

# **H&HN Daily Articles on Values and Culture**

**By Joe Tye, CEO and Head Coach, Values Coach Inc.**

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**Values Coach Inc.**

**Transforming People through the Power of Values  
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**Jordan Creek Plaza, Box 490, Solon, IA 52333-0490**

**[www.ValuesCoachInc.com](http://www.ValuesCoachInc.com)**

**319-624-3889**

**Article 1**

# **Using Values to Establish Competitive Advantage**

**by Joe Tye**

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Most hospitals have a statement of values, but in many cases they are predictable, unimaginative, and uninspiring boilerplate that does little to differentiate that organization from every other hospital. An effective statement of values should help to define who you are, what you stand for, and what you won't stand for, but should also create a distinct competitive differentiation.

In this article, I'll describe four attributes that a statement of values should have to give your organization a competitive advantage by looking at examples outside of the healthcare industry. Then I will share ten specific recommendations for making the most of your statement of values, and conclude with a warning about the consequences of not making this a priority.

*Attribute #1: Values should be the foundation of your culture*

A hospital's core values should serve as the foundation for its culture. The preamble to Home Depot's statement of values, which is prominently posted on the corporate website, says: "Our values are the fabric of the company's unique culture and are central to our success. In fact, they are our competitive advantage in the marketplace."

When Home Depot hired Robert Nardelli away from GE to become its CEO, he implemented strategies that in the short term increased sales and profits, but at the cost of trashing what had been a vibrant culture of ownership. He replaced knowledgeable long-term employees with part-timers who had minimal relevant experience and centralized decision-making, strategies that violated Home Depot's core values of respect for all people and promoting an entrepreneurial spirit. Home Depot's board eventually realized that by putting profits ahead of people, Nardelli was destroying a culture that had been carefully cultivated by the founders. He was fired (taking with him a huge severance package), and the company has since experienced a strong resurgence.

*Attribute #2: Values should be operationally relevant*

Proctor & Gamble has five core values that are reinforced by 17 supporting statements, and which are further amplified by eight operating principles that have 23 supporting statements (in case you're counting, that's a total of 53 statements that P&G's leadership believes are needed to fully define who they are, what they stand for, and what they won't stand for). The preamble to the P&G statement of values simply says: "P&G is its people and the values by which we live."

P&G's values and operating principles define very clear expectations for employees, establish a competitive mindset (one of their five core values is "Passion for Winning"), and inspire a connection with personal values (winning is a very personal thing for most people!). The P&G statement of values is not boilerplate, and has not been dumbed down to fit on the back of a business card; these values and principles are not just warm and fuzzy good intentions – they establish a high bar of performance expectations.

*Attribute #3: Values should inspire pride and trust*

Zappos started as an online shoe store, and within eight years was a billion dollar retail giant that is now part of Amazon.com. Zappos has ten core values that are featured prominently on its website. In his book *Delivering Happiness: A Path to Profits, Passion, and Purpose* Zappos CEO Tony Hsieh wrote: "Committable core values that are truly integrated into a company's operations can align an entire organization and serve as a guide for employees to make their own decisions." The way Zappos lives these values has created an incredible competitive advantage in the marketplace (with values such as "Deliver WOW through service"), and for recruiting and retaining great people (with values like "Create fun and a little weirdness"). It is easier to get into Harvard University than it is to get a job at the Zappos call center.

*Attribute #4: Values should help to define your brand*

Dame Anita Rodick started out making cosmetics in her kitchen, and on that foundation grew The Body Shop into a world-wide business empire. The company's core values relate to giant social issues, not just business. Their commitment to environmental sustainability, no animal testing, and other noble social goals has created an iconoclastic image that supports a customer base which is price insensitive and impermeable to competitive inroads. These values have created an unmatched source of competitive advantage for attracting the sort of employees and customers that Frederick Reichheld (author of books about The Loyalty Effect) calls "barnacles" because they never leave.

**Operational Recommendations:**

Here are ten things you can do to breathe new life into your statement of values, make them operationally relevant, and assure that they inspire pride, trust, and commitment among your people.

**1. Review, refine, and revitalize:** Every three years, beginning this year, pull your statement of values off the wall and subject it to a comprehensive review. When Johnson & Johnson CEO Jim Burke discovered that almost no one in the company knew the J&J Credo (the statement of values initially penned by General Robert Wood Johnson in 1943), he mandated a company-wide training program. Several years later the company was hit with the Tylenol poisoning crisis. When his leadership team met in emergency session, Burke had placed copies of the Credo at every seat, and

these principles guided their response. Doing the right thing cost millions of dollars, but it created billions of dollars worth of good will. (Unfortunately, in recent years J&J has paid a substantial price in monetary fines and tarnished reputation by straying from the Credo.)

In past years, hospitals have legitimately been criticized for a lack of environmental stewardship (one of my responsibilities early in my hospital administration career was oversight of the incinerator from which we spewed toxic waste into the air of our community). Would including a statement defining your commitment to “stewardship” in your core values encourage your people to be more responsible about utilizing the hospital’s resources, and help the hospital be more aware of its environment footprint?

One of the ten core values of Auto-Owners Insurance Company (about which I have previously written in the article [What Your Hospital Can Learn about Values from an Insurance Company](#)) is loyalty; in its 97-year history the company has never had a layoff, it promotes exclusively from within, and it defines loyalty in terms of commitment rather than mere tenure. Given predictions that we are headed into one of the worst staffing shortages ever, and that turnover accounts for about five percent of operating costs in a typical hospital, should you elevate loyalty to the status of core value in your organization?

**2. Apply the Values-Behaviors-Outcomes Continuum:** This is one of the tools we use when working with our clients because it helps to clarify expectations. Most of the terms that appear in a statement of values are not values – they are valued behaviors or outcomes. Trust, excellence, safety, and financial stability are not values, they are outcomes. Recognizing this helps to identify the expected behaviors; in the case of trust they are honesty, reliability, and humility. And the underlying value that inspires these trust-building behaviors is integrity.

**3. Avoid boilerplate:** If you take down the values statement from the wall of a typical hospital and post it in the lobby of a competitor no one will think it out of place. In my book *The Florence Prescription* I poked fun at hospitals that force-fit words into a cute acronym like I CARE, mainly because they set the bar too low. Of course integrity, compassion, accountability, respect and excellence (the most common words stuffed into that acronym) are important, but how do they differentiate your organization from cross-town competitors?

