ongoing globalization initiative, which is transforming its subsidiaries into global business units with multicultural teams.

SAS makes it easy for employees at any level to learn about available development opportunities and potential career paths and to pursue professional development and training that fits their career goals.

Self-service career development portal. All employees can access career guidance and development opportunities through the SAS employee career portal. This self-service system shows employees how to take control of their career, recognizing their current title and presenting career path options based on the previous moves of employees with similar characteristics. Employees can explore job descriptions and see a full list of competencies for any career path that interests them, and they are directed to specific development opportunities on the learning management system (LMS) that fit their career goals. They can also search for opportunities by keywords, topics, or location.

Formal career paths. The LMS automatically assigns a career development path for new employees in certain roles. For example, the sales onboarding path sets expectations for an employee's first six months and tracks each individual's progress toward them. Sales expectations include set deadlines for specific training courses, meetings, activities, customer contacts, account planning, and pipeline requalification.

Career counseling. All employees have access to a career counselor, who can help them establish their goals and access available learning opportunities to help achieve them.

Goal setting and coaching. Three years ago, SAS got rid of its ratings-based performance management system, replacing it with a process based on setting goals and regular coaching conversations with managers. Because the success of this approach depends on the managers' ability to communicate clearly and help employees align their goals with organizational strategy, SAS provides leadership development to help managers provide high-quality coaching, as well as resources and messaging to guide effective conversations.

Competency-focused career planning. SAS recently rewrote its competencies and mapped them to job families, empowering employees to search for learning opportunities by competencies and find relevant positions that are posted internally. This gives employees a clear path for how to move their careers to the next phase.

SCHNEIDER ELECTRIC SE

France-based Schneider Electric specializes in energy management and automation hardware, software, and services. It is supported by a diverse workforce of 144,000 employees in more than 100 countries. The company's

> "By placing development tools and opportunities directly into employees' hands, organizations are empowering employees to evaluate what they really want from their careers."

competency-driven employee development program provides equal access to self-directed development opportunities for all worldwide employees, while ensuring that specific workforce segments get targeted or accelerated development opportunities when warranted.

Within the company's open, transparent culture, employees are expected to pursue growth opportunities that will help them better perform their current jobs and prepare for future roles. To meet this expectation, Schneider Electric employs a multipronged approach that achieves "the three E's" of employee development: experience, education, and exposure. With support from their managers and HR, every employee is part of a structured development process that includes a central portal, competency maps, dual career paths, and learning paths to build competencies where needed.

Assessment and mapping. Annual performance reviews assess employee development needs and goals and provide an opportunity for two-way conversation and feedback. The resulting employee development plans populate an ERP system, which automates various development offerings through a learning management system. The LMS also contains competency maps, which employees can access to evaluate their competency gaps and build a development plan to address them.

Equal opportunity employee development. Schneider's HR talent management team ensures that every employee—not just executives and high-potential talent—have the tools, support, and opportunity to develop to their fullest potential. The talent management team works from "hubs" and satellite offices around the globe, and employees at every location worldwide have equal access to development and learning opportunities.

Central employee development portal. Annual development plans for each employee reside in a centralized system, accessible via a portal where employees can review them, alongside structured learning paths that tie desired

competencies to specific training and learning opportunities. Employees are also linked to the company's internal job posting platform.

Virtual learning. Some learning experiences are available right inside the portal or through a mobile app, including webinars, curated content, and registration for live learning events.

Employee-initiated mentoring. Employees can find a compatible mentor, anywhere within the company's worldwide operations, by using the mentoring platform within the portal to select the skills or experiences they wish to develop. This platform has enabled hundreds of connections across regions and functions, helping employees form one-on-one relationships to build desired skills.

Targeted development for specific roles. Recognizing that different workforce segments have different needs, Schneider Electric offers targeted training dictated by structured learning paths for five key groups of employees. For example, technical specialists—a large part of the workforce—have technical career paths with their own set of opportunities and rewards.

Cultivation of high-potential talent. An annual global talent review campaign measures employee performance over time, with each business entity recommending high-potential talent for accelerated career development, including training programs, stretch assignments, special projects, exposure to senior leaders, faster career movement, and access to curated leadership content. A select group of early-career "global enterprise" talent is pulled out for exposure to varied experiences with a variety of markets and businesses and to a higher level of risk and ambiguity to cultivate their leadership potential.

Leadership academy. All managers, leaders, and high-potential talent participate in the organization's leadership academy, which provides specialized training on "soft skills," such as emotional intelligence, serving customer interests,

coaching, and hidden bias. Required training modules are available both virtually and in-person.

MITRE

The nonprofit MITRE Corporation operates seven federally funded research and development centers that provide its government sponsors with systems engineering, research and development, and IT support. Its highly educated workforce includes 7,600 employees with an average of 25 years of experience.

Based on employee feedback, the highly matrixed organization redesigned its performance management framework to focus more on professional development and feedback from close supervisors who are intimately familiar with each employee's work. The transformed framework focuses on growth and development, rather than assessment and ranking, and gives employees multidirectional career development and employee assessments based on the value they contribute to the organization.

The foundation of the new framework is MITRE CLEAR Conversations™, in which the acronym stands for "Communicate, Learn, Evolve, Achieve, and Results." Built upon frequent and continuous conversations among employees, their direct supervisors, and work leaders, CLEAR Conversations has three components: align expectations, engage in feedback, and pursue development—all of which are supported with tools and resources.

Aligned expectations. Through a series of annual conversations, employees, their supervisors, and work leaders work together to set employee performance goals that can be updated as needed. This team approach to goal-setting overcomes barriers inherent in a matrix organization and ensures that expectations are aligned at all levels.

Frequent feedback. Rather than having midyear performance reviews to check in on progress, leaders frequently check in with employees, providing a steady stream of coaching and feedback about expectations, performance, development, behavior, and aspirations. More than 70 resources are available to help team members learn how to give effective feedback. These include checklists, sample conversations and topics, video demos, and online learning modules.

Career path mapping. Employees are empowered to map their own career paths, an approach that MITRE has branded as Careers in Motion, represented by a transit map graphic. Emphasizing that careers are flexible, and that MITRE offers multiple paths to help employees achieve their goals, the program encourages employees to access programs, processes, and resources to help people explore new career paths or grow in their current roles.

Career coaching. An internal program called Career Insight™ gives all MITRE employees career assessment tools to help

"Empowering employees to take control of their own career path, in alignment with organizational goals, builds a sense of loyalty and ensures the organization has a strong base of talent."

them understand their strengths and career aspirations, develop a vision of career success, learn about future business needs, and create a career plan to work on with their managers. Certified career coaches are available to help.

Virtual career center. In this online portal, employees access tools and resources to help them manage and plan their careers. Topics include technical capabilities at MITRE, networking, communities of practice, success stories, and career programs and opportunities.

Internal networking. At an internal social media page called Strength Community MITRE, employees can find and interact with others within the organization who complement their own strengths. At the same time, users learn about MITRE's career management opportunities from other enthusiastic employees, who keep the page active and create viral "buzz" about the resource.

MEET EMPLOYEES WHERE THEY ARE

Regardless of location, level, or leadership potential, employees today seek to maintain the kinds of skills and experience that employers need most. For flat, diverse, and geographically dispersed organizations, this means offering many different paths that will meet employees where they are in terms of their career development requirements. Empowering employees to take control of their own career path, in alignment with organizational goals—and giving them the support, resources, and tools to do it—builds a sense of loyalty and ensures the organization has a strong base of talent to draw upon as the business environment and workforce inevitably change. AQ

Elissa Tucker is APQC's principal research lead for human capital management. With more than 15 years of experience researching HR, Tucker has completed numerous research studies on topics such as leadership, strategic HR partnerships, performance management, and talent management. Prior to APQC, she worked as a senior research consultant at Aon Hewitt. Tucker co-edited and contributed to the book Workforce Wake-Up Call: Your Workforce Is Changing, Are You? *(John Wiley & Sons, 2006).*

In Today's Booming Economy, Is Your Company's Culture

HELPING or
HURTING YOU?

BY JEFFREY DUNN

On the morning of August 27, 2018, I looked up the U.S. unemployment rate. According to the United States Department of Labor, the rate for July 2018 was 3.9%, down from 4% in June.

The numbers for April and May of this year were 3.9% and 3.8%, respectively.

These rates mean that essentially everyone who wants a job has a job, and employers have to dig to find and successfully recruit topnotch employees. This is good news for employees, but bad news for employers—especially employers who want to grow their workforces to meet the demands of a rapidly expanding national economy.

It's a job seeker's market. And the job seekers of today are different in many ways from those of the past. It's no secret that Millennials are the largest generation in the labor force. Gen X is close behind. With a combined total of just more than 110 million in the workforce today, these two demographic groups dwarf the rapidly shrinking Baby Boom generation, which currently accounts for 40 million workers. That 70 million worker gap will continue to expand as more Boomers retire each day.

WHO ARE THESE EMPLOYEES?

With the demographic morphing of the workplace, the workers of today bring career expectations, values, and priorities that are far different from those of the generations they are replacing. For most, those priorities directly tie to corporate culture. Countless studies and our company's own experiences have identified several key differences between generations in the workplace:

• Baby Boomers are viewed as far more reserved in their communications, while Millennials strongly favor collaborative and in-person interactions.

• Millennials relate far better to a coaching style of management than a traditional authoritative or top-down management style.

• Gen X'ers and Millennials tend to hold the view that change brings opportunity and don't view it as a threat to stability.

