5 Steps to Building an Organizational Culture

It’s Your Company, You Can Cry if You Want to


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“Organizational culture” has certainly become one of the hot topics in the business world. But more often than not the subject is framed either in terms of the culture that already “is,” or of “not losing what we’ve created.” The interesting thing to me is that, using that visioning stuff we talked about a few essays back, you can actually take an active role in making your organizational culture what you want it to be. It’s very doable, if at times difficult. The “secret” is knowing what you want. Here’s the recipe.

One of the most common questions people ask when they first come to visit us at Zingerman’s is something along the lines of, “How did you build up this great group of people? How do you get people to care like they do? They all seem like they’re having a good time.” Basically what our visitors seem to want to know is the “secret” of our culture. And as you’ll already have guessed there are a thousand things we do here that contribute, but no one of them alone (nor even a “top” two or three) makes the culture what it is.

Still, more often than not they’re looking for simple answers in response to leading questions like: “It’s all in the hiring isn’t it?” Or, “Do you think it’s because you’re in a college town?” Or, “Is it the training?” Sometimes I look at them very seriously and tell them it’s all in the Magic Brownies we make at the Bakehouse.

But setting my tongue-in-cheekiness aside, culture really is critically important. Here’s a brief tour of what it means to us—and how we try to develop it here.

**What Is a Culture?**

*Webster’s* defines culture as: “(a) the integrated pattern of human knowledge, belief, and behavior that depends upon the capacity for learning and transmitting knowledge to succeeding generations, (b) The customary beliefs, social forms, and material traits of a racial, religious, or social group; also: the characteristic features of everyday existence (as diversions or a way of life) shared by people in a place or time, (c) the set of shared attitudes, values, goals, and practices that characterizes an institution or organization, (d) the set of values, conventions, or social practices associated with a particular field, activity, or societal characteristic.”

As we view it here at Zingerman’s, culture is the everyday reality of organizational life. Within that, all the *Webster’s* stuff applies. The culture is not the mission statement, the vision, your bank balance, or the staff handbook (though,
of course, all those contribute to it in various ways). It’s what we really do and say, the way we really behave, the way we treat each other, our products, our customers, our community, and ourselves. In essence, it’s the “personality” of the company; just as each of us have individual strengths and weaknesses in our personalities, so, too, does our organization.

Take note that while speeches, grand plans, and fancy training manuals certainly affect an organization’s culture, they’re actually just as likely to have a negative impact than a positive one. Why? Because if we as leaders make those big speeches and design those fancy plans but don’t actually walk our talk and follow through on what we said we’re going to do, then I can pretty safely say that the impact is much more likely to be negative than positive. Ultimately it’s what we do—much more than what we say—that makes our culture what it is.

Creating a Culture

There are really only two ways I know to build an organizational culture: either with consideration and conscious intent, or by neglect.

I don’t have kids, but it strikes me that developing a company’s culture has to be a lot like raising children. Even if you work really hard to do the right thing there’s never any guarantee that what you do is going to work. But there’s also no question that doing the work in a mindful way will significantly increase the odds of your kids growing up to live the values that you wanted them to have. Of course both the kid and the organizational culture are still going to develop even if you pay no attention to them at all. And while it’s not completely impossible that they’ll turn out to be who and what you wanted them to be, the odds aren’t great.

What follows is our recipe for consciously creating an organizational culture. If you use it well, you can radically increase the odds of successfully developing the kind of culture you really want.

1. **Teach it**

The more—and more effectively—we teach people in our organization what we want our culture to be, the more likely it is to become the reality of what we really do. Whatever orientation and training work you’re doing—or will be doing after you read this—I highly recommend regularly talking about the kind of culture you want. Describe the way you’d like things to be working. Talk about the informal ways you envision the group working together, the way you want the customer experience to feel, etc.

I think it’s perfectly OK to teach, too, about aspects of the existing culture.
that you’re trying to change. There’s nothing wrong with saying something like, “You may notice that there are still a lot of folks who arrive a bit late for their scheduled shifts. I apologize for having let that go on as long as I have. We’re working on building a culture that’s a lot timelier. In the meantime you’ll probably notice that we’re not there yet. But just to be clear, my expectation of you is that you’re going to keep to the schedule regardless of what others may still do (or not do). And, in fact, I’m actually looking for you to help lead the way to making this cultural improvement.”

As I’ve pointed out all through this book, one of the best ways to teach about an abstract concept like culture is to tell stories. There’s something that resonates with folks when they hear tales of how a particularly difficult situation was handled, or how the organization has successfully gotten where it is. There’s a substantive wisdom that comes from these stories, an experiential element of teaching that goes beyond the intellectual theories of what we’re trying to do. And because culture is what’s really happening, not just what we say should be going on, the stories resonate in ways that pure theory can’t do on its own.

