



Make Your Company Smarter

Geoffrey James

In my new book, *Business Without the Bullsh*t* (Business Plus; on sale May 13, 2014 wherever books are sold), I provide shortcut solutions to 49 common business situations from dealing with a bully to firing people. However, there are some problems that are so knotty that they require a more detailed approach.

One of these problems is changing organizations and companies that get “set in their ways.” Since the business world is constantly changing, the inability to change with it can have huge, negative consequences.

Everyone knows this and yet many companies—even those full of very smart people—often find it almost impossible to change.

This manifesto explains the source of the difficulty and provides a set of steps that can help a company move from what might be called “20th Century” thinking to “21st Century” thinking.

“Since the business world is constantly changing, the inability to change with it can have huge, negative consequences.”

Why Change Is So Difficult

A while back, I was asked by a high tech firm to help them become more competitive. Diagnosing the problem was easy. The competitor was structured into autonomous teams, with each team responsible for an individual product, which allowed them to launch products with great rapidity.

By contrast, my client (a one-time industry darling) was organized into broad, functional groups (800 programmers under one manager). It was an unwieldy structure that had enormous problems getting products out the door. I want to emphasize that my client's executive team consisted of extremely smart people who'd been incredibly successful building that company into an industry giant. Since then, however, my client had racked up a series of impressive market failures, which is why they were looking for some new ideas.

However, when I suggested the obvious strategy—restructure into small, product-focused teams—I encountered a persistent resistance in the form of circular arguments, like:

- “That won’t work because our system doesn’t work that way.”
- “It would take too long; we need to win in this market now!”
- “Our managers wouldn’t know how to manage like that.”

Trying to get the client to make necessary changes was like trying to cut off hydra heads—every time one objection was laid to rest, another sprang up to take its place. What was going on? Why were these very smart people acting in a way that was so impenetrably stupid?

The answer is simple: their corporate culture made a different strategy literally *unthinkable*.

How Culture Works

A corporate culture consists of unspoken beliefs that define whether or not a certain behavior makes sense. The key concept here is “unspoken” because these rules may be very different than the posted “mission statement.”

For example, there are dozens of companies whose mission statement says “provide great customer service,” but where the unspoken belief is that “customer service is an expense to be avoided.”

Corporate culture is like the banks of a river and the behaviors in the corporation are like water that flows inside those banks. Over time, these behaviors dig the channel deeper, reinforcing the culture, which in turn reinforces the behaviors.

The deeper the channel, the harder it is to change behaviors, specifically the strategies and tactics that companies use to make money. In other words, as you believe so you will act. Being “smart” has nothing to do with it.

To illustrate how unspoken beliefs work, I’m going to step outside the business world for a moment. For the past few decades, the US government has been waging a so-called “war against drugs.” The phrase “war against drugs” is an expression of belief that if you’re really serious about changing something, you declare war on it, hence the “war on poverty,” the “war against illiteracy,” and so forth.

While the “war” metaphor creates a sense of urgency, it also limits the strategies and tactics to warlike-activities: like special police forces, anti-smuggling patrols, defoliant bombing, mass incarceration, and so forth.

The “war on drugs” concept does not support other strategies and tactics, like the treatment of addiction, much less something like decriminalization, which seems like surrender.

In exactly the same way, when the “war” metaphor becomes dominant inside a corporation limits the strategies and that the corporation is willing to attempt.

Is Business a Battlefield?

If the unspoken belief in your company is that conducting business is like fighting a battle (i.e. “Business=Battlefield”), your company will be irresistibly drawn, as was my client, towards hierarchical, army-like organizational structures.

Inside such organizations, they may talk about “employee empowerment” but will resist any attempt to turn employees into something other than “troops” who should be “following orders.”

Indeed, I witnessed a perfect example of this when working with that client. Some management consultant gave a presentation to top management on some proposed changes intended to “empower people.”

When the consultant presented this, the executives in the room became noticeably restless and uncomfortable. The senior exec in the group stopped the presentation and asked: “What exactly do you mean by ‘empowers people?’”

The consultant, who was no dummy, saw the lay of the land. “It means empower management.” he replied coolly, “After all... managers are people, too.” The tension in the room dissipated because, in that culture, empowering management made sense.

By contrast, my client's competitor seldom used militaristic metaphors. Instead, they tended to talk about business in terms of biological processes, specifically ecosystems, symbiotic relationships, and market niches.