• Gen X'ers and Millennials are more fulfilled when working as part of a team (even if an individual is a member of several different teams working on various projects) than working solo on repetitive-type tasks, whereas Baby Boomers take the view that "it's part of the job."

- Gen X'ers and Millennials have a need to see their individual or team work in the full context of the organization's goals. Boomers and members of the Silent Generation (there are still some in the workplace) tend to be comfortable knowing their role, understanding their task, and executing it with little question.

- The younger generations value the idea of doing work that is meaningful or having a positive impact on the community. This doesn't mean Boomers have no interest in community service; it just means they tend to separate work and community involvement.

- Gen X'ers and especially Millennials strongly prefer to be valued as people first and employees second. They expect their efforts and expertise to be appreciated by their managers and/or employers.

- While Boomers often have the expectation they will remain with an employer for decades, Gen X'ers and Millennials have no such expectation and are comfortable with shifting employers for more fulfilling work.

- The younger generations are more comfortable with adapting not only to new employers but also to shifts in job tasks.

In short, significantly more than half of today's workforce has specific, high expectations of their employers/workplace culture, need to be valued and appreciated, and are absolutely comfortable with changing employers or careers if their expectations aren't met.

In an economy with an unemployment rate below 4%, organizations that appreciate these needs land and retain top employees and often have their pick of excellent applicants, while those that don't can have tremendous problems with recruiting. And with readily available tools such as Glassdoor and LinkedIn, job seekers can—and do—find out in seconds everything they need to know about a company's culture. And don't forget, your clients and prospective clients are also looking at your culture.

We have seen an increasing trend where prospective applicants are interviewing our law firm about its culture. Some of the questions we have seen are:

- "How would you describe your company's culture?"

- "How is collaboration fostered, and how often will I receive feedback on my work?"

- "What are your company's core values?"

- "How does your company reinforce its culture and core values?"

- "What steps does your company take to ensure the contributions of all employees are valued?"

- "Does your company believe in diversity of career paths? Will I be encouraged to shape my career in a way that is beneficial to the company and to me?"

We're not interviewing the top talent. They're interviewing us.

> "Study after study shows that Gen X'ers don't oppose hard work, but they believe in having the flexibility to manage their work and their lives in the ways that work best for them, while not hurting the organization."

The following will help prepare you for when a top applicant asks you these questions.

LOOK IN THE MIRROR

Given the rapidly changing demographics of today's workforce and the highly competitive nature of both the U.S. economy and the world economy, organizations that value hiring top employees have no choice but to do a thorough, honest self-assessment of their culture and determine if this culture is helping or hurting their recruiting efforts.

My law firm did precisely that five years ago. We found we had some core strengths—strengths that had brought us a great measure of success. We had an excellent focus on client service. We had a large number of exceptionally talented lawyers who achieved outstanding results for our clients. Our staff featured a high proportion of dedicated, experienced, and skilled professionals who supported our lawyers extremely well. We were a very good law firm.

But were we a great place to work? The more we talked to people, the more we looked in the mirror, the more we listened, the more we realized we had room for improvement. Stress was high. Lawyers too often put undue stress and unreasonable expectations on staff. Younger lawyers often felt that the more senior lawyers were not respectful. The list goes on. These behaviors led to job dissatisfaction and attrition. We recognized that we had room for improvement, especially considering our commitment to growing the firm significantly and our recognition of the fact that the expectations of younger workers—and those of our clients—were changing.

We asked nearly every member of the firm a series of questions, and the answers to those questions helped us see not where we needed to improve, but that we needed to improve. Does your organization need to improve? Ask yourself the following questions, and you'll likely have a better idea of whether your culture needs an upgrade.

Approximately what percentage of your company's workforce leaves in a given year? Check your employee turnover percentages from year to year; if they're rising, you may well have a culture problem. When people leave, what are they saying? Perhaps more notably, what are they not saying?

How often does your CEO or do members of senior management meet with your rank-and-file employees? Gen X'ers and Millennials derive great satisfaction from being heard by senior management.

Does your company perform 360° evaluations on all members, including senior management? 360° evaluations foster an egalitarian element of an organization's culture, an element that younger workers often value greatly because it makes them feel valued by leadership.

How often do members of your company, from entry-level employees to senior leadership, discuss your culture? Can all of your members state your company's core values and provide examples that give life to those values? Daily communication about your company's values and culture is imperative for weaving those values into a company-wide identity.

How often do your company's leaders talk about work-life balance? Have they enacted policies that increase work-life balance and flexibility? Study after study shows that Gen X'ers and Millennials value work-life balance. They don't oppose hard work, but they believe in having the flexibility to manage their work and their lives in the ways that work best for them, while not hurting the organization.

Does your company have a large number of managers, but few leaders? If your organization doesn't understand the difference between a manager and a leader, trouble awaits.

Do those leaders know the names, personalities, and aspirations of each of their direct reports? Authentically caring about your people and desiring to know them

and foster their development are essential to employee engagement.

Do your leaders have temper control issues? Explosions of temper by leaders irreparably harm your culture.

Do your company's leaders and rank-and-file employees interact informally? For example, do they have conversations in the hallways and sit at the same table at company events? Informal interaction leads to more honest and productive on-the-job interaction. And effective on-the-job communication gives senior leaders insights they never could attain otherwise.

Is there a mass exodus of employees heading to the parking garage at precisely 5 pm? Nothing says "I'm glad to get out of that place" quite like a 5 pm traffic jam in the parking garage.

Do employees regularly miss company events or celebrations because they are "too busy"? This is a sign that employees want as little to do with the organization and its leaders as possible.

Do your employees refer friends, former colleagues, acquaintances, and others to apply for positions within your organization? People who love their jobs will become your best recruiters for talent.

Do your employees fear taking risks, and are they reluctant to strive for innovative solutions to problems? This is a sure sign your organization doesn't appreciate innovation—a true company killer. Your people need to know you have their backs when times are tough.

Does senior management seem genuinely surprised when top performers leave the organization? If so, your leadership is out of touch and could be the source of your culture problem.

Does senior management fail to address ongoing problems? Are the same issues being brought to senior management over and over again? Obviously, issues viewed as chronic and never addressed by senior management lead employees to deduce management doesn't care about them.

Do people in the organization feel comfortable reporting inappropriate behavior? The tolerance of bad behavior will manifest itself in high turnover, difficulty in hiring, a bad reputation with clients, and lawsuits. It's also inexcusable in the #MeToo era.

Does the company provide training regarding cultural aspects of the organization? This is central to all employees not just feeling, but understanding, that they are valued. A winning organization draws talent from all potential sources, and part of that philosophy is making employees of all backgrounds feel understood and welcomed.

Do all members know the company's core values? Every new member's first day at our firm begins with a program we call "Day 1, Hour 1," in which the CEO meets with the new employee to discuss the firm's culture and core values.

Do your employees say, "That's not my job"? This attitude can be evidence that employees either never "tuned in" to their organization or have become frustrated and have psychologically "bailed out."

Do employees voluntarily help others without being told to do so? The exact converse of the previous question, employees who take the initiative to help co-workers show they understand the big-picture mission, value the success of the entire organization, and have empathy for co-workers, all signs of a positive culture.

WHAT IT ALL MEANS

More than a few wrong answers to the questions above mean your business or organization has problems that may need to be addressed sooner than later. Negativity, once rooted in a culture, tends to grow much more quickly than does positivity. At my firm, we developed a top-to-bottom culture initiative built on the foundation of 10 core values. Those values weren't buried in our website and then printed on one plaque in one conference room. Instead, every desk in the firm features a small sign with our firm's values. The values are an integral part of our recruiting process; candidates who won't "fit" aren't hired. We have a values committee that solicits "Values Champion" nominees and evaluates which members of the firm best live our values, then holds events recognizing those top performers. And adherence to our values is part of every member's annual 360° evaluation and is a part of compensation. And yes, members—at any level—who don't demonstrate our firm's values may be negatively impacted in their compensation.

Five years after developing this initiative, we have completely changed our culture and our firm has prospered. We have nearly doubled in size, in both headcount and revenue. And this spring we were a finalist for a "Best Places to Work" award, an award that we'd never even considered pursuing.

Are we finished? Not even close. When it comes to developing a continuing, positive culture, the work is never done. You must always seek to improve. You must honor great behavior daily. You must fiercely defend your culture at all costs—even if that means asking talented but poorly behaving members to leave. Your employees are watching. An entire generation of future employees are as well. And it is one of the first questions they will ask when they interview you. AQ

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Preparing Gen X to Lead and Millennials to Stay

BY CHUCK UNDERWOOD

THE PLACE: Washington, DC. My client: the largest healthcare organization in America, the Veterans Health Administration system of hospitals and clinics.

THE EVENT: its national leadership development institute.

THE AUDIENCE: 60 handpicked, elite leadership candidates, including Baby Boomers, Gen X'ers, and Millennials, from V.A. hospitals coast to coast.

MY TASK: train this year's class, as I had done with classes the prior 10 years, in generational workforce management and leadership strategies.

When we finished, a Gen X female candidate came up to me and said with discouragement in her voice, "I don't think our generation even *wants* to lead." Hmm. After that, when I asked other audiences around the country about her comment, a noteworthy percentage of X'ers agreed with it.

What happened?

For certain, there are many X'ers who do want to lead and will be excellent at it. Their generation has proven to be smart, adaptive, sensitive, no-nonsense efficient, and especially brilliant at creating new products, services, and workplace efficiencies. They're entrepreneurial and open to new ideas.