Most retailers brag about great customer service – at Amazon.com this has been elevated to the status of their first core value: “We start with the customer and work backwards.” The company’s other core values are innovation (“If you don’t listen to your customers you will fail. But if you only listen to your customers you will also fail.”), a bias for action, ownership (“Owners think long-term, plead passionately for their projects and ideas, and are empowered to respectfully challenge decisions.”), a high hiring bar (CEO Jeff Bezos has been quoted as saying “I’d rather interview 50 people and not hire anyone than hire the wrong person”) and frugality (we hear the words “do more

with less” all the time, but how many hospitals have made it a core value?). These values underpin Amazon’s reputation for being the most customer-friendly company on earth.

**4. Create an expectation of learning:** When I’m speaking I’ll often ask people in the audience to raise a hand if they know the values of their hospital by heart; it is appalling how often people, including those who have the word “chief” in their titles, are unable to recite their organization’s values, much less explain why those values were chosen and the expectations they create. This should be an absolute expectation for every single employee. If a five-year-old child can learn the Pledge of Allegiance in kindergarten, then you as a healthcare executive should be able to expect your people to know by heart (not just from memory) the core values of your organization and to be able to talk intelligently about them. Establishing this expectation will foster pride and commitment; failure to establish it creates an implicit assumption that people are either not smart enough or don’t care enough to make the effort.

**5. Incorporate values into recruiting:** From even before the first interview, prospective employees should be required to read and sign your statement of values as a way of conveying their importance. Fairfield Medical Center in Lancaster, Ohio created posters defining the eight characteristics of a culture of ownership that they have incorporated into their “employment brand” for use in staff recruiting. The organization’s values should be prominently featured in new employee orientation, ideally by a senior executive. Jeff Harrold, CEO of Auto-Owners Insurance, meets with new employees six months after their start date; one of the questions he asks is, “How have you seen our ten core values being acted out in the daily operations of our company?”

**6. Include values in performance appraisals:** It is not possible for someone to be a negative, bitter, cynical, sarcastic emotional vampire in the break room and then somehow flip an inner switch and become genuinely caring and compassionate when dealing with a patient, and patients see right through the fraud. Taking values seriously means that people are held accountable for living those values. If one of your core values is integrity (I certainly hope it is, either explicitly or implicitly) but your culture tolerates a rumor mill where people talk about coworkers behind their backs without being called on the carpet, then you have set a very low bar in your definition of the word. One of the criteria in the Zappos performance appraisal process is: “You inspire others to live and breathe our core values.” Do managers in your organization hold people accountable to such a standard?

**7. Make values beautiful:** A statement of values does not have to be a boring brass plaque on the wall. One of the most beautiful renderings I’ve seen is the values statement of Tucson Medical Center, which is [featured on their website](#). In addition to displaying their values and supporting statements, this captures the spirit of the American Southwest. The Jarrard healthcare PR firm of Brentwood, Tennessee has a beautiful display in the main lobby of their office featuring a representative icon for each of their 11 core values. Chances are you put more time and money into

the design of a promotional flyer than you do the visual presentation of the most important document in your organization – your statement of core values. A graphic redesign is another great way of placing values front and center.

**8. Make values fun:** Use poster contests, collect stories (nobody does this better than Catholic Health Initiatives with the Sacred Stories they collect and publish each year), and engage in other activities to encourage people to take personal ownership for your values. In Wyoming, Star Valley Medical Center in Afton and Memorial Hospital of Converse County in Douglas are competing in “The Great Wyoming Values and Culture Challenge” as a way of galvanizing their employees, and eventually their entire communities, to be passionate about and committed to their core values and to a more positive organizational culture.

**9. Communicate in multiple ways:** Include your core values prominently on your website, make them part of employee recruiting and orientation, include them in patient information packets, begin budget meetings with a review of those values, and do anything else you can think of to keep them front and center in people’s consciousness. Enron’s statement of core values had an eloquent description of its commitment to integrity, but this was obviously never effectively communicated within the company, much less having been made a part of the performance review process.

**10. Create a tangible link between personal & organizational values:** Research by Kouzes and Posner (authors of *The Leadership Challenge*) shows that the more clear people are about their personal values, the more committed they will be to the values and vision of their organization. One of the tools we share with clients is a matrix listing *personal* values down the left side and *organization* values across the top. Asking people to think about the connection between their personal values and the values of the place where they work is helpful on two fronts: it challenges them to clarify and act upon the values that guide their personal lives, and it fosters a higher level of ownership for the values of their organization.

### **The downside of not taking values seriously**

In his book *How the Mighty Fall*, Jim Collins says an organization is in stage 4 decline (the stage preceding the slide into oblivion or irrelevance) when “people cannot easily articulate what the company stands for, core values have eroded to the point of irrelevance, the organization has become ‘just another place to work,’ a place to get a paycheck, and people lose faith in their ability to triumph and prevail.”

The recent travails of once-vaunted Hewlett-Packard have been brought about by serious strategic miscues, to be sure, but underlying those blunders is the fact that through a succession of CEOs, the company has lost its way; the core values that were the underpinning of The HP Way have eroded, the company no longer stands head and shoulders above competitors as being a great place

to work, and many employees (not to mention shareholders) have lost faith in HP's ability to triumph and prevail. If Meg Whitman (or her successor should she follow the path of her immediate predecessors) can respark the values that Bill and Dave originally imbued into the company it will go a long way toward helping to attract the talent that is now more likely to gravitate toward Google, Facebook, and other younger companies.

### **Conclusion**

One of the most important actions that you as a healthcare leader can take to assure the competitive positioning and long-term viability of your organization is to be clear about your core values, how those values make your organization special when compared to all others, and to make sure that your people know, are committed to, and act upon those values.

### **Article 2**

## **Why Culture Trumps Strategy**

**By Joe Tye ([joe@joetye.com](mailto:joe@joetye.com))**

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In recent editions of *H&HN Daily* we've seen arguments by knowledgeable authorities both for and against the proposition that culture eats strategy for breakfast or lunch (e.g. "Overestimating the Importance of Culture" by Daniel Beckham, August 16, 2012 and "The CEO's Primary Agenda" by Ralph Jacobson, September 13, 2012). There is, of course, no arguing that an organization with both a great culture and effective operating strategies will be most successful, but the healthcare leader who focuses on strategy without also working to create a strong culture does so at the peril of the organization.