2. Define It

In order to teach about our culture, we need to get straight what kind of culture we actually want. Essentially this is where we’re doing visioning—looking out to a particular point in time in the future and painting an inspiring but strategically sound picture of what our organizational culture will be like when we succeed. While this may seem easy, it rarely is. And if you have a number of leaders involved in running your organization you may find that you don’t immediately achieve full agreement on what your vision for the culture really is. In that case, you’ve got some hard discussions ahead of you. So for clarity’s sake, it’s essential that you take the time to put your vision in writing.

**Strengths and Weaknesses Wound Together; Success Means Getting Better Problems**

Although most of the world hasn’t yet realized this, I’ve learned that whatever we’re really good at is almost always directly correlated to the problems we have. Since success is mostly about getting better problems, what I’m saying here is, when you’re doing your visioning be sure to pick the problems you want to deal with and then prepare to deal with them.

Here at Zingerman’s we’ve pretty successfully built an organization
where people speak their minds when they disagree with something. We like that because we want to nurture free thinkers and avoid groupthink, bureaucracy, and all those other bugaboos that beset bigger organizations as they grow. But the “problem” that almost inevitably comes with this free thinking/mind speaking stuff is that sometimes we’re going to get more dissonance and disagreement than we want. Since our vision is to build a cooperative culture, we’ve worked to counteract that problem by actively teaching techniques for more effective organizational change, good meeting facilitation, positive dialogue, and dispute resolution.

My point is that in visioning out the organizational culture you want it’s important to understand and accept these sorts of tensions. Sure, I’d love to have a setting where people follow systems perfectly and have zero defects while simultaneously adapting quickly to strange service requests from customers. But in reality we will always need to accept, plan for, and manage the lifelong struggle to keep all that in balance.

3. Live it

This is, I think, the hardest part of the recipe: culture is very little about what we say, and very much about what we do. If we don’t live it, it’s never going to play out as we want. And unlike new products or new hires, organizational culture can only be built slowly over time, not through a quick decision or the writing of a big check to a consultant.

This is especially critical for those of us who are leaders in our organizations; realistically the people we work with see everything we do. To the best of my imperfect ability, I try to remind myself that every action I take and every word I speak is going to influence our cultural development. To pretend that my words, actions, and attitudes don’t have a significant impact would be to live in big-time denial.

This is particularly true at a startup, where things are moving quickly and people are operating in close (mental if not physical) quarters, usually under high stress, and where our behaviors can have an impact way beyond what they would in more stable, longer-established settings. So although the pressure is very high in those settings I would urge you to be especially conscious of what you’re saying and doing. We as leaders influence the culture of our organizations in many ways:
• by how well our words match our deeds  
• by how we handle things when the two aren’t in sync  
• by our choice of which values we live and which we only pay lip service to  
• by who we hire and who we fire  
• by who we reward and who we don’t  
• by the systems/recipes/processes we put in place (and those we don’t)  
• by how we handle failure

Consider especially that last item on the list: the manner in which we handle difficult situations is one of the biggest contributors to the creation of organizational culture. It’s relatively easy to build a culture when everything’s going well. But strong cultures are more often built by what we do during hard times: How do we act when money’s tight? How do we respond when a staff member is ill and we’re shorthanded? When good customers can’t pay their bills? When we’re having a hard time in our personal lives?

As we try to make clear to anyone who speaks admiringly of what we’re doing here at Zingerman’s, we have all the same problems as every other organization. Over the last 28 years it’s safe to say that I’ve probably fallen short on pretty much everything we’ve worked toward at one point or another. Fortunately I’m in (a) good company. What’s different about our culture is how we handle things when we don’t live up to what we said we’re going to do. Because when we openly accept that we’ve erred, apologize, and then move forward to reaffirm our principles, everything works more effectively; by handling our problems in a constructive way, we’re building the sort of culture we want.

Ultimately each of us has to take responsibility to personally live the culture that we want to create. None of us will get there perfectly as individuals. But that’s where diversity is so great; if we can build a team that collectively embodies all of the characteristics that we’re seeking and then manage that diversity with respect and inclusiveness, we’re on our way to building the organizational culture we seek.

I want to add that, although that work has to start with those of us who are in leadership roles, ultimately it’s incumbent on everyone in the organization to share the responsibility. It’s understandable that front-line staff might want to wait for imperfect leaders to fix things before they (the staff) get in the game. But I don’t think it works, any more than it works when the leaders
go around getting mad at the staff for not knowing how to behave. The most effective organizations and most solid cultures are the ones where each of us comes reasonably close to living the culture we seek.