But a phenomenon is beginning in American management: Beyond their control, the generation steadily advancing into the executive suites, and whose generational core values will dictate the direction of their organizations and the United States in the 2030s and 2040s, was not prepared by the all-important times and teachings of their formative years to "lead." The times and teachings were beyond their control. They were kids.

For at least another decade, they will be replacing the generation in charge—the Boomers—whose formative years, also beyond their control, *did* prepare them to lead.

THE FOUNDATION OF GENERATIONAL DYNAMICS

The first 18 to 23 years of our lives, our formative years, mold in us a powerful set of core values that guide our minute-by-minute and lifelong decision making, behavior, and on-the-job performance. Those core values are burned into us by the times we witness all around us during those formative years and by the teachings we absorb from older generations of parents, educators, religious leaders, and others.

The age cohort that shares the same basic times and teachings will share the same basic core values and thus become a generation. Any time in American life when the times, the teachings, or both change in a significant and widespread way, it means young kids coming of age during those different times and teachings will form a different set of core values and thus become our next generation when they enter adulthood.

The first two decades of life are our pre-generation years—the years of the sorting process, when we're trying on every imaginable core value to see which ones fit and which ones don't. There is no such thing as a 16-year-old or 9-year-old or 2-year-old member of any generation.

THE FOUNDATION OF GENERATION X

Generation X, whose members were born from 1965 to 1981 and are aged 37 to 53 in 2018, came of age from the 1970s to the early 2000s. This is a unique and a very troubled period in American history. Consider:

- America's leaders—in business, government, religion, and even sports—were regularly caught lying, cheating, and failing to deliver on their promises.

- A new breed of ruthless corporate investors, called "corporate raiders," bought big chunks of public corporations and forced their executives to lay off U.S. workers so they would make more money themselves.

- Corporate executives—in order to please those shareholders and thus receive bigger raises and bonuses—cut costs and increased profits by launching the era of massive layoffs of X'ers' moms and dads and the beginning of the stunning dismantlement of the Great American Middle Class. This leadership era (1990s and 2000s) of the Silent Generation male was so filled with executive and shareholder greed that, in the early 2000s, the *Wall Street Journal* published a year-end, multipage listing of more than a dozen of the year's documented corruption cases and captured the full extent of the epidemic by headlining the story "Scandal Scorecard."

- Their own parents were divorcing in unprecedented numbers or were absent in their lives because of their dual-career time-poorness. As Gen X came of age, the American family unit took a terrible beating.

Everywhere X'er kids looked as they were growing up and forming their generation's powerful and lifelong core values, the people in charge were consistently letting them down. So words like "executive," "corporation," "politician," and "leader" were profoundly offensive to them. Why would we ever aspire to *that*?!

Today, now deeply into adulthood, many X'ers have a career track record of preferring to work for smaller employers and private companies than for publicly owned ones. And in significant numbers, they are working on their own as sole proprietors and freelancers.

The message from many members of Gen X to the nation's bigger employers: Yes, there are exceptions, but your predecessors in the C-suites blew it with us much more than with prior generations, whose members *did* aspire to your executive offices because the offices back then were filled with honor, loyalty to employees, and bold visions to make a positive difference instead of doing whatever it took simply to maximize shareholder ROI and executive pay.

This message also expresses, even more fiercely, the beliefs of the Millennial generation.

In sharp contrast to Generation X's leadership preparation during their formative years, Boomer kids came of age from the 1950s to the early '80s. This was a very different era when:

- Families, neighborhoods, communities, and the nation were strong and tight-knit, so Boomers grew up feeling safe and loved. They were patriotic and trusting in an

> "American employers must train their X'er leaders and leaders-to-be not just in a generic 'Leadership 101' way but, much more important, in an advanced 'Gen X Leadership 501' way."

America that was getting so much right and running away from the rest of the world in its quality of life for the masses, not just for the privileged few.

- Government leaders like Dwight Eisenhower and John F. Kennedy—and until Spiro Agnew and Richard Nixon—captured Boomers' imaginations with their professional integrity, compassion, and bold vision.
- Corporate executives—this was the leadership era of the G.I. Generation—placed people above profit, and G.I. investors behaved the same way.
- Boomer children, feeling empowered and engaged and idealistic and passionate, helped lead the civil rights movement, the women's movement, the environmental movement, and other revolutions.

These exceptional times, when coupled with the teachings of their elders, molded in Boomer kids just about every value, attitude, and skill considered essential for their generation to one day deliver not merely good leadership but *great* leadership. And Boomer leaders, who have inherited catastrophic problems from the Silent Generation leadership era, are now charged with cleaning up the mess. They will have about 10 more years to do so, before they hand over the leadership reins and Gen X'ers take their turn at the top.

There's an additional leadership problem: For every eight Boomers born in America, only six X'ers were born. Roughly 80 million Boomers versus 60 million X'ers means that there are not enough replacements when Boomer leaders retire.

And so, here is the mandate—and the new opportunity—for all American employers: They must train their X'er leaders and leaders-to-be not just in a generic "Leadership 101" way but, much more important, in an advanced "Gen X Leadership 501" way. Employers need to have a deep-dive workshop that is generation-specific and customized only to Gen X participants.

Employers must also provide Millennial leadership training that is generation specific. With a shortage of Gen X warm bodies, employers must identify and fast-track promising Millennials to cover the shortage. And Millennial strengths and weaknesses are quite different from those of Gen X.

The good news is that Millennials' formative years were conducive to good future leadership.

PREPARING MILLENNIALS TO STAY

Millennials, aged 18 to 36 in 2018, bring a long list of very positive values to the workplace. They're bright, outgoing, eager to please, curious, and comfortable with change. They're tech-savvy, skilled team players. And they espouse idealism, social activism and responsibility, and more.

But they also bring more serious shortcomings than prior generations. And from 30 years of generational study, I find that the shortcomings have their roots in two experiences of their formative years that were beyond their control:

- Excessive adult protection and supervision, or "helicopter parenting."

- The technology revolution, which we now recognize has damaged Millennials perhaps more than it has helped them. Their generation was the guinea pig of this revolution, the 74 million children who had to undergo the trial-and-error to find out how best to handle it, which to this day no one has done. (By the way, they know tech has hurt them, and they want help overcoming the damage.)

A report on one of the cable news networks quoted another national study finding that Millennials are still changing employers about every two years. Like most flawed television coverage of this well-documented occurrence, the anchors' chitchat on the morning news set focused on defending Millennials. (The cable news channels, like most mass news

- Understand the complex "why" behind each generation's unique core values, attitudes, preferences, needs, wants, and workplace strengths and shortcomings.

- Learn the many tips, tactics, and overall strategies to recruit, onboard, train, manage, compensate, and retain each generation of employees.

- Develop each generation of leaders with generation-specific leadership training.

- Create a permanent, comprehensive, and nimble culture of generational workforce strategies throughout the organization, a culture that can reduce churn and enhance worker loyalty and bottom-line output.

> "The solution to these challenges is that executives, management, and supervisory personnel must undergo deep training (not simply the usual two-hour, superficial executive summary)."

media, are truly desperate to lure Millennial audiences because they "missed" with Gen X, so they consistently defend them from criticism and praise them.) The anchors completely ignored the point of view of the companies that employ Millennials and the damage to the bottom line that Millennial job-hopping causes.

Yes, Millennials are job-hoppers. And Boomers, if you were born when they were, you would be too for these reasons:

- Like Gen X, Millennials came of age seeing America's proud heritage of two-way loyalty between employer and employee unilaterally slaughtered by the employers, who laid off Mom and Dad and received a year-end bonus because they did so. *Okay, two-way loyalty is dead. Employers cannot be trusted to look out for me. I get it.*

- From this, Millennials realized they must protect themselves by continually updating their résumés and seeking new jobs that pay better. *If we can't have job security, then we must do all we can to build financial security. I refuse to pledge loyalty to one employer and then get ambushed like Dad and Mom did.*

- The technology revolution harmed Millennials by, among other things, ravaging their attention spans and increasing their restlessness and boredom with the repetition of task that is part of most jobs.

The solution to these challenges is that executives, management, and supervisory personnel must undergo deep training (not simply the usual two-hour, superficial executive summary). As a result, they will:

And from the field of generational study, here is the even bigger "big picture" for American management: Two generations of American kids, Gen X'ers and Millennials, have never seen the magnificent management culture that Boomers and older generations witnessed in their formative years.

Unless and until American management, coast to coast and across all industries, actually demonstrates with its decisions that employees are its greatest assets, who will give the company a great day of work if only management will stand on the same side of the fence as them and endeavor to recapture the notion of *long-term* job security, then those managers should fully expect the continuation—and worsening—of both aversion to leadership positions with larger companies and the frequency of job-hopping by all generations.

Don't blame Millennial or X'er or Boomer workers. Management created it, so management can correct it.

But will they? AQ

Chuck Underwood, one of the pioneers of generational study, also created generation-specific leadership training. He consults and speaks to American and Canadian organizations in business, government, education, and religion on a comprehensive list of generational strategies. He is the author of America's Generations In the Workplace, Marketplace, and Living Room *and star of the PBS national television series* America's Generations With Chuck Underwood.

Managed Service Providers

Take Contract Worker Burden off Managers

BY REBECCA CENNI-LEVENTHAL

Studies of the American workforce continue to point in the contingent direction, and whether you call them freelancers, contractors, or temporary workers, all signals suggest they are here to stay.

Having more contingent workers means more of everything that comes with them—staffing suppliers, contracts, invoices, and reports—and more time and energy on the part of managers to keep track of it all.