Culture is to the organization what personality and character are to the individual. Every hospital has a strategic plan into which countless hours of management time have been invested, but it is the rare (very rare!) organization that has an equally clear and well-developed culture plan. They should. As David Maister argues in his book *Strategy and the Fat Smoker*, we all know what the strategies are (quit smoking and lose weight; give great service and be highly productive) The problem is that we lack inspiration and resolve to implement the strategies, and these are qualities of culture.

Here are ten reasons why culture usually trumps strategy. Each is a compelling argument for healthcare leaders to complement their strategic plan with an equally robust culture plan.

### **People are loyal to culture, not strategies**

Southwest Airlines has the highest loyalty in the airline industry, but its people are not loyal to the company because of such strategies as fuel price hedging, free bags, and first-come first-served seating. Rather, they are loyal to a culture that honors individuality, fellowship, and having fun. With experts predicting the likelihood of serious shortages of healthcare professionals in the years to come, hospital leaders should begin now working on fostering a culture of ownership that attracts the best people and earns their loyalty.

### **Culture provides resilience in tough times**

When Starbucks ran into serious trouble several years ago, founder Howard Schultz returned to take the helm as CEO. In a remarkable turnaround effort that is still ongoing, they implemented numerous great strategies. But what saved the company during its darkest days was not strategic brilliance, rather it was cultural resilience. As Schultz put it in a *Harvard Business Review* article (July-August, 2010), “the only assets we have as a company [are] our values, our culture and guiding principles, and the reservoir of trust with our people.” It’s quite clear that the healthcare environment will get a lot more challenging in the years to come – the most successful organizations will couple creative business strategies with resilient ownership cultures that buffer them against the uncertainty and anxiety of a turbulent and hypercompetitive world.

### **Culture is more efficient than strategy**

Another example from Southwest Airlines: during fuel shortages caused by the first Gulf War in 1991, Southwest’s employees voluntarily donated money from their paychecks to help the company purchase fuel. The company could have achieved the same end with a strategy of a mandatory pay reductions, but that strategy would have come at a much greater cost. Watch the reaction of a typical nurse who has been told that he or she must “do more with less” and you’ll probably see a gag reflex. At the hyper-successful online shoe store Zappos, though, “do more with less” is one of the company’s 10 core values. This value has been engrained into a uniquely positive culture, and Zappos employees take pride in finding ways to honor it.

### **Culture creates competitive differentiation**

In the Pacific Northwest, Les Schwab dominates the retail tire industry. They sell the same tires you can buy at any other tire store, but they’re the only tire store where a technician *runs* out to your car to greet you the minute you pull into the parking lot. Texas Roadhouse is America’s fastest-growing steakhouse chain; employees proudly wear T-shirts proclaiming that they “heart” their jobs, and on every shift they stage a pep rally (called the alley rally) in the center of the restaurant. Many a hospital has been disappointed when a “customer service” program consisting of giving people a script and a happy face pin has failed to achieve the desired result of increasing patient satisfaction (in fact, poorly implemented this strategy will actually reduce patient satisfaction and employee



engagement). Patients don't remember what was said (the script) nearly as much as they recall the spirit in which it was said, and more than anything that spirit is influenced by the culture of the organization.

### **A great culture can galvanize a counterintuitive business strategy**

In his book *Delivering Happiness*, Zappos CEO Tony Hsieh says that people in the company's call center do not have quotas or time limits when taking calls. This is in stark contrast to most call-center operations where productivity is monitored to the micro-second. Hsieh says the record length of a single call is more than seven hours: this is a company selling shoes, but some people call them for psychotherapy! In fact, over the past year I've told thousands of people in my speaking audiences about how a Zappos call center employee named Mary Ann (when's the last time you remembered the name of the person answering your call to a call center?) handled my call in such a way that I actually didn't want the conversation to end. That is the sort of advertising money cannot buy and strategy will not earn.

What on the face of it appears to be a highly inefficient business strategy has been turned into a source of incredible competitive advantage by people operating within a culture of ownership. The company went from startup to billion-dollar enterprise in less than eight years, and was recently acquired by Amazon.com – but the sale was made only after Amazon CEO Jeff Bezos promised to not mess with the Zappos culture.

### **Culture humanizes strategy**

Hospitals across the country are adopting lean process improvement strategies. This is a good thing, but if there is not simultaneous work on fostering cultural commitment it's likely to be perceived as simply speeding up the assembly line, creating employee resistance and increased risk of failure. At Virginia Mason Medical Center, which has pioneered lean in healthcare, the lean strategy has been coupled with a no-layoff policy. Jamie Orlikoff – who sits on the medical center board – says they have learned that you should not try to fix cultural problems with structural solutions, and have thus coupled the lean strategy with a culture that honors employee job security.

### **Cultural miscues can be more damaging than strategic miscues**

When Dave Carroll, lead singer of an obscure band called Sons of Maxwell from Halifax, Nova Scotia, asked United Airlines to reimburse him for damage done to his Taylor guitar during a flight, he got the runaround. When he threatened to write a song about them if they didn't pay for repairs, they ignored him – to their subsequent regret. To date, more than 20 million people have viewed his video "United Breaks Guitars" and its two sequels. Not only that, the Taylor guitar company made their own video on how to pack a guitar so United won't break it. This is a classic case of self-inflicted public relations disaster. If United had the sort of customer-centric culture for which companies like

Nordstrom (or, for that matter, Virgin Airlines) are known, this multi-million dollar PR black eye would never have happened.

### **Strategy can be copied but culture cannot**

At one time or another, every major airline has attempted to copy strategies implemented by Southwest Airlines (some of which, as Beckham points out in his article, Southwest copied from others). These copycat efforts have had marginal success at best, largely because they were imposed upon a culture that was not receptive. A competitor can copy your strategies for promoting a women's health program, and can recruit away your best OB nurses, but they cannot copy or steal your culture. And if you get culture right, your best people won't want to leave anyway.