4. **Measure It**

Once we’ve identified and written down the key elements of our desired culture in our vision, I’m pretty adamant that we can in fact measure our success in making these elements a (cultural) reality. Measuring something is often the first step toward improving it, and culture isn’t any different. You’re more likely to build a results-oriented organization if you measure the success of your efforts.

If you clearly define what it is you’re measuring there’s no reason why you can’t assess almost anything, even something as abstract as “fun.” Try it: have folks score (we use 0–10) how much fun they had at the end of every shift and tally the answers. If you track the scores from week to week, talk about what you can do to improve your “fun quotient,” and then implement a good action plan, your organization will soon be laughing a lot more than it used to. And your culture will reflect it for a long time to come.

5. **Reward It**

Many organizations have a mismatch between what they say they want and what is actually rewarded. In some cases the mismatch is really just an absence of rewards. Companies say they want people to treat each other well but offer no recognition to those who do so. They say they want people to have fun but the only reward you get is … you’re having fun. They say they want people to learn, but the only reward is that staff know a little more than they did before.

Sometimes the situation can be more extreme—all too many organizations actually reward the opposite behavior of the one they’re seeking. They say they want people to be generous but they take for themselves first. Leaders say they want great guest experiences but they pay bonuses based on sales. Again, no company is going to ever perfectly align every reward with the behaviors it’s seeking. But it’s pretty darned important to at least recognize the key elements of your cultural vision and make sure you really do recognize and reward people for living up to them.

Take note that I’m not really talking about money per se. That’s certainly one way to do it, but money alone will never be enough. You need to use multiple methods in various settings. It’s not about a one-time bonus or a quick cash fix: positive cultures are built over time using a creative array of rewards and recognition.
Shining During the Blackout

One of the most meaningful measures of your organizational culture is what happens in those unique, crazy situations you could never plan for. One that sticks in my mind is the big blackout that took place in the East and Midwest back in 2002. No one—I mean, no one—at Zingerman’s had ever prepared for an organization-wide, two-day power outage. But one sunny summer day in August of 2002 it happened.

We were actually scheduled to have our annual plan kickoff session that evening, so folks had been preparing their presentations all day. Suddenly, late in the afternoon, the power went out. Everywhere. It was less than a year after 9/11 so there were immediate rumors of some sort of terrorist attack. It turned out to have nothing to do with terrorism, but the entire power grid had gone down. Not sure what to do, I quickly made my way over to the Deli to help out. But when I got there, there really wasn’t much of anything for me to do. The partners, managers, and staff were all so together that they simply kicked into action to make things work well in spite of the crisis. We may have been without power, but people definitely were not powerless.

One of the first things the crew did was pull the gelato out of the freezer case. Before the ice cream had time to melt they went out onto the street and started giving out tastes to drivers stuck in traffic. The Bakehouse—where we have a generator to run key parts of the operation during power outages—offered to take in perishables from the Deli coolers. Their wholesale sales staff set up their desks outside the office (no generator there) and worked off cell phones to find out which of their 100-plus accounts in the area would want products and which didn’t. Folks from ZingTrain went out to the Bakehouse to brew coffee and bring it back downtown for Deli customers. The Deli staff set up tables outside the building and started selling foods that didn’t need refrigeration (like bread and dry goods) using a calculator and a cash box.

As all this was happening, I kept feeling that, if I was a good leader I’d best find something significant to do to help. But it dawned on me that whatever work I’d had to do was actually done a long time before, because the entire organization—partners, managers and staff alike—had spent two decades training to deal with this, and clearly, from the way they handled it, they’d trained really well. They knew immediately how to think
entrepreneurially, how to act cooperatively to help their peers, what to do to minimize loss and maximize gain both spiritually, for the community, and financially. They knew how to have fun in the face of adversity. And they darned well didn’t need me to tell them how to do it. So I went back to the office, changed into my running shorts and shoes, and went out for an hour-long run. The power was out and so was the sun—it really was a beautiful day in the neighborhood.

Changing an Existing Culture

For better and for worse, there’s really no quick way to achieve cultural change. Rules can be modified with a quick memo, but reshaping a culture takes a commitment to teach what we want, write a coherent vision to define it, model and live that vision as best we can, measure our progress, and then recognize and reward people when we succeed in making it happen. All of which requires tons of communication, years of stubborn persistence, relentless followup, and probably a little luck.

What I’ve learned over the years about cultural change is that you can never really get rid of the parts of the culture you don’t like. The more realistic approach is to gradually build up your strengths until they overshadow the less-desirable elements, so that the problems become less of an impediment to getting where you want to go.