In other words, the competitor had a different culture, which allowed it to address new business opportunities more effectively than my client.

“Corporate culture is like the banks of a river and the behaviors in the corporation are like water that flows inside those banks. Over time, these behaviors dig the channel deeper, reinforcing the culture ...

What Culture is Smart Today?

The unspoken beliefs that wield the most influence over business behavior are the metaphors that people use to envision the following major aspects of the work experience:

1. What is business all about?
2. What is a corporation all about?
3. What is management all about?
4. What role do employees play?
5. What really motivates people?
6. What is the nature of change?
7. What's the role of technology?
8. What is the essential nature of work?

The answers to these questions define a company's corporate culture. So, then, what type of culture allows companies to pursue strategies that work today? What makes a corporate culture smart, given today's business environment?

A good way to answer these questions is to compare what the executives inside successful companies believed in the past as opposed to what executives inside successful (i.e. smart) companies believe today. Here's what "smart" cultures believe:

1. **Business is an ecosystem, not a battlefield.**

Conventional wisdom sees business is a series of conflicts between companies, departments, groups, and individuals. As a result, managers build big empires, full of "troops" that won't and can't do anything without orders from the boss.

Today, though, it's smarter to see business as an ecosystem consisting of symbiotic relationships formed to exploit market niches, and the company that is the most diverse is the most likely to thrive. As a result, such companies adapt quickly to new market conditions.

“Conventional wisdom sees business is a series of conflicts ... Today, though, it's smarter to see business as an ecosystem consisting of symbiotic relationships.”

2. **Corporations are communities, not machines.**

Conventional wisdom sees an organization as a system in which employees are faceless, replaceable cogs. As a result, managers create rigid “systems” with rigid roles and responsibilities, centralizing control at the top.

Companies who are well adapted to today’s conditions tend to see an organization as a community whose purpose is to realize the hopes and dreams of the individuals inside it. As a result, employees are more committed to the organization’s goals and enjoy contributing to its success.

3. **Management is service, not control.**

Conventional wisdom is that a manager’s job is to command and control employee behavior. As a result, management becomes micromanagement while individual initiative is killed in favor of a “let’s wait and see what the boss says” mentality.

It’s smarter, however, to visualize management as being in service to the employees, some of whom must be coached and mentored. Managers set directions and obtain the resources that employees need to get the job done. As a result, teams form their own rules and accomplish tasks without the overhead of bureaucracy.

4. Employees are peers, not children.

Conventional wisdom treats employees as too immature and foolish to be assigned real authority. As a result, employees only work when they're being watched, if then, often spending more time "covering their butts" than doing productive work.

Companies that are successful today tend to have managers who consider employees to be their peers. Excellence is expected and encouraged everywhere from the loading dock to the boardroom. As a result, employees at all levels take charge of their own destinies and their contribution to the whole.

5. Motivation emerges from a vision, not from fear.

Conventional wisdom says that employees only work hard because they're afraid of getting fired. As a result, work becomes a loathsome experience filled with truckling, ass-kissing, and compulsive corporate politicking.

Today, though, it makes more sense to have a compelling vision that neutralizes rather than emphasizes fear. Employees know where they're going and are amply rewarded when they get there. As a result, employees work hard because they believe in the organization's goals.

6. **Change is growth, not pain.**

Conventional wisdom is that change is complicated and difficult, something that companies only undergo if they're in desperate shape. As a result, change efforts fail as people in the organization torpedo and sabotage what they're afraid will be painful.

Surviving today, however, means treating change as a desirable process of adapting to new market conditions. As a result, employees embrace new ideas, new ways of doing business, and new ways of making profit.

7. **Computers should be servants, not master.**

Conventional wisdom is to use technology to strengthen management's command and control over the rest of the company. As a result, employees become dehumanized and demoralized, mere attachments to the computer.

In today's Internet-dominated world, where social networking changes the way people interact, it's smarter to see technology as a servant that can eliminate repetitive and boring work, thus freeing human beings to be creative and to build better business relationships. As a result, organizations learn faster and coordinate activities more effectively.

8. **Work should be fun, not mere toil.**

Conventional wisdom assumes work is a necessary evil that takes time away from the things that people would rather be doing. As a result, employees resent going to work, creating endless conflict, passive aggression, and endless stress.

Smart companies, however, proceed under the assumption that work is, and should be, inherently joyful. The job of management is to help put people in jobs that will truly satisfy them. As a result, employees actually want to spend more time at the workplace.