### **When strategy and culture collide, culture will win**

When Robert Nardelli took the helm at Home Depot, he implemented logical cost-cutting strategies. These strategies increased sales, profits, and stock price, but at the cost of trashing the employee-centered culture that had been nurtured by company founders. Nardelli was eventually fired, but his failure to honor the Home Depot culture when pushing through his strategies inflicted wounds that will take a long time to heal. By contrast, when Louis Gerstner led the turnaround effort at IBM, he honored the culture that had been created by Thomas Watson senior and junior. In his book *Who Says Elephants Can't Dance?* Gerstner wrote that he learned "culture isn't just one aspect of the game, it *is* the game" (emphasis in original).

### **In the real world, culture trumps strategy**

In making his case that strategy trumps culture, Beckham refers to the movie scene where Indiana Jones uses strategy (firing a pistol) to kill an Arab warrior who is steeped in a culture of the sword. But a more realistic analogy would be the frustration, and often futility, of sending a modern high-tech army to fight in a country that has a culture where people are willing to blow themselves up to kill their enemies, and where their time horizon for the conflict is not measured in years but in generations. In such a war, culture will eventually devour strategy.

## **Article 3**

# **12 Great Ideas for Building a Culture of Ownership**

**Published in *H&HN Daily*, December, 2012**

If you believe that culture eats strategy for lunch (and I do), then fostering a culture of ownership should be at the top of your list of strategic priorities. In my last article, I laid out the argument that culture almost always trumps strategy. In this article, I'll share a dozen practical strategies for

fostering a culture of ownership, which can be your most important source of sustainable competitive advantage.

**Great Idea #1: Revisit your statement of values**

Most hospitals have a statement of values, but these usually convey what should be basic requirements (of course you are committed to compassion and excellence) and rarely provide a source of competitive differentiation. They often read like boilerplate that's been written by a consultant after doing a market research study, and by changing the name at the top of the document could just as well apply to the competing hospital across town. A great statement of values is unique; it instills pride, guides decisions and actions, and galvanizes employee commitment.

In my last article I mentioned [the ten core values of Zappos](#) (an online shoe store). These values feature prominently on their website and in their recruiting efforts. They are distinctive and unique (their core value #3 is "Create fun and a little weirdness" – you know that was not written by a management consultant!). Zappos is a great example of a company that uses core values to create a sustainable source of business success and competitive advantage.

Engage your hospital community in a dialog about the values that really matter to them, and that should matter to your organization. For example, since demographers are universally predicting serious shortages in every category of healthcare professional, should loyalty be elevated to the status of a core value? How about stewardship, both for the ecological environment and for effectively managing the limited resources of the hospital?

**Great Idea #2: Create a cultural blueprint for your hospital's "Invisible Architecture"™**

Your patients' first impression of your hospital is created by the visible architecture of the buildings, but their lasting impression (and what they will tell others about their experience) is shaped by what we call the "Invisible Architecture." While many healthcare executives might agree with the statement that "culture eats strategy for lunch," it is the rare organization that has a culture plan to match its strategic plan. We use a construction metaphor to help client hospitals create a cultural blueprint depicting a foundation of core values, a superstructure of corporate culture, and an interior décor of emotional attitude in the workplace. The process of creating this cultural blueprint can be invaluable for helping to define and enforce the behavioral expectations necessary to live those values and shape that culture.

**Great Idea #3: Reinforce your Big Story with little stories**

Most organizations have a Big Story, often associated with its founding. The Big Story of HP can be captured in just four words: started in a garage. That storyline captures the essence of the great entrepreneurial success story of HP. And during its formative years, that Big Story was reinforced by

countless little “Bill and Dave” stories that shaped The HP Way – the corporate culture that inspired the book *In Search of Excellence* and has been the gold standard for corporate cultures ever since.

The Mayo Clinic is still substantially shaped by the Big Story of William Mayo, who founded the hospital after a devastating tornado destroyed much of Rochester in 1883. Each year Catholic Health Initiatives publishes [Sacred Stories](#) submitted by employees from across their system. These stories help to shape the system’s cultural and behavioral expectations – and they tell patients more about what it’s like to be cared for at a CHI hospital than all the billboards and radio ads in the world.

**Great Idea #4: Teach middle managers how to tell those stories**

Although the term “motivational speaker” often conveys somewhat of a negative connotation, shouldn’t that be part of the job description of every middle manager: to inspire, encourage, and engage the people in his or her department? The ability to stand in front of a room and move people – move them to think, to feel, to laugh, and on occasion to tears – is a vital leadership skill. Fortunately, it is also a skill that can be taught and practiced. When middle managers know the stories to be told (the Big Story and a collection of the little stories) and have the confidence and skill to deliver those stories in a compelling manner, they will be more effective in virtually every dimension of their jobs: promoting a positive workplace environment, increasing productivity, recruiting and retaining great staff, and engaging people in the work itself.

**Great Idea #5: Incorporate culture into your hospital branding efforts**

The culture of your organization will do more to establish your brand in the public eye than all of your promotional activities combined (for proof of this, consider the experience of flying United compared to the experience of flying Southwest Airlines). Fairfield Medical Center in Lancaster, Ohio has incorporated the eight essential characteristics of a culture of ownership described in the book *The Florence Prescription: From Accountability to Ownership* (commitment, engagement, passion, initiative, stewardship, belonging, fellowship, and pride) into their “recruiting brand.” Before the interview process even starts, prospective employees are told what to expect, and what will be expected of them, as part of the FMC culture. (For more detail on these characteristics see the H&HN Daily article [Creating a Culture of Ownership](#) that I wrote with Tucson Medical Center CEO Judy Rich.)

**Great Idea #6: Create cultural intolerance for toxic emotional negativity**

The first step to creating a more positive workplace culture is often fostering a higher level of intolerance for toxic emotional negativity, as reflected in chronic complaining, gossiping, and passive-aggressive behavior. In his pioneering work on emotional intelligence, Daniel Goleman shows how one toxically negative person can drag down the morale and productivity of an entire work unit. Teaching people practical skills to confront bullying, gossip and rumor-mongering, and chronic

complaining in a positive and constructive manner is an essential investment in a more positive workplace environment. One of the most effective, but almost universally overlooked, tools for this training is structured role-playing.

**Great Idea #7: Reinforce culture with rituals**

Every morning a group of people gather at Tri Valley Health System in Cambridge, Nebraska to recite that day's promise from The Self-Empowerment Pledge, something that has been happening for well over a year. In fact, if you watch the [YouTube video](#) closely, you'll notice that about half of the people participating aren't reading that day's promise – they have memorized it. CEO Roger Steinkruger says this ritual has been one of the most important factors in the hospital's cultural transformation over the past several years.