Managing this process involves a tremendous investment of time that can detract from the more urgent and productive priorities that managers need to concentrate on. A managed service provider (MSP), using a vendor management system (VMS), can substantially reduce the complexity of contractor workforce management. As a result, your executive managers can focus on higher-level tasks and strengthen their leadership qualities.

A well-established MSP that is responsible for managing the end-to-end process of temporary assignment fulfillment, including supplier performance management, invoicing, analytics, and program performance, can create business intelligence and efficiencies that enable organizations to make better decisions about contingent labor sourcing

and performance. Here are some details on MSPs, how they operate, and the specific process efficiencies and cost benefits they can bring to an organization.

THE ABCs OF MSPs

The world of contingent labor can seem like alphabet soup—VMS, MSP, IC (independent contractor), PST (paid sick time), PPACA (Patient Protection and Affordable Care Act or ACA, for short). And that's just the beginning.

Briefly defined, an MSP is a company that manages the performance of a group of staffing suppliers for the fulfillment of temporary assignments. MSP staff can either be located onsite at a company's offices or operate remotely. In either case, they are a dedicated team that provides subject matter expertise and management on the strategy of a client's contingent labor workforce.

The MSP will operate a VMS technology to manage the contingent labor program—the VMS provides an online solution to be used to manage temporary assignment requests, timesheets approval, reporting, and staffing supplier performance, such as how quickly they are able to fill positions. In effect, the MSP serves as a liaison for all of the company's temporary talent needs, with simplified billing and consolidated reporting.

There are many benefits to implementing an MSP. For example, they introduce cost savings in a number of ways. First, they help managers understand appropriate rates through benchmarking to ensure fair market value is being paid. An MSP can monitor, negotiate, and control rates across the company's preferred staffing suppliers. Further, an MSP can deliver contingent workforce reporting for spend visibility, overtime monitoring, and PO/budget tracking. Additional cost savings come through offering hybrid rates via private-label recruiting and redeploying proven performers from talent pools to increase speed to market.

Although the fundamental concept behind MSPs is not new, it has become especially relevant in the era of the "gig worker" and surveys that indicate contingent labor usage is growing. While Fortune 1000 companies that use contingent labor as a substantial part of their overall workforce have historically used MSPs, our own experience and recent trends point toward MSPs gaining in popularity among smaller and midsize companies that are attracted to the advantages MSPs bring in terms of transparency, analytics, consistency, and risk management. In addition, managers at these companies, who often oversee many different functions, can also increase their productivity because the MSP is working on their behalf to support the contingent labor needs.

MAKING AN MSP PROGRAM HAPPEN

There are generally four phases in the evaluation of an MSP program: development, implementation, execution, and enhancement.

Development entails the initial phase of corporate discovery to understand the company's needs and objectives, confirming policies and practices, establishing a project plan, implementing a timeline, and designing an appropriate program. Implementation involves the engagement of internal and external associates, the drafting of internal and external communications, the creation of training materials for managers, and the introduction of the MSP team to the company. The program execution phase involves managing electronic program screening and enrollment; providing qualified candidates; and processing weekly timesheets, payroll, and invoicing. Finally, the enhancement phase is marked by support for ongoing program adoption, providing reporting to support business intelligence, implementing proactive ways to improve the program and foresee upcoming business needs, and conducting quarterly business reviews.

During development, the MSP team will optimize three resources: people, process, and technology. Collaborative discovery sessions with client stakeholders will explore all areas of the contingent labor process. From financial approval practices to space and asset provisioning to invoice processing, the MSP team will gather information to design a comprehensive workflow for temporary assignment management. Solutions engineers will define what the company's existing processes consist of, conduct a gap analysis to identify inefficiencies or weaknesses, and then provide recommendations for an improved future state.

When the optimal workflow has been defined, the MSP will implement the appropriate technical solutions. To do this, it will determine what internal/external systems the company currently uses throughout its process of sourcing, matching, engaging, onboarding, and paying temporary resources. A deep understanding of applicant tracking systems, human resource information systems, IT/asset provisioning technology, and accounting/finance systems will play a critical role in ensuring that temporary workers are able to start assignments quickly and be productive contributors from the time they arrive.

Following the implementation phase, managers can work with MSPs in a very straightforward yet productive way. When a manager wants to hire a temporary worker, the MSP will begin by hosting an intake call to gather key assignment information and benchmarking the role. The MSP then posts the position in the VMS to approved staffing vendors, which submit candidates who are then screened by the MSP. The top candidates selected through this process are subsequently submitted to the hiring managers for their consideration.

After the managers review the candidates' qualifications, the MSP schedules interviews and the managers select the candidate they believe is the best fit for the position. The staffing supplier who originally submitted the candidate will make the offer and conduct pre-employment screening

> "Our own experience and recent trends point toward MSPs gaining in popularity among smaller and midsize companies that are attracted to the advantages MSPs bring in terms of transparency, analytics, consistency, and risk management."

and onboarding, while the MSP supports the manager in preparing for the candidate's first day. Once the staffing supplier confirms that the candidate has completed the onboarding process and provides the candidate with details regarding the first day of work, the assignment will start and the MSP activates the VMS work order to enable the worker to submit his or her weekly timesheet.

Although the traditional "MSP+VMS" model typically encompasses workforce requisitions and temporary worker selection, onboarding/offboarding, timekeeping and reporting, these programs can be enhanced far beyond the typical functions. Specifically, certain MSPs may also be able to facilitate talent life cycle technology and services, payrolling services, independent contractor compliance, and intern program design. Infusing modern recruitment strategies and cutting-edge technology can enhance the traditional MSP strategy to create further opportunities for cost containment and total talent management.

WHAT DOES IT ALL MEAN FOR MANAGERS?

Given all these services, managers can reap many benefits from MSPs, as they provide critical tools they need to become more productive, more focused on their core responsibilities, and more valuable to their organization.

An MSP enables the company to centralize all its needs into a simple workflow, allowing the manager to reach out to a single team for consultation, service, and system management. Managers are empowered with a greater understanding of where they are spending their money and how they are allocating their budget; they also gain predictability in hiring cycles, access to 24/7 reporting models, and independent contractor compliance. The MSP is performing essential—and time-consuming—tasks while

the managers are empowered to focus on the actual day-to-day work that needs to be done to meet their goals. An MSP fosters streamlined efficiencies with regard to billing, reporting, analytics, and measurements.

Another key value the MSP can provide is vendor management and optimization. To begin, a vendor program orientation can ensure consistency of process education and expectations, reducing the need to involve managers in routine program questions and improving overall program efficiency and effectiveness. Regular status calls with vendors, hosted by the MSP, can ensure timely communication of program updates and objectives, consistency of vendor and program messaging, and communication of program success and strategic goals. Vendor audits ensure adherence to contractual obligations, mitigate risk, and help identify areas of inconsistency. In terms of vendor program support, an MSP can also shoulder the program operational support burden, provide first-level support for program questions or challenges, and address staffing vendor payment inquiries. Finally, the MSP can facilitate vendor performance reviews to evaluate key performance indicators to drive continuous program optimization and identify supplier performance improvement opportunities.

Another hallmark benefit that MSPs offer is cost savings. By using an MSP, a company can leverage its collective buying power to obtain competitive rates that benefit the company holistically. The MSP can benchmark and control rates across the company's preferred staffing suppliers and monitor overtime to ensure cost containment. Separately, the MSP can deliver contingent workforce reporting for spend visibility and budget tracking. Managers also benefit from the redeployment of proven performers from the talent pool to increase speed-to-market, minimize training time, and boost productivity levels.

By leveraging a prepared and engaged group of staffing suppliers to identify new temporary resources, an MSP also reduces the time burden faced by manager executives and their staff who would be involved in performing these tasks themselves. Suppliers know they are competing against one another, which encourages faster response time and better-quality candidates. All temporary resource charges are submitted by the MSP via consolidated invoices, easing the payment processing burden for the client's accounts payable department.

EXPANDING KNOWLEDGE, SAVING COSTS, IMPROVING REPORTING

This list of responsibilities just scratches the surface of what MSP programs entail and how they can benefit companies and the managers who use them. The MSP can also ensure consistency across a variety of areas, including rates, compliance, and processes. Overall, it reduces risk and injects a greater level of visibility into the process of attracting and retaining quality talent.

According to Staffing Industry Analysts, a global advisor on staffing and workforce solutions, the utilization of an MSP and VMS can save a company a total of up to 12% to 15% in operations costs over the course of the first few years, spanning a wide range of areas, including automated onboarding, consolidated invoice and payments, and more.

all policies regarding onboarding, pre-employment and city and state guidelines, ACA compliance, and company-specific mandates such as tenure policies. In addition to ensuring that competitive rates are paid for talent, the MSP can ensure that temporary workers are being paid as W-2 employees. Beyond this, when necessary, it provides enhanced visibility and worker compliance and ensures that certifications are in place.

The MSP's compliance monitoring activities will include key legal areas, including pre-employment screening, paid sick leave, and ACA compliance. With regard to the first of these areas, the MSP will ensure that staffing suppliers process pre-employment screening according to the FCRA (Fair Credit Reporting Act) and specific client guidelines, including areas such as employment verification, education verification, criminal background checks, credit checks, and pre-employment drug testing. As for the second area, staffing suppliers must administer a sick leave policy that complies with applicable statutes, regulations, and ordinances as required by state and local mandates. Finally, the MSP will audit for supplier compliance with ACA regulations; temporary workers who meet medical insurance eligibility criteria and elect to participate in medical plans must be offered coverage of a certain quality and may qualify for an employer contribution made by the supplier to comply with ACA cost-sharing guidelines.