“ Changing a culture, like changing a bad habit, requires self-awareness. In the case of a company, the self-awareness comes from observing the way people speak ... paying particular attention to the metaphors they use.

How to Change a Corporate Culture

There are four steps to changing a corporate culture:

STEP 1. **Self-awareness.**

Changing a culture, like changing a bad habit, requires self-awareness. In the case of a company, the self-awareness comes from observing the way people speak about the eight elements above, paying particular attention to the metaphors they use.

For example, if a presenter starts talking about “nuking the competition” or “getting the troops in line” you know that presenter—and probably the organization as well—is in the coils of the “business is a battlefield” cultural belief.

STEP 2. **Questioning.**

Once you’ve identified the dysfunctional elements of your culture, you can undercut those elements by constantly questioning the thinking behind them.

For example, in the case of “nuking the competition” you could ask the presenter: “what does nuclear war have to do with serving our customers?”

The more frequently the traditional metaphors are questioned, the more people become aware of the consequences of those thought patterns, which makes them open to new ways of thinking about the eight elements.

STEP 3. **Re-establishing.**

In this step you, and as many people as you can get involved with the idea, consciously begin using metaphors that support more effective ways of addressing business opportunities.

For example, you might consciously give your next strategy presentation using the metaphor of an ecosystem, showing points where you're cooperating with partners to win a niche, rather than allying with them to destroy a competitor.

STEP 4. **Reinforcing.**

Returning to the river/riverbank analogy: in the steps above, you've defined where you want the riverbanks to be located (as opposed to where they are now). To actually "dig the channel," you'll need to implement strategies and tactics that naturally emerge from the new way of thinking.

This takes time, but unfortunately, there's no shortcut.

Matching Actions to Beliefs

Here are 26 specific strategies that are both based upon, and reinforce, the beliefs defined above:

1. **Encourage Diversity:** Create organizations where there is a diversity of opinion, background, and approach to solving problems. The more diverse an organization, the better it can adapt to changing market circumstances.
2. **Launch New Generations:** Don't cling to products and services that are successful today. Always be on the lookout for new products and services that will make your current winners obsolete. Then become the company that develops those new products and services.
3. **Build Symbiotic Relationships:** Craft business arrangements so that everybody benefits. When business is treated as a zero-sum game, with a winner and loser, even the so-called winner eventually loses. When business is treated as a symbiosis, then markets and profits grow all around you.
4. **Communicate Directly:** Promote regular contact between executives and line employees, so that all members of the organization—even the people working on the loading dock—feel deeply connected to the goals and direction of the corporation.

5. **Create Opportunities for Social Interaction:** Encourage employees to set up social functions where there's a lot of intergroup mingling. It's especially important that top management get involved in this, so that they become an important part of the connected social network.
6. **Encourage Hands-on Charity Work:** Encourage people to work on projects outside of the work environment that have a positive impact on the world. This breaks organizational barriers and builds a deeper sense of community.
7. **Increase Power by Dispersing It:** The more that management pushes power and decision-making authority “down” into the organizations, the more power and flexibility the entire corporation has.

“The more that management pushes power and decision-making authority “down” into the organizations, the more power and flexibility the entire corporation has.

8. **Encourage Creative Dissent:** The combination of diversity of opinion and dispersion of power naturally creates an atmosphere where people disagree on the approaches to be taken. Make this dissent, and the resolution that inevitably follows, part of the process of creating new value.
9. **Build Autonomous Teams:** Rather than organizing along broad functional lines, make certain that each product and service has a team that's dedicated to the success of that product and service. Make certain that the team actually has the decision-making power to get things done.
10. **Hire the Self-Motivated:** When hiring and promoting, locate or cultivate people who don't require direction and who aren't spoiled by Industrial Age habits. This will help influence everybody else in the organization to act in a more independent fashion.
11. **Eliminate Fancy Perks:** Avoid the kind of perks that create distance between managers and employees. Integrate the management and executive staff into the base of employees so that everyone feels as if they are part of the same community.
12. **Sacrifice the Sacred Cows:** Craft dramatic opportunities to separate people from the old ways and simultaneously create a strong emotional linkage to the new culture.