**Great Idea #8: Honor the WIIFM Principle**

Motivational speaker Zig Ziglar says that everyone listens to the same radio station – WIIFM, or What's In It For Me? Before you ask people to make efforts on behalf of the hospital, think of ways that you can create that personal connection. Hospitals everywhere are asking people to “do more with less,” but most of those people are facing the same challenges on the home front as they struggle with expenses and debt. You are more likely to gain commitment to your “do more with less” strategies if you first help employees do more with less at home (for example, by offering courses on personal financial management).

**Great Idea #9: Create a “fill in the blank” job description**

According to surveys by Gallup, fully 80% of American workers feel like their greatest strengths are not being used on the job. If that's true for your organization, it means that there is an incredible opportunity to tap into non-traditional skills and passions. One way to do this is to allow people to make the case that they should be able to devote a portion of their paid hours to do something they love to do in a way that benefits the organization. So for example you might have a nurse who loves to write poetry creating special cards for patients, or a housekeeper with a passion for woodworking creating custom overbed tables to sell in the gift shop. If you think this is a silly idea, consider the fact that the most profitable ideas that Google has ever implemented, including Gmail and Google Maps, were created by people being paid by the company to work on projects for which they had a passion but were not part of their official job description.

**Great Idea #10: Take open book management seriously**

Open book management was pioneered by Jack Stack and his team at Springfield ReManufacturing – a company that rebuilds diesel truck engines. They don't just share financial information with employees, they teach them how to understand and use it in their everyday work. If you ask someone installing crankshafts in a truck engine how much the part costs, he'll reply by asking you whether you want incremental or fully-loaded cost, and then be able to provide either figure. They

have actually turned what they call The Great Game of Business into a profit center, teaching other organizations how to implement open book management.

#### **Great Idea #11: Teach effective followership**

Most organizations provide managers with courses on leadership, but a much better investment might be courses on followership. In his book *The Courageous Follower*, Ira Chaleff defines courageous followers as being high challenge and high support. One of the biggest barriers to effective culture change in hospitals is middle managers who are low challenge and low support. In our experience, the single best predictor of success or failure in a culture change initiative is the enthusiasm, or lack thereof, of the middle management team. Laying out specific expectations, and consequences for not living up to those expectations, is essential to replacing a “culture of optionality” with a culture of ownership.

#### **Great Idea #12: Reach out to engage families**

Recognize that the culture of your organization is actually part of a larger cultural ecosystem. Most of your people go home to a family setting once they leave work, and that setting has a profound impact on their moods and mindsets. When we conduct values training for hospital clients, we always recommend special sessions for spouses and adult children because if they understand and support the attitude and behavior changes you are asking their spouse or parent to make, you are much more likely to see those changes sustained over time.

#### **Conclusion**

No one ever changes the oil in a rental car. They return it with a full gas tank because that’s in the contract – they are accountable for it. But they don’t wash and wax the car, they don’t check the oil because there is no pride of ownership. When you move from a culture of mere accountability to a culture of ownership, you create a sustainable source of competitive advantage for both recruiting and retaining great people and for earning long-term patient loyalty.

#### **Article 4**

## **The Physics of Cultural Transformation**

**Published in the American Hospital Association publication *H&HN Daily*, February, 2012**

In *The Dancing Wu Li Masters* Gary Zukav wrote, “The way that we pose our questions often illusorily limits our responses... The way we think our thoughts illusorily limits us to a perspective of either/or.” My goal in this article is to use the laws of physics as a construct to help readers think in new ways about shaping the culture of their hospitals. If it’s true that culture eats strategy for lunch, then a cultural plan is more important than a strategic plan. Used as a metaphor, Zukav’s Wu Li masters can help you think in new ways about cultural transformation.

But first, an important clarification: the laws of physics are morally neutral. The momentum of a speeding garbage truck will cause it to ram into a school bus full of children or a prison bus transporting convicted killers with equal certainty. Likewise, corporate culture is morally neutral. Enron had a powerful culture, but it was a culture corrupted by greed.

### **The laws of physics and their implications for corporate culture**

*Nature abhors a vacuum:* Every organization has a culture. Just as physical nature moves to fill a vacuum, so also human nature creates cultural traditions, practices, and expectations within organizations. The question is whether this culture is allowed to morph haphazardly, or is guided by principles and a plan that are clearly defined and well communicated.

*Inertia is best overcome by engaging informal leaders:* A body at rest tends to stay at rest, and absent deliberate management intervention corporate culture becomes stale and stagnant. In an inertia-bound culture, you hear things like “we tried that and it didn’t work” and “we’ve always done it this way.” The larger the organization, the more energy it will take to begin the cultural transformation process, the way it takes more energy to move a bowling ball than it does a pool ball. But unlike pins passively awaiting the crash of a bowling ball, a hospital’s leadership can strategize the most appropriate cultural response to healthcare reform, whatever form it eventually takes. Resorting to a top-down, command-and-control process (e.g. cutting staff with layoffs) is a Newtonian “organization-as-machine” approach, whereas training employees on personal skills of ingenuity, courage, and resilience is more consistent with the paradoxical relationships evident in quantum physics.

*Friction is inevitable and must be overcome:* The first thing you encounter when you seek to overcome inertia is friction. The greater the change required the greater will be the resistance. Knowing that friction is inevitable can help you fortify yourself with the determination to forge ahead in spite of it. And just as a snowball gains mass as it overcomes friction rolling down a hill, once the transformation process begins you will find the skeptics of yesterday become the champions of tomorrow.

*Critical mass is essential to sustain change:* In order to spark significant cultural change, you must have a critical mass of people buying into the desired change. Researchers suggest that about 30% of a population is sufficient to reach critical mass in launching a movement. So, for example, when a third of us decided we would no longer tolerate being poisoned by other people’s cigarettes, the movement to ban public smoking became unstoppable. At Tri Valley Health System in Cambridge, Nebraska a group of about fifty people meet every morning for several minutes to collectively recite that day’s promise from [The Self-Empowerment Pledge](#). According to CEO Roger Steinkruger, that one simple group action has had a positive impact on the hospital culture, and is now spreading to other parts of the community.