"The MSP can additionally bring ideas to managers, speeding up the overall process, facilitating the training process, and enhancing productivity."

And because MSPs are capable of national reach, they can identify your enterprise-wide talent requirements and seek to fulfill these in a strategic way that accommodates geographic and department nuances by engaging local and national staffing suppliers that are experienced in recommending candidates for niche staffing areas.

The ability of the MSP to assist with reporting allows visibility into a number of areas. By serving as an innovative partner, the MSP can additionally bring ideas to managers, speeding up the overall process, facilitating the training process, and enhancing productivity. These advantages are especially important in light of the tight U.S. job market, in which many companies are vying for a relatively short supply of qualified workers.

Another major advantage of working with an MSP is that it ensures a company will remain in compliance with employment laws regarding its temporary workforce. The MSP will require staffing suppliers to be compliant with

For all these reasons, engaging the services of an MSP can be a smart way for companies to not only handle the complexities of the contingent workforce but also empower their managers with important quantitative and qualitative information to help them perform their jobs more efficiently. And perhaps the most important part is providing managers with the quality time they need to help improve themselves and their companies. An MSP enhances the visibility of the company's contingent workforce operations—after all, you can't fix what you can't see, and an MSP functions like a microscope—finding visible (and invisible) challenges and identifying ways to turn them into successes. AQ

Rebecca Cenni-Leventhal is CEO and founder of Atrium, a staffing and contingent workforce solutions firm that offers clients a consultative and personalized approach to their talent management needs. Atrium services high-profile startups, midsize companies, and Fortune 500 companies in nearly all industries.

BUILDING A SUSTAINABLE, VIBRANT
CORPORATE CULTURE
FROM THE GROUND UP

BY SUSAN SMITH KUCZMARSKI, EdD, AND THOMAS D. KUCZMARSKI

Organizational culture can be extremely hard to change.

Not only is it difficult to define something so intangible, but it can be challenging to identify the appropriate steps to turn a desired culture into a reality.

Culture can mean different things to different people. For some, it has to do with how employees communicate with each other. For others, culture is about the look of an office or how their company views work-life balance. For Brian Bannon, CEO of the Chicago Public Library, "Culture is the combination of the attitudes and mindsets of the people and partners that help us contribute to fulfilling our mission. People who work here, even though we are a large legacy institution, are here because of a strong sense of mission. Lives have been changed through our work."

Culture—both in nonprofit and for-profit organizations—has a direct effect on an individual's productivity and motivation. However, for some reason many companies don't take the time to assess and analyze their culture to see how it can be improved or better tailored to their organizational vision and goals. Most teams or organizations have never written down how they go about their work, interact with others, organize, reach important decisions, or select and care for their employees. Yet we all have this detailed knowledge within us. Each of these examples and more are components of an organization-wide culture, and we share a general understanding of it without thinking or talking about it directly.

WHAT IS CULTURE?

Culture is the shared knowledge that tells us what is important (values) and how to act (norms) in a particular environment or setting. A group's culture tells its members what they need to know so that others within the group will accept them and support their actions. This specific "cultural information" is developed and learned within the group. It enables members to read the behavior and events that they observe and better relate to others. When employees don't carry the same cultural information, watch out. One can see the conflict coming from around the corner. Culture must be developed and shared from the ground up.

It takes time to learn and understand the cultural details of any group or organization. A culture is powerful and pervasive, but extremely subtle as well. Organizations, much like individual countries, form unique cultures. In fact, the culture of each organization is different and unique. Amanda Lannert, CEO of Jellyvision, talks about having a quirky culture. Every new employee gets a standing ovation at the end of his or her first day on the job. Lannert says, "We know it is awkward, and we know you're scared, but we want you to know we're glad you're here."

While culture can be created based on intent and design, too often it develops unconsciously without a concerted effort or focused vision for what its members want the culture to become. Forming a culture involves developing and sharing a common set of beliefs (values), norms (behavior guidelines), attitudes (points of view), goals (plans for the future) and information (detailed cultural knowledge). That's why culture needs to be consciously cultivated by every member of the organization—all the way from the CEO down to the lowest-level employees. It must be a collective effort of all the people who work there.

THE DIFFICULTIES IN CHANGING CULTURE

The benefits of creating a shared and collaborative culture are significant. Once achieved, it creates a sense of belonging, and employees feel that what they do is important. It generates more cohesion among team members and aligns everyone along the commonly agreed upon values and norms that have been set.

So why exactly is culture so difficult to change? We have discovered five reasons over the years that make it hard to alter:

- **It is a human endeavor.** People are inherently resistant to change in all aspects of life, and corporate culture is no exception.

- **It is in our heads and our hearts.** It requires a balanced connection between our logical reasoning and our emotional feelings, which can be challenging.

- **It arises from shared knowledge and behaviors.** Getting everyone in the organization aligned on accepted values and norms can be a very difficult task.

- **It is self-reinforcing.** The longer a system or culture is in place, the more difficult it will be to uproot the status quo and make significant change.

- **It is a powerful, invisible force.** It can be difficult to draw attention to the intangible and convince people of the value brought by an improved culture.

MIRRORING CULTURE VS. TRANSFORMING CULTURE

Mirroring is the process of becoming part of a culture by living the group's values and practicing the group's norms again and again until the behaviors are finally automatic and habitual. It enables the culture of the group to solidify and grow over time. For this to occur, team members watch carefully and listen intently to the spoken and unspoken signals that individual members use to interact with each other. Once they have observed the rituals of the group, they begin to mirror or imitate the behaviors they have observed until they become second nature. In this way, they learn and adapt to their particular team or organizational culture's

> "Culture needs to embrace the values of all employees—not just the values of a few people at the top."

uniqueness, peculiarities, and eccentricities. Mirroring can be a great tool for new employees to quickly become better acquainted with a culture.

Unfortunately, most traditional leaders want their employees to mirror the existing corporate culture rather than participate in transforming and evolving it. Culture needs to embrace the values of all employees—not just the values of a few people at the top. We often see that senior executives want employees to merely observe and imitate rather than filter, enrich, and interact with new cultural information they receive. Under this scenario, the sparkling insights and perspectives of other employees and members don't have a chance to develop and be added to the team culture. Instead, members become engrained in the habit of mindlessly adopting the current cultural norms. These are the types of places where you'll often hear questions from an employee like "Why is it done that way?" or "Why didn't you include me in that decision?" or "Why aren't people willing to try that unique idea?" The typical response is, "Because that's just the way we do it around here."

Many of us have experienced authoritative corporate cultures where employees have learned that no one should ever say anything "negative" at any time. Meetings become show-off times, where employees or team members only report positive news—how much revenue has been brought in or how many points scored in sales commissions. But the downside of this type of culture is that there are no opportunities to express doubts, brainstorm, try out new ideas, or express more than a very narrow range of emotions.

Sharing a mistake and what was learned from it would not fit into this corporate culture. Such expressive behavior is considered inappropriate, not to mention the vulnerability associated with sharing a failure. Employees had to learn this cultural norm through experience and trial and error. An individual's natural way of expressing creative ideas, doubts, and thoughts may have regenerated the culture or helped it evolve in a positive way, but he or she was encouraged to mirror this negative norm and not alter the status quo. The norm created a negative feedback loop that only worsened the situation.

Why shouldn't employees have a say in the norms and values of their culture? If we close ourselves off to their input because they're just "new" or "young," we disempower them with the belief that their values aren't important to the rest of the organization. The culture of a company should include the desired norms and values of all its members. If you think this is way above the heads of younger or newer employees, ask some of them what their values are. You'll be pleasantly surprised by their insights.

SETTING CULTURE UP FROM THE START: THE RED FROG PERSPECTIVE

Chicago-based Red Frog Events is an award-winning event production company. Its incredible growth is due, in part, to the care and maintenance of a rare and strong culture. Having a defined culture helps the company hire employees, measure success, and guide business strategy. We learned in our interview with its two co-founders, Ryan Kunkel and

"While it is crucial to set up and devote considerable time to a start-up culture, leadership must be mindful and ready to update the values, norms, and tenets periodically as the culture evolves."

Joe Reynolds, that from the beginning they focused on crafting an innovative culture.

They carefully created and set in place a visionary document called "The Red Frog Way" which states: "We boldly agree to make a positive impact on the world, be the crown jewel of our industry, and stay healthy and thriving for 100+ years. Bringing this vision to life takes passionate people and a shared way that unites us. We call it our 'Red Frog Way,' and it's the secret sauce that leads us onward and upward."

They support this cultural vision with six shared values, which are posted on Red Frog's website:

• **Heart.** It begins with kindness at our core.

• **Grit.** With resilience and contagious optimism, we push forward.

• **Entrepreneurial spirit.** Ask "why." Dream big. Dive in. Make mistakes. Repeat.

• **Red Frog Proud.** Those soak-it-in moments when it all comes together.

• **Frog Family.** Road trips, growing pains, occasional cry laughs, and not letting each other fail.

• **Individuality.** We celebrate it.

Importantly, as the company grows and employees develop, the culture needs to be routinely reexamined and tweaked. The two co-founders stressed, "It is a misconception that you can achieve a good culture and move on. Culture-building ebbs and flows, evolves, reacts and adjusts continually. The vibe we have today shouldn't be the vibe we have five years from now. You are going to have different personalities and skill sets, and the workplace has to display this evolution."