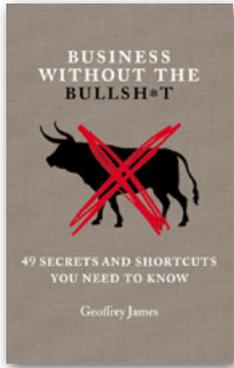
13. **Create a Climate of Trust:** Look for opportunities to build trust between individuals, teams, and organizations. Always act in a way that's congruent with the positive ideal of the corporate culture.
14. **Build a Shared Vision:** Make certain that there is a shared vision that resonates with everybody in the organization. Make sure that, within the context of that vision, everybody knows what mission they're supposed to be accomplishing.
15. **Compensate for Missions Accomplished:** Tie extra, team-based compensation to the accomplishment of the mission at hand, within the larger context of the corporate vision. Make certain that the success of the organization translates into the success of the individuals it includes.
16. **Ruthlessly Prioritize:** Don't let the increased flow of information create a state of overflow. Understand where you're going and make certain that you're surrounded by information that helps you achieve that goal.
17. **Have Long-Term Vision, Short-Term Plans:** Look ahead to the future for guidance, but don't waste time mapping out a detailed plan to get there. Instead, concentrate on what needs to be done next to move you closer to your ultimate goal.

18. **Keep Jobs Fluid and Flexible:** Don't bother writing detailed job descriptions and trying to set up a "system." Instead, let individuals, teams, and organizations define themselves as necessary to accomplish the job at hand.
19. **Make Decisions Quickly and Broadly:** Promote an environment where important decisions receive lively debate from all levels of the organization. Then drive the decision to a close.
20. **Hope for the Best, Prepare for the Worst:** Make certain that everyone knows that layoffs are a fact of life. Encourage individuals and organizations to have contingency plans in case worse comes to worst.
21. **Use E-mail to Flatten Management:** Use electronic mail to eliminate layers of management approval and to keep people in remote locations connected to the goals and social fabric of the corporate community.
22. **Humanize Electronic Communications:** Don't use electronic mail to avoid difficult communications. Use personal contact and telephone contact to build better business relationships.

23. **Reduce Information Pollution:** Be certain that your personal use of electronic mail doesn't create new communications problems in the organization. Write like a journalist so that people can absorb and understand your ideas as quickly and easily as possible.
24. **Cultivate Constant Challenge:** Avoid burnout by making certain that your job and the jobs of your employees are interesting and exciting.
25. **Encourage Informality:** Put everybody on a first-name basis and let every day be "casual day." Create an environment where people feel as if they're at home with their friends and family.
26. **Create a Sense of Balance:** Find a physical or mental space where you can escape from the daily demands of the work environment. Learn to set complicated tasks aside when you need to rest. Take time off to "recharge your batteries."

Implementing these strategies along with a conscious shift in the way you think about the eight elements of business will change a corporate culture, providing there's enough commitment to that change. 📌

Info



BUY THE BOOK | Get more details or buy a copy of [Business Without the Bullsh*t](#).

ABOUT THE AUTHOR | Geoffrey James is an award-winning columnist and writes one of the world's most-visited business blogs, the award-winning "Sales Source" column on Inc.com. His writing has appeared in *Fast Company*, *Wired*, *Men's Health*, and *The New York Times*.

→ **SEND THIS** | [Pass along a copy](#) of this manifesto to others.

→ **SUBSCRIBE** | [Sign up for e-news](#) to learn when our latest manifestos are available.

This document was created on May 15, 2014 and is based on the best information available at that time. The copyright of this work belongs to the author, who is solely responsible for the content. This work is licensed under the Creative Commons Attribution-NonCommercial-NoDerivs License. To view a copy of this license, visit [Creative Commons](#) or send a letter to Creative Commons, 559 Nathan Abbott Way, Stanford, California 94305, USA. Cover image from [Veer](#). You are given the unlimited right to print this manifesto and to distribute it electronically (via email, your website, or any other means). You can print out pages and put them in your favorite coffee shop's windows or your doctor's waiting room. You can transcribe the author's words onto the sidewalk, or you can hand out copies to everyone you meet. You may not alter this manifesto in any way, though, and you may not charge for it.

About ChangeThis

[ChangeThis](#) is a vehicle, not a publisher. We make it easy for big ideas to spread. While the authors we work with are responsible for their own work, they don't necessarily agree with everything available in ChangeThis format. But you knew that already.

800ceoread

ChangeThis is supported by the love and tender care of 800-CEO-READ. Visit us at [800-CEO-READ](#) or at our daily [blog](#).



Explore your knowledge further with [KnowledgeBlocks](#), a new project from 800-CEO-READ that lets you turn what you know into knowledge you can use.