*Escape velocity is generated by staff commitment:* A spaceship headed for orbit must first attain sufficient speed to break free of Earth's gravitational pull; the greater the mass of the spaceship, the greater the speed required. To achieve cultural transformation, you need a sufficient number of people (mass) who are sufficiently galvanized (emotional velocity) to escape the inertia, pessimism, cynicism, and toxic emotional negativity of the past. Fillmore County Hospital is a critical access hospital in Geneva, Nebraska. As part of a hospital-wide values training initiative, they asked every employee to think about their personal values, then published a beautiful booklet with the responses. Patient satisfaction scores have improved in 27 of 30 measures, which hospital leadership attributes to having achieved "cultural escape velocity" caused by a sufficient number of people having made the commitment to acting upon those values.

*Momentum assures ongoing progress:* A body in motion tends to stay in motion. One of the things that struck me when researching *All Hands on Deck: 8 Essential Lessons for Building a Culture of Ownership* is the extent to which cultural momentum carried each of the market-dominating companies featured in the book long after charismatic founders like Walt Disney, Ray Kroc, Mary Kay Ash, Bill Hewlett and Dave Packard had departed. In the strongest organizations, cultural momentum itself is a powerful form of leadership. Organizational structures like Hamburger U at McDonald's assure that cultural norms are transmitted to each new generation of future leaders.

*Randomly intervening variables can foster new solutions:* Natural evolution on Earth was profoundly altered when an asteroid slammed into the planet some 65 million years ago, leading to the extinction of the dinosaurs. In cultural terms, outside factors including the economy, politics, competition, and other variables inevitably complicate culture change initiatives. But as Margaret Wheatley points out in *Leadership and the New Science*, "disequilibrium is the necessary condition for a system's growth." When a group of physicians in Kearney, Nebraska announced plans to build their own hospital, it created a threat they would seek to recruit nurses from Good Samaritan Hospital. The hospital used the opportunity to evaluate potential sources of employee dissatisfaction and take actions to enhance loyalty. Though the physicians' hospital is not yet completed, Good Samaritan built a stronger and more positive culture as a result of the challenge.

*Entropy is the enemy of progress:* Culture does not maintain itself, it requires constant attention. When Columbus Regional Hospital in Columbus, Indiana was inundated by a flash flood in June of 2008, it appeared likely that entropy would set in. Basic services were shut down, the hospital was closed for five months, no revenue was coming in, and the hospital knew its "best places to work" culture and high performing workforce could be at risk. The executive team and board made a decision to keep *everyone* on the payroll for five months, at a cost in excess of \$30 million – money that had been set aside for a new patient tower and emergency department. The hospital reopened with staff intact, continues to be rated as a best place to work, and a growing reputation for



excellence, with the most recent national recognition being for its Innovation Center – a facility made possible as a result of flood-related rebuilding.

*Black holes must be confronted and marginalized:* Scientists have recently discovered a black hole estimated to be the mass of 21 billion stars the size of our sun. Black holes literally suck the life out of any objects that come too close. Organizations unfortunately have people like that – emotional vampires who suck the life out of people they work with and, eventually, out of organizations they work for. Marginalizing these human black holes is a fundamental leadership duty (see “A Positive Approach to Negative People” below).

*Quantum leaps are created by inspired leadership:* One of the most surreal aspects of quantum theory is the notion that an electron can skip from one orbit to another without ever traversing the space in between – the quantum leap. During the mid-nineties, under the leadership of Dr. Ken Kizer the Veterans Health Administration made a rapid transition from being widely seen as caregiver of last resort to an organization about which Phillip Longman could write a book credibly entitled *Best Care Anywhere*. Today the VHA is going through a similarly radical cultural transformation to promote Veteran-centered care. Belying the notion that transforming a huge organization is like turning a battleship, VHA has achieved substantive change at a quantum-like pace.

*The problem of measurement requires new thinking:* Even more than in management, with its mantra that what gets measured gets done, physics is a science based upon measurement. But there is also an acute awareness of the limitations of measurement. According to the Heisenberg Uncertainty Principle, the simple act of trying to measure something affects that which is being measured. A manager might believe that he or she is improving patient satisfaction by giving employees a script and a happy face pin, but the way that script is delivered can actually have a perverse effect. The things that most matter to patient satisfaction are notoriously difficult to measure with traditional metrics. Compassion, enthusiasm, pride, and other “soft” qualities cannot be measured, but they certainly can be observed. Like physicists trying to understand the magnificent complexity of the universe, one of our challenges is finding new ways to assess those things that cannot be measured in the traditional manner.

*Culture is a force field to be understood and galvanized:* In physics, the concept of force field explains how gravity, electricity, and magnetism can cause two entities that are not in physical contact have a physical effect on each other. Culture is a force field in which attitudes and behaviors in one part of the organization are transmitted across space and time via invisible forces like rumor and gossip, example and expectations, stories and traditions. And like gravity, it is no less real for being invisible. Mapping out the vectors that transmit culture is a useful way of employing these forces to bring about desired cultural change.

*Elegance defines the best work settings:* When it evolves according to nature's laws, the universe tends toward elegance: from the Grand Canyon to photographs taken by the Hubble space station, there is beauty in the natural order. The same can be said for organizations that dominate "best places to work" lists: they have beautiful and functional corporate cultures. *The Tao of Physics* by Fritjof Capra was one of the first books to look at physics from a social sciences vantage point. Capra highlighted similarities between modern quantum physics and ancient eastern philosophical traditions, saying, "The further we penetrate [into modern physics] the more we... see the world as a system of inseparable, interacting, and ever-moving components, with man as an integral part of this system." More recently, in *The Elegant Universe* Brian Greene describes how string theory almost makes the universe feel like a gigantic musical instrument. That's a beautiful metaphor for the culture of an organization known for being a best place to work and a best place in which to receive care.

### **Conclusion – physical nature is a powerful metaphor**

There is, of course, another essential difference between the laws of physics and the principles of cultural transformation: the laws of nature are immutable while cultural practices are fluid and malleable. Nevertheless, thinking in terms of physical laws of the universe can provide a useful metaphorical tool for promoting a more positive and productive culture in your organization.

## **Article 5**

# **A Positive Approach to Negative People**

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Twenty years ago, people smoked in hospitals. There was a toxic haze in the cafeteria, staff lounges, nursing stations, even in patient rooms. For the most part, people who didn't smoke just had to put up with it. When Dr. C. Everett Koop called for a smoke-free society in 1986, many people (including many healthcare professionals) wondered what he'd been smoking! It seemed like mission impossible.