We strongly agree. While it is crucial to set up and devote considerable time to a start-up culture, leadership must be mindful and ready to update the values, norms, and tenets periodically as the culture evolves. Otherwise, the organization risks outgrowing its culture and creating a discrepancy between how the culture used to operate and how it should today.

The secret to Red Frog's innovative culture has been to cultivate leaders at all levels and empower each one to fan the company flame. According to Reynolds and Kunkel, "We both have very high standards. We expect a lot but we give a lot in return. We genuinely care about each person and fight hard to make the right business decisions to support them as individuals, empowering them to make decisions and identify with our company's strategy and goals. When they have a bad day, we always try to make it right."

There you have it! These two remarkable co-founders are examples of people leaders in action. They treat others as individuals; recognize their strengths, likes, and dislikes; listen to others' ideas; and nurture a sense of trust and inclusivity.

Your team or organization's culture needs a good-sized "pot." There must be room for each member's unique and personal ideas and contributions. Employees want to feel valued and have the opportunity to proactively contribute. Examples include: "Let's all play a role in marketing the firm." "Let's launch an effort to become more community service oriented." "Let's take one day during the week to do something totally creative and different after work." If employees are involved in "cooking up" their organization's culture, then heartier, healthier, and more vibrant relationships are sure to simmer for everyone to enjoy.

Know that your work culture will be an ever-changing, always transforming creation—especially if you have lots of chefs. Decide on the ingredients together. Mix them up. Experiment. Don't forget to pour in large measures of essential ingredients like equality, ownership, accountability, encouragement, shared leadership, humility, inclusiveness, service, respect, and creativity. Toss in a lot of humor too. These will always make for hearty relationships. Warm them up, and enjoy! A sustainable and vibrant work culture can serve its members for a lifetime. AQ

Susan Smith Kuczmarski, EdD, and Thomas D. Kuczmarski speak on the topic of leadership and innovation around the world. They are the authors of 10 books, including Lifting People Up: The Power of Recognition *(Book Ends Publishing, 2018). They have taught at Northwestern University's Kellogg School of Management, and are the co-founders of Kuczmarski Innovation.*

Grounding Helicopter Parents, and Helping Their Kids (and You) **FIND GRIT**

BY COLONEL JILL MORGENTHALER

There is a societal challenge facing today's managers: Helicopter parents have raised fragile, brittle, and breakable children—the opposite of resilient—who are now young adults in the workplace.

As a result, managers must understand what a helicopter parent is and how to build resiliency in the survivor of one.

The military, hiring managers, youth sports coaches, high school teachers, and college administrators have one thing in common. These professionals are likely to have encounters with helicopter parents. These are the parents of our Millennials and Generation Z children. This type of parent takes over the responsibility for their child's experiences, successes, and failures, and in turn raises a child without "grit" or the resolve to succeed. The children who were unable to solve problems without adult interference have grown up and now are a part of our workforce. How do you manage the helicopter parents of your employees? How do you help these employees find their "grit" and resolve the problems they face every day in the workplace? And how do you find the grit in yourself?

HELICOPTER PARENT ON THE FRONT LINES

In 2004, a year of attacks on the Green Zone, convoys, and in Fallujah, I was sitting at my desk in charge of all public affairs for the commanding general. I was informed that I had a telephone call from a sergeant major in Kuwait. I assumed it was about embedding the media with a combat brigade. I took the call. I was wrong. He explained that he had in front of him a mother who had traveled from the United States to Kuwait and now wanted to enter Iraq and go to Fallujah to see her son, a young Marine. The sergeant major had tried to explain to her many times, "Civilians cannot go into Iraq. We are at war."

She would not hear his "no." Desperately, he called me, the only colonel he knew how to reach in Baghdad. He requested that I try to talk some sense into her. I said, "Sure. Put her on the line." I explained to her that her son was an adult, a warrior, and a Marine. I told her that she would be a huge embarrassment to him, that she would undermine him as an adult, a warrior, and a Marine. She said, "No, no, no," and I said, "Yes, yes, yes. This is war and your presence would be the worst thing that could happen to him. Now, go home." And I hung up.

A few months late, one of my soldiers informed me that a Marine corporal wanted to talk to me. That was strange. Corporals usually avoid colonels. I said OK. I had an open-door policy.

A young Marine came in and stood at attention and smartly saluted me. And then he said, "Ma'am, I understand that you spoke to my mother."

"Oh, that's who you are—the Marine in Fallujah."

"Yes, Ma'am."

"Yes, I did."

"Thank you, ma'am, for sending her home."

"Ah, you're welcome."

As he smartly saluted and turned to go, I added, "I understand why you joined the Marine Corps and ran away to Iraq."

"YES, MA'AM!"

I have learned since that experience in 2004 that I had interacted with a helicopter parent. These parents are hyper-involved in their kids' lives and hold their hands through every stage of growing up, whether the kids want them to or not.

SIGNS OF HELICOPTER PARENTS

Psychologist Ann Dunnewold, according to MomJunction blogger Rebecca Malachi in her article "8 Warning Signs Of Helicopter Parenting And 5 Adverse Effects On Your Child," calls helicopter parenting overparenting, which means over controlling, over protecting and over perfecting a child's life.

As a mother of two Millennials, I wondered if I was a helicopter parent—if I was too involved in my son's homework when he was in middle school. I'm glad to say that as I examined the eight warning signs Malachi shares about helicopter parenting, I did not recognize these traits in myself and have not demonstrated any of them:

1. You negotiate for your child's conflicts.

2. You do their academic works.

3. You train your child's trainers.

4. You stick with your kids even if it is a short walk away.

5. You hold the responsibility for all your child's house chores.

6. You shield them from failure.

7. You don't allow them to tackle their problems.

8. You don't allow them to make age appropriate choices.

According to Malachi, if you find yourself nodding to most of these practices, you might want to move away from your helicopter parenting style and permit more autonomy and risk taking. In her MomJunction article, Malachi states that there are four reasons parents fall into helicopter parenting and hinder their children from becoming full-fledged adults:

Fear. You fear your child's possible failures. You think you can shelter them from disappointments in life. Unfortunately, your fear can lead to their low self-esteem, anxiety, lack of coping skills, and overall unhappiness.

Anxiousness. Your anxiety about a child's career, the economy, and the world in general can cause you to overprotect. Malachi quotes Dr. Carolyn Daitch: "Worry can drive parents to take control of their children to keep them from being disappointed or hurt."

Overcompensation. Parents who were neglected, ignored, and unloved as children try to ensure their own children do not feel that way. They pay excess attention and monitoring to counter their own neglect.

> "A study by Angela Duckworth found that the cadets at West Point who were most likely to succeed were not necessarily the smartest ones or the fittest ones. What they had was grit—the resolve to succeed no matter what."

Peer pressure. Micromanaging parents may influence other parents to overparent. All parents feel at one time or another that they are bad parents. When they witness other parents being excessive, they feel guilt that they are not.

Writing in the Huffington Post, Anna Almendrala says, "While most parents start scaling back their involvement when children head to college, helicopter parents ramp up support. The worst examples of helicopter parenting include previously unheard-of behaviors like parents attending their adult children's job interviews or calling college professors to argue over a grade. Meanwhile, their kids emerge from childhood without basic survival skills like how to cook, clean, or do their own laundry."

CONFRONTING HELICOPTER PARENTS

As a leader or manager, how do you handle the helicopter parent? You have three real choices—what I call "the three I's." As you look at your work culture, decide which is best. The most important point is not to blame the recipient/child of the helicopter parent. He or she may be embarrassed by the over-possessiveness.

The three I's for handling the helicopter parent are:

Impede. Forbid, ban, or block the parents from involvement. This is what I did for the young Marine. Involvement and interference were not permitted. A friend of mine who manages a team of Millennials found that one young man had trouble making decisions because he was not allowed to do so as a boy. At the workplace, he called his mom. The manager asked him why. She then patiently explained that this parent probably knew less about the situation than the young man did. She worked with him on decision-making skills. Another friend of mine, a human resource manager, had parents call in about their children's job applications. She firmly explained that she had found that applicants whose parents call in are less serious about the job than applicants

who contact her directly. If they pressed her, she read them the privacy regulation.

Inform. One way to preempt the parent is to have information sheets, "frequently asked questions," and other materials ready to email to them. An FAQ may satisfy parents' common questions about hours, pay, application timeline, vacation days, dress code, and so on.

Involve. Embrace the interaction. Have a "Bring a Parent to Work Day," where parents can learn about the mission, environment, and responsibilities. If your organization has a nonprofit foundation, enlist the parents' help. My husband's company volunteers at Feed My Starving Children and recruits parents, spouses, and children to help out.

Don't hold helicoptering parents against the candidate or the employee, as they are unable to control how they were raised and the actions of their parents. Instead, find ways to strengthen their weaknesses that were brought on by helicopter parenting.

HELPING CHILDREN OF HELICOPTER PARENTS FIND THEIR GRIT

I define grit as courage and resolve, or strength of character: "She displayed the true grit of a navy pilot."

One impediment to acquiring grit is a lack of training in resilience. The children of helicopter parents may lack training in resilience because they have never faced true conflict without the interference of an adult. The characteristic that helps get through the unknown is grit: courage and resolve and strength of character. A study by Angela Duckworth found that the cadets at West Point who were most likely to succeed were not necessarily the smartest ones or the fittest ones. What they had was grit—the resolve to succeed no matter what.

It explains my success in the military. I often was in the top 10% of a class but rarely the top student. I was physically fit, but by no means an Olympic athlete. Where I differed

from others is that I never backed down from an obstacle. I succeeded where others quit because I faced the tasks with a stubbornness to never surrender and a passion based on knowing that I came from a long line of soldiers.