We've come a long way, and we'll never go back. Too many people appreciate how nice life is when you're not being chronically poisoned by toxic smoke from other people's cigarettes. Providing a smoke-free environment is now more than a patient right – it's a legal requirement.

In the same way, we should work to eradicate toxic emotional negativity (TEN) from the hospital environment. TEN is the emotional equivalent of cigarette smoke. When acted out in the form of

chronic complaining, gossiping, pessimism, and cynicism, TEN is demoralizing, depressing, and physiologically detrimental. It is contagious and, as with someone lighting a cigarette, one toxically negative person can affect everyone else in a room. TEN detracts from quality patient service, reduces productivity, and eventually causes the best people to leave for a more positive organization. When negative emotions are expressed around patients, it can cause iatrogenic distress that is not just emotionally damaging but can actually create clinical complications. And, as Daniel Goleman shows in his book *Social Intelligence*, emotional negativity can lead to bad decision-making at all levels of the organization.

### **Cultivating a positive workplace environment**

The emotional environment of a workplace is defined by what you expect and what you tolerate, and over time what you tolerate will dominate. When an employee wants to work in a positive environment, to be proud of doing his or her best work on the job, and go home at the end of the day perhaps physically tired but emotionally and spiritually uplifted, it reflects a failure of leadership to tolerate a toxic emotional climate that deprives him or her of this experience. So how do we create that sort of positive workplace environment?

The obvious answer is to “get rid of” people with chronically negative attitudes, and that is ultimately a leadership responsibility. But I emphasize the word “ultimately.” Before that, every effort should be made to help people overcome toxic negativity – not just for the sake of coworkers and patients, but also for themselves and their families. Beyond this, people who project toxically negative attitudes often have domineering personalities; if they are able to flip their inner emotional switch from negative to positive, they can become some of your most positive informal leaders.

In this article I’ll share 14 strategies for eradicating toxic emotional negativity from the workplace – the way we have eradicated toxic cigarette smoke. These strategies don’t just apply to work – replace the words “organization” and “manager” with “family” and “parent” and you can take them home with you.

*Strategy #1: Apply the WIIFM Factor:* Motivational speaker Zig Ziglar says everyone listens to the same radio station: WIIFM – What’s In It For Me? People are unlikely to make sustained changes in their attitudes or behaviors because the boss tells them to. But they might if they recognize how it will help them be better parents or do a better job of managing their time and money. When he introduced a formal program of values training to Griffin Hospital in Derby, Connecticut, CEO Patrick Charmel called it “a gift” to employees for their own benefit – not “a program” to boost productivity or patient satisfaction scores. But precisely because people saw the personal benefit, the training has had a positive impact on hospital operations and was a factor in Griffin having made the *Fortune* magazine roster of America’s “100 Best Companies to Work For” over a span of ten consecutive years.

*Strategy #2: Be clear and specific about the link between values and behavioral expectations.*

Explicitly or implicitly, integrity is a core value of every hospital, yet I doubt there's a hospital anywhere that doesn't have an active rumor mill. When people talk about a patient or coworker who's not in the room, it both violates the dignity of the person being talked about and the integrity of the people doing the gossiping (including passive listeners). Being serious about values means holding people to the behavioral expectations that those values demand. In the case of gossip, you should formally create the expectation that no one will say something about another person they wouldn't say if that person was in the room, then teach people how to constructively confront violators.

*Strategy #3: Help people overcome negative self-talk:* If you fix whatever chronic complainers happen to be complaining about, they will soon be griping about something else, because chronic complaining is a projection of their negative inner dialogue. Psychologists tell us that the human mind is hardwired for negative, frightening and pessimistic thinking (see *The Evolving Self: A Psychology for the New Millennium* by Mihaly Csikszentmihalyi). Fortunately, recent research in brain plasticity has shown that when we change our inner dialogue, the brain can rewire itself more positive thought patterns (see *The Mind and the Brain* by Jeffrey Schwartz and Sharon Begley). Unfortunately, most of us have never taken a course on how to give the most important speech – the one we give to ourselves all day, every day. When I'm speaking on this subject, I love seeing the "A-Ha!" moment when people recognize negative self-talk for what it really is – an echo of hurtful things that others have said in the past (which is why negative self-talk is *always* perceived as being in the second person). I ask listeners to visualize negative self-talk as mental graffiti, and then to imagine "a janitor in the attic" cleaning up the mess. People laugh – until I ask if what they're doing now is working. Changing one's inner dialog is usually the essential first step to changing attitudes reflected in outer behaviors.

*Strategy #4: Help people let go of the past:* I was once conducting a series of focus groups for a hospital client and kept hearing angry references to "the speech." It turned out that several years earlier, a manager had publicly criticized a certain department in a way that many found to be offensive. Although that manager had subsequently apologized, some people still held onto that grudge like a pit bull guarding a bone. Almost by definition, in a toxic emotional environment people are fixated on grievances of the past. Surfacing and then releasing that (often subconscious) resentment is the first step in looking toward a more positive future.

*Strategy #5: Help people deal with personal challenges:* People do not leave their personal problems at the door when they come to work, and these problems cannot help but influence the attitudes with which they do their jobs. Recognizing that many of its employees were struggling with financial difficulties, the leadership team of Central Peninsula Hospital in Soldotna, Alaska began to offer Dave

Ramsey's Financial Peace University. Thirty-seven employees signed up for the first course; by the time it was concluded, they'd already reported an average of \$6,000 in debt reduction and nearly \$1,500 in additional savings. In real terms, that's the equivalent to a pre-tax pay raise of about \$10,000! Fifty-one people signed up for the second course. According to CEO Ryan Smith, "Helping our people get a handle on their financial circumstances has had a very positive impact on morale and on the level of enthusiasm we see displayed every day. It's been a win for everyone."

*Strategy #6: Train managers to constructively confront negative attitudes:* In our workshops, we occasionally ask managers to perform short skits demonstrating how they would challenge negative attitudes and behaviors. It's amusing to see how they tiptoe around the problem person, but it points to a real concern. Many managers are uncomfortable dealing with attitude issues, and these are often swept under the rug at evaluation time if an employee's performance otherwise meets standards. One way to deal with this is to role-play constructive approaches to confronting TEN, the way some organizations did in preparation for becoming smoke-free.

*Strategy #7: Give people tools to depersonalize confrontation.* One of the most powerful tools in the quest for a smoke-free world was the simple "No Smoking" sign. Instead of confronting someone who was about to light a cigarette, people were able to point to the sign and achieve the desired result with minimal risk of conflict. When I'm speaking on the subject of TEN, I'll refer to "pickle-suckers" – people who are so negative they look like they were born with a dill pickle stuck between their lips. At some of the hospitals we've worked with, people have brought in pickle jars and levied "pickle fines" (typically 25 cents, which is donated to a worthy cause) as a way of holding each other accountable for their attitudes. Others have created "pickle-free zones" the way we once had no-smoking zones. At one hospital, they even posted [Pickle Pledge](#) posters in every bathroom and called it "potty training."

*Strategy #8: Use daily reminders:* In his book *Predictably Irrational*, Dan Ariely cites research showing that people are more likely to behave ethically when given frequent reminders. The same principle applies to attitude – frequent reminders help people stay positive. Texas Health Presbyterian Hospital Kaufman has reinstated broadcasting morning and evening prayers on the overhead, and each day every employee receives an email with a reminder of that day's promise from [The Self-Empowerment Pledge](#), which many people have also posted in their work areas. Hospital President Patsy Youngs says, "We're finding that just keeping positive messages in front of people reminds them to bring their best selves to work, and it's had a big impact on patient satisfaction."

*Strategy #9: Increase leadership visibility:* Surveys conducted by HR Solutions show that only 47% of hospital employees "trust that senior management will keep the promises and honor the commitments that it makes," which is down from the already low 54% it was before the start of the current recession. As Stephen M.R. Covey says in *The Speed of Trust*, lack of trust is like a tax on an

organization – it slows everything down and makes everything more costly. Negative people thrive in a suspicious environment, and the rumor mill feeds upon itself. The best way to build trust is visibility and accessibility of the leadership team. When the board of Tucson Medical Center was considering a change of ownership last year, CEO Judy Rich headed off the worst effects of the rumor mill by holding periodic town hall meetings, assigning members of the leadership team (herself included) to regular “feet on the street” rounding, writing a blog, and otherwise keeping people posted on the status of the board’s deliberations. She was open and transparent where she could be, and careful to acknowledge that some information had to remain confidential when that was not possible. In the end the board opted to retain TMC’s independence, and the organization has recently launched a major new building campaign.

*Strategy #10: Avoid labels and stereotypes:* A nurse recently sent me a letter commenting on the draft of an article I was writing about Florence Nightingale. In the article I said that Nightingale had never asked about pay and benefits when she devoted her life to nursing. The nurse jumped to the conclusion that I was a greedy hospital administrator who balanced the budget on the backs of overworked and underpaid nurses. Reading her critique, I immediately conjured up the image of an angry malcontent more interested in paychecks than patients. Neither stereotype was close to being accurate, and we ended up having a very cordial dialogue. It is human nature to categorize other people on the basis of such superficialities as appearance or job title, but that tendency can create an environment of suspicion and mistrust; the best leaders don’t allow labels to color people’s perceptions of reality.

*Strategy #11: Distinguish between problems and predicaments:* A problem has a solution, a predicament does not; this is obviously the underpinning of the famous Serenity Prayer – having the courage to change what you can (problem), the serenity to accept what you cannot change (predicament), and the wisdom to know the difference. Much of the emotional negativity in hospitals (and in families) is caused by wasting time and energy complaining about predicaments when that time and energy would be better used working on problems. In today’s zero-sum healthcare economy, it’s imperative that leaders be very clear about what they have the power to change and what must be accepted with serenity.

*Strategy #12: Build confidence by projecting courage:* Dr. Deming called upon us to drive fear out of the workplace, but that is virtually impossible; in what has been called “the age of anxiety” the challenge is to inspire people with the confidence that their organizations will thrive, and their jobs will be secure, even in the most challenging times. In the aftermath of the 9/11 tragedy, United Airlines ended up in bankruptcy in large part because the (then) CEO sent a panic-stricken letter to every employee warning that the company could “perish” within the year. By contrast, the CEO of Southwest Airlines assured people that their jobs were safe. In the following years, Southwest

continued to grow, largely at the expense of airlines whose leaders hit the panic button on 9/12. Jonathan Swift admonished us to keep our fears to ourselves and share our courage with others. That's especially important advice for leaders in today's uncertain healthcare climate, and that factor alone might differentiate winners from losers as health reform roles out.

*Strategy #13: Do not tolerate management by fear:* It should go without saying that management by fear has no place in the healthcare setting (or any other setting for that matter), but this can happen in subtle ways. The CEO of one of our client organizations confided to me that, in utter frustration at the failure of his team to hit key performance targets, he ordered them to produce "or else." They did hit their targets, but that CEO now says it wasn't worth the price: the fear factor inevitably flowed downhill, resulting in a higher level of anxiety and risk-aversion throughout the organization. As Edward Hallowell points out in his book *Worry*, "while fear may motivate well in the short term, in the long term it gets in the way of performance. Survival-level fear does not promote smooth and effective thinking in the workplace; it impedes it."

*Strategy #14: Put the cheer back into leading:* In *Leadership A-to-Z*, James O'Toole asked why many managers feel compelled to appear serious and buttoned-down when letting their own enthusiasm shine through is far more likely to inspire people to optimal performance. To be a cheerleader doesn't mean you have to run around waving pom-poms, but most managers could benefit from learning to be a more inspiring speaker and storyteller – and these are learnable skills.

**Imagine:** If someone were to wave a magic wand over your hospital and for 90 days there would be no bitching, moaning, and whining (the *other* BMW club), no gossiping or rumor-mongering, no passive-aggressive learned helplessness or any other form of toxic emotional negativity, it would be gone forever. Just as we would never consent to allowing our hospitals to again be poisoned with cigarette smoke, once we really appreciated the many benefits of an emotionally positive workplace, TEN would be banished.

Sounds impossible, doesn't it? So did the idea of a smoke-free hospital in 1986.

**Joe Tye, M.H.A., M.B.A.,** is the CEO of Values Coach Inc., a health care consulting and training firm in Solon, Iowa. He is also a member of [Speakers Express](#).