I was not born with grit. However, my parents raised me to know that when I started a project or a class, I could not quit until it was over. In seventh grade, I signed up with my brother, Jeff, for judo classes. I was proud to be the first girl to take the class. My pride lasted for the first five minutes of the class! The instructor was a huge guy and a mean teacher. He loved to literally toss us around like little beanbags. By the third class, I wanted out of there. "Not an option," said my dad. Instead, he worked with Jeff and me to perfect the proper fall. Fortunately, after eight weeks, the program was over, and I knew how to land without knocking the breath out of my body.

My dad was teaching us grit—the resolve to make it through, regardless of the obstacle.

Here is an acronym to help you and your employees find the GRIT to get through your trials and tribulations:

Greet each day, each obstacle, with "Times are tough, I am tougher." I ran Homeland Security for the governor of Illinois. Unfortunately, like many Illinoisan governors, he went to prison. I was tainted dirty as well. I could not get a job interview, let alone a job. I knew it was time to be resilient, creative, and positive. I realized that I had developed a great reputation as a speaker, so I reached out to organizations that had heard me speak. I started to blog on leadership. I realized I had a story to tell and it might make a book. I repeated my mantra, "Times are tough and I am tougher." I also started every day with "I am meant to grow!"

Remove quitting as an option. "Never give up—never surrender!" is another favorite mantra. With a mortgage and two teenagers depending on me to bring home some bacon, I knew that rolling over and giving up was not an option. Every day, I did something to find a job and develop my speaking expertise. Remove the option of quitting and you will be more resourceful.

Invest in what you need to tough it out: time, resources, training, and people. When you face a problem, have you taken the time to figure out what you need? Do your own brainstorming. Don't be shy about asking for help. Apply the wisdom of others. Quitting is not an option, neither is being frozen in place. Do something to go forward.

Take charge of your goals. You have talents and you have purpose. Lead your life. Don't let life happen to you. As Alan Kay, chief scientist at Atari and formerly a member of the research organization Xerox PARC, once said, "The best way to predict your future is to create it."

FINDING THE GRIT IN OURSELVES

Before you can help your employees find their grit, you have to find it in yourself. The benefit of finding the grit in ourselves is that it gives us the resilience to face whatever life throws at us. Resilience is something we all have. Andy Molinsky, professor of organizational behavior at the Brandeis International Business School, argues in his 2017 *Harvard Business Review* article "You're More Resilient Than You Give Yourself Credit For" that we can better leverage the resilience we already have.

Molinsky says that to understand where your grit comes from, understand these three facts: We're braver than we think; we are more flexible than we think; and the situation is not as bad as we think.

We're braver than we think. I have a fear of heights, and yet when my family and I went to Hawaii, I really wanted to soar above the jungles and waterfalls. So I signed us up for ziplining. After we were buckled into our harnesses and given instructions, the guide asked which two people wanted to go first. My son and I raised our hands. My husband looked startled. I felt ill on the platform and my son was excited. I knew I could not be a scaredy-cat in front of my children. As he stepped off the tower, I took a deep breath in, and he did, too. We soared!

We are more flexible than we think. Life has knocked us down and we have picked ourselves up—since babyhood. Simply remembering we can adapt and adjust can prepare us to face the unknown or unfamiliar.

The situation is not as bad as we think. As an emergency manager, I have trained for the worst-case scenario, but I don't expect the worst case. Being optimistic and seeing life as a learning process permit your mind to operate instead of freeze. Planning gives you choices, and if it turns out to be the worst case, you are already mentally prepared to cope.

When you face a difficult situation, stop to think about the resources you have at your hand. The Internet, library, mentors, colleagues, family, and friends can provide solutions, ideas, guidance, and support. Grit is the secret ingredient that helped me succeed where others quit. Anything you want to achieve, you can. Just dig in to that side order of grit and grin through it. And you can help the children of helicopter parents soar on their own too. AQ

Through the understanding of different cultures that make up today's workforce, Colonel Jill Morgenthaler (U.S. Army, retired) has given her personal and professional experiences to help her audiences find strategies and the true GRIT that they need to make their home and workplace a success. Colonel Morgenthaler was in the experimental class where the Army tested to see if women could lead men. She was the first woman battalion commander in the 88th Division and the first woman brigade commander in the 84th Division. She received the Bronze Star in Iraq, and the Legion of Merit for her leadership. She is the author of The Courage to Command: Leadership Lessons from a Military Trailblazer *(McGraw-Hill, 2015).*

The Human Center of DESIGN THINKING

BY MICHAEL ROBERTO AND
LORI COAKLEY

We marvel at the pace of technological advancement these days. Discussion centers on the remarkable potential of artificial intelligence, robotics, virtual reality, and more.

Managers would be mistaken, however, if they underestimate the continued power and importance of achieving a deep understanding of human behavior. No matter the technology, the most successful product and service innovations will hinge on the ability of managers to comprehend the needs, frustrations, and pain points of customers.

Managers will fail if they embrace a technology as a solution in search of a problem, as a hammer in search of a nail. Successful innovation begins with the discovery of human problems that cry out to be solved. The best managers then seek out the appropriate technology to alleviate that human pain point. In too many cases, companies march out a new technology that has neat bells and whistles but does not solve a real problem for customers. Thus, the consumer does not place a high value on that innovation, and it fails to gain traction in the market. Companies want to be nimble and agile, but rolling out new products that don't meet customer needs only wastes valuable time and resources.

For this fundamental reason, design thinking's human-centered approach to innovation will have a central place in many organizations moving forward, no matter the technologies that they embrace and pioneer. Yes, Big Data, algorithms, and the like will help us understand customer behavior. However, data will not always tell us how and why people behave the way they do, or how people behave in ways that they are not even fully aware of. The data may not tell us

why people chose not to purchase our product or how they developed a makeshift workaround because the product did not serve their complete needs.

The design thinking process begins with a complete immersion in the user experience and a development of empathy for the customer. By focusing on the human element, the tools and techniques of design thinking enable managers to appreciate the frustrations of their customers. Through that deep understanding of human behavior, organizations can develop innovative products and services that actually solve a real problem for customers.

SOLUTIONS IN SEARCH OF PROBLEMS

Consider an example of a company's contrasting results with two new product launches. Keurig achieved remarkable success with its line of coffee makers. Why? The Keurig system solved a series of customer problems. Many households consist of individuals who enjoy different varieties of coffee. The pods enable a person to make a cup of coffee customized to his or her tastes. Moreover, the Keurig means less waste, as you don't have to make an entire pot of coffee simply to enjoy a cup or two. It provides more speed and easier cleanup too. In short, the traditional coffee maker frustrated customers, and the Keurig system alleviated those pain points.

Several years ago, the company launched the Keurig Kold system to enable customers to make soda using a similar pod system. It proved to be a debacle. No one wanted it. Why? What problem did the machine solve for consumers? If you want speed, convenience, no cleanup, and the ability to tailor soda to each household member's tastes, you simply purchase a variety of 12-ounce cans of soda at the store. Done! Keurig failed in this effort to innovate because it wielded a hammer in search of a nail. It started with its technology and searched for a market application, rather than beginning with a deep understanding of human behavior.

WHAT'S WRONG WITH SURVEY DATA?

Many firms apply analytical techniques to large datasets to analyze customer behavior. They conduct focus groups and large-scale surveys, for instance, or they assess likes on social media. Why might these techniques fail to produce a complete and accurate understanding of consumer needs and behavior? Unfortunately, as Margaret Mead suggested years ago, "What people say, what people do, and what they say they do are entirely different things."

One example is when a doctor asks her patient how many glasses of wine she drinks per week. If the amount is more than socially permissible, or what her doctor desires her to drink, she will provide the answer that will make her look

best to her doctor. If an employee is asked for feedback regarding a new employee performance system that is the boss's brand-new initiative, no matter what the employee may think, she will say what she believes the boss would like to hear, regardless of whether or not she ever plans to use the new system. The presence and influence of others around us causes us to describe our behaviors more inaccurately than what we normally do. Hence, these traditional methods of understanding customers' needs, such as surveying thousands of customers and dissecting the data in myriad ways, fall short.

To really gain a deep understanding of human behavior, managers need to move away from surveys and become ethnographers, putting themselves in the shoes of customers in their natural environments. They must assess how users interact with their products or services, as well as why they choose not to use or purchase them. Managers need to pay close attention to workarounds—the makeshift solutions that customers design to address their unmet needs. Designer thinkers watch what people do, rather than simply paying attention to what they say. The design thinking process employs the methods of anthropologists to gain empathy for the customer. Design thinkers observe people and interview them in their natural environments, and they even go so far as to "walk a mile" in the customer's shoes at times.

WHY WE STRUGGLE TO EMPATHIZE

Unfortunately, people struggle to gain empathy for customers for three fundamental reasons. First, we often have long-held assumptions about what customers want and need. These strongly held beliefs cloud our judgment and impede our attempt to learn about customer behavior. Second, we rush to solutions before we have conducted thorough research. As soon as we begin to see customer problems or frustrations, we immediately jump to solving that issue rather than learning deeply about the customer's current experience. Third, managers frame projects too narrowly, and thereby miss opportunities to learn about and enhance the complete customer experience. How you ask the question matters. If you ask a highly specific question, you examine only that aspect of customer behavior and fail to notice other fundamental reasons why people are disappointed in your product or service. In short, many new product launches fail not because we fail to collect enough data about customers, but because we do a very poor job of learning about their actual experience, pain points, and desires.

For example, in a project to enhance the resident experience at assisted living centers, researchers noted that some residents didn't leave their rooms much at all. They initially assumed that residents wanted better activities and games. They presumed that people would be more likely to leave

their rooms and socialize with others if the center's staff organized more interesting events. These preexisting beliefs shaped what researchers paid attention to during their initial attempts to examine resident behavior.

In fact, as many of us do, they initially found themselves looking for data that confirmed what they already believed about the centers and their residents. However, further ethnographic research revealed that residents felt a powerful loss of identity and purpose when they moved into an assisted living center. These feelings affected their mood and desire to get to know fellow residents. The games and activities were not the problem. Researchers shifted their focus to the transition process for the residents once they let go of their initial assumptions.

Truly empathizing with your customer begins by observing your customer with a beginner's mindset, paying careful attention and minimizing the urge to "see what you expect to see." Observations are then coupled with interviews that do not begin with leading questions, but probe deeper into understanding customer behaviors and asking "why" when inconsistencies emerge between what is said and the behavior observed. When we gather the puzzle pieces first, then put the puzzle together, greater insights will be gleaned from understanding human behavior. These insights can result in transformative innovations that resolve our customers' frustrations, address their needs, and provide them with a product or service they desire, perhaps even a product that they are not yet aware they need.

If we take the time to solicit feedback from our customers, and observe their pain points and frustrations, it is important to resist the urge to develop a solution prematurely. Consider a project aimed to enhance coffee shop experiences for customers. Initial research might reveal customer frustration with the mobile ordering process. For instance, customers may complain about the confusion at the counter as people mistakenly take others' drinks. A rush to solution generation may cause the coffee shop managers to focus their attention on redesigning the labels on the coffee cups. Managers might jump to the conclusion that larger lettering on the cup would make people's names easier to see.

However, that approach may not alleviate all customer frustrations. Since the cups are placed in a crowded tray, the labels are completely obscured from view in many cases. Larger lettering does not solve the problem. A better understanding of the end-to-end mobile ordering process might reveal a more complete picture of customer pain points and frustrations and lead to more holistic and desirable solutions. As it turns out, people become very frustrated when others touch their drinks in an attempt to read the labels. Moreover, the attempts to curry favor with mobile order customers causes the shops to create a less desirable experience for customers who walk in to order from an employee at the counter.

By not rushing to solution generation, we might learn that some customers order coffee in multiple ways—sometimes on their phone, on other occasions at the drive-through window, and still other times in the café itself. Why and how do they choose these different options? How do they think and feel in these different situations? Some customers might prefer the café experience but opt for mobile ordering only out of some dissatisfaction or frustration that could be addressed in the store. Rushing to solution generation after hearing initial customer complaints often leads to suboptimal results. Empathy for all customers, with their varying needs and pain points, leads to better holistic solutions.

Lastly, when managers frame questions and projects too narrowly, they often fail to notice important aspects of customer behavior. Selective attention becomes a problem. We notice that which we have been directed to pay attention to, and we thereby miss elements of customer behavior and experience that are crucial to our company's success. Consider when Apple launched the iPod. If they had simply focused on how to create a better MP3 player, they might have developed a great device for listening to music but would have missed the frustrations and pain points customers were experiencing with regard to purchasing and organizing their music. Defining their project and their questions in a broader fashion enabled Apple to examine the end-to-end customer journey with regard to buying and listening to music. The integrated iTunes/iPod solution emerged from that ability to empathize fully with the user.

PRESERVING THE HUMAN ELEMENT

There are many benefits afforded to organizations from the vast array of technological advances that have occurred over the past decade. Managers now have access to endless information regarding such patterns of behavior as customer buying preferences, where their attention may focus from the time they enter a store until they leave, or what time they prefer to conduct their online shopping. However, if, as managers, we fall into the trap of assuming we deeply understand our customers' needs and frustrations by solely examining data-generated charts and graphs, we limit the potential to create opportunities for our customers—new products or services—they may only be dreaming about that fulfill a human-centric desire that has yet to be imagined.

Moreover, if we fall in love with our technology but offer solutions that do not solve real human problems, then our innovations will never gain traction in the marketplace. AQ

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Work Hard, Play Harder

How and why you should build a corporate culture with play at the core.

BY ELIZABETH CUSHING

Google recently explored its own practices to identify key indicators of employee engagement and effectiveness. Google's Project Aristotle found that successful teams shared two key characteristics. First, they found an equality in dialogue, meaning the distribution of "talk time" happened naturally instead of hierarchically. Second, team members had a higher-than-average ability to read one another's emotions based on facial expressions.

In my experience, the best way to create an organizational culture that supports both of these indicators is to bring play into the workplace. Play permeates our culture at Playworks, which I believe has helped us

to navigate challenges and opportunities over the past 22 years.

It pays to play at work

Organizational culture is the sum of the values and behaviors that contribute to the unique psychological and social environment of an organization. Playworks partners with elementary schools to build healthy school cultures through play. This year we will reach 1.25 million kids at 2,500 schools through our efforts. Researchers have closely evaluated our impact and play's extraordinary ability to bring out the best in kids. Less visible is how play brings out the best in our staff.

The same programming that we bring to kids—the same emphasis on play as a tool for promoting trust and rapport—is an important part of how the Playworks staff interacts in the workplace. For example, we have a foursquare court in our office where staff can play when they need to take a brain break. Getting out from behind our screens to play together helps us practice greater empathy, better understand our peers, and sharpen our social and emotional skills. "It Pays to Play," a report by BrightHR, explores the benefits of corporate play in a three-generation workforce and how having fun trickles down to productivity. The study revealed that playing at work

not only motivates individuals as they feel a greater sense of purpose in their companies but also strengthens skills and teamwork, decreases stress, positively transforms office morale, and creates a baseline of emotional safety.

Corporate social responsibility is shifting

The 21st-century civil rights movement is changing corporate social responsibility. Not only are companies taking a stand on societal issues, such as climate change, sexual harassment, gender pay equality, and gun violence, but they're now refocus-

handle mistakes. Through playing, our leadership is also able to articulate and model our organization's expectations, philosophies, and values.

In addition, we offer a number of opportunities for our corporate partners to engage in socially responsible hands-on projects that benefit their employees and their communities. For example, we host playground beautification days in which companies help to design and build customized neighborhood play areas for kids at local schools. Our Corporate Play Days provide opportunities for individuals and teams to coach recess and play

Icebreakers. Icebreakers, such as the check-in questions mentioned above, are effective and fun ways to quickly build community among co-workers. These games can be used to learn names and personalities at your next onboarding event, discover pleasantly surprising commonalities, or just take a quick break from the daily routine.

Minute moves and energizers. Minute moves and energizers are short, simple games used to effectively energize the office. Games such as Indoor Marco Polo and Hot Potato boost company morale and increase overall productivity. These games don't require everyone to participate, making them perfect for opening up a meeting or taking a quick stretch during the day.

Cooperative indoor games. Cooperative indoor games, such as Tic-Tac-Toe Toss and Charades Relay, are focused on providing great opportunities for team building and having fun. These games range in complexity and style, so choose one that best suits your office and occasion. Friendly competition among colleagues makes for a fun time and lasting memories.

A recent Playworks survey reports: 98% of participants think play brings people together, gives individuals a brain break, and fosters creativity.

ing on the health and well-being of the heart and soul of their brands—their employees.

Studies show that employees who feel valued are more productive and work better together. And companies that authentically support their employees' professional, social, and emotional needs have higher retention rates. According to a recent survey Playworks commissioned on behalf of US Bank with adults not affiliated with either brand, 98% of participants think play is valuable for adults, as play increases physical activity, brings people together, gives individuals a brain break, and fosters creativity. The same survey revealed that nearly two in five Americans say they would ideally like to participate in active play at least once a day, but 38% report financial stress prevents them from engaging in playful activities.

At Playworks, we walk our talk. As the president, I am aware that how I show up to play has an enormous impact on how I am received as a leader. Our staff watches how I pay attention, how I work with our teams, and how I

alongside kids on the playground. Many of our regional offices also host Corporate Kickball Tournaments for companies to compete in teams to help raise awareness and funds to provide kids with opportunities for safe and healthy play while having fun themselves.

Try playing in the office

At Playworks, we start every meeting with a random question. Check-in questions—such as "What was the first concert you attended?" or "What celebrity would you be friends with and why?"— remind us of our shared humanity and the three-dimensional nature of our lives. They also give individuals opportunities to practice sharing and presenting to teams. And, throughout meetings, we facilitate playful improvisation activities to foster collaboration and creativity. Doing so enhances the brainstorming process and ultimately allows us to problem solve, develop, and test ideas in a safe, healthy, and engaging way.

Our Corporate Playbook offers examples of office games to try in these four categories:

Cooperative outdoor games. Get some fresh air and take a break from work with cooperative outdoor games, including Sardines and Relay Lock Race. These games can be played during a longer office break or incorporated into a company-wide game day. No matter the situation, each one is great for rejuvenating the office and strengthening team camaraderie.

The key is to remember that, just as with kids, playing must be safe and engaging for everyone. Modify games so that everyone feels welcome to participate. Leverage competition as a healthy way to reinforce working toward shared goals and encourage others to not give up and do their best, win or lose. Doing so not only enhances your organization but will be a lot of fun in the process. AQ

Elizabeth Cushing is the president of Playworks, the leading national nonprofit leveraging the power of play to transform children's social and emotional health. For more information, visit www.playworks.org

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