The analogy I like best for this process is someone with a foreign accent who has been living in the States for a long time. We have at least one such person here at Zingerman’s—Jude Walton. Jude has been living in the States for more than 15 years now. By American standards she’s still got an English accent, and she’s still got some mannerisms that to American eyes would clearly mark her as British. But over the years those things have become less and less noticeable. And I know that when Jude goes back to Britain to visit friends and family they all lovingly accuse her of having lost her accent. That same sort of slow but steady transformation—often invisible to the people experiencing it—is the “secret” of cultural change.

How long does it take to change a culture?

I’ve always been taught that cultural change takes about a generation. In the food world one of the organizational challenges we’ve always faced—and probably always will face—is that there’s a lot more turnover than we might like. Being based in a college town where it seems like everyone is perpetually
thinking about leaving, going back to school, or traveling the world, tends to exacerbate this problem. Even though at Zingerman’s we run at about 25 percent of the industry average for turnover, we’ve still got more than we’d ideally like. But the good news for the food business is that because we have higher turnover we can actually make cultural change happen more quickly than somewhere like the auto industry, where the norm has until recently been for folks to be employed for life, sometimes across multiple generations.

My rule of thumb for meaningful cultural change here at Zingerman’s is that it generally takes two to three years to get something new really well woven into what we do. I usually wish it would happen faster, and I’m often really impatient en route, but that’s just the way it is. By accepting that reality rather than fighting it, I’ve found that I can do a much better job of managing myself and of leading and supporting the change process. I know that three or four weeks into most any change there are still going to be lots of problems and challenges; that in three or four months the glamour of the idea of change will have long since worn off. And that at that point we as leaders will probably need to get in there and help refocus folks on the long-term vision, providing the encouragement and energy needed to help get them through the seemingly inevitable zone of doubt and blame. And I know that if we stick stubbornly with our vision, if we really implement the action plans we agreed to early on (with of course some flexibility for midstream adjustments), we will ultimately get where we wanted to go.

The Culture Club at the Deli

Developing a Culture Club is an idea that I think we learned from Southwest Airlines (see Nuts: Southwest Airline’s Crazy Recipe for Business and Personal Success, by Kevin and Joyce Freiburg). It’s a work group that focuses on making an ever-better place for all of us to be a part of. While we haven’t yet incorporated the approach across our entire organization, the Deli has done great things with it. But lest you think it was easy to do . . . let me say that getting the Culture Club going and woven into the culture of the Deli took—you guessed it—two or three years! Thanks to the leadership of Carole Woods, who runs the group, as well as the participation of a good number of Deli staff, managers, and managing partners, it’s working really well.

Of course, because all this stuff is so iterative, the Culture Club is now
itself a big part of the culture of the Deli. And that culture is, not surpris-
ingly, probably the most positive it has ever been. Just by the very act of
existing and working to do good things over a period of years, Carole and
the group members have helped to create the culture they want—if you
have a professional work group that shepherds your culture and supports
positive culture-building by doing good deeds and good work, you will in
turn create a more positive and more giving culture.

The group has basically lived the five elements of the recipe—teaching,
defining, living, measuring, and rewarding—and in the process has helped
make the culture of the Deli ever-more positive. Honestly, I don’t know
that the specifics of what the group has done are particularly innovative.
What’s so great is that they’ve taken things that we (and many other orga-
nizations) talk about all the time, and they’ve made them a very mean-
ingful reality at the Deli.

It’s no coincidence, I’m sure, that the Deli’s bottom-line performance
is better than it has been in years. And that the better the results the busi-
ness delivers, the more positive the culture, the better the results . . . you
get the idea.

Some of the programs that they’ve put in place include:

• Deli Sherpas: these are mentors who help new staff members
“climb” the mountain of information and insight that they need to
get through their initial training and seeming cultural confusion.

• Better environment: making the staff breakroom a nicer place to
spend one’s time before, during, or after a shift.

• Cultural Attachés: people who work to improve the effectiveness of
the Deli’s inter-departmental operations.

• The Deli Quarterbook: a “yearbook” of Deli staff, published every
three months, that provides staff members with a simple but effec-
tive way to get to know each other, even if they don’t see each other
every day.

• Parties and celebrations: again, nothing particularly new here. But
the key is that the Culture Club really makes the fun happen on a
regular basis—and that a group primarily composed of front-line
staff has taken responsibility for bringing celebration and positive
energy into their workplace, rather than waiting for someone in
authority to do it for them.
Ways to See What the Culture Really Is

Ultimately the culture—not the staff handbook, the CEO’s position paper, or the company’s marketing materials—is the best indicator of the quality of life in any organization. I try to pay attention to small sub-surface cultural signals like:

- What do people do when the boss isn’t around?
- How do leaders treat others in the organization in casual settings?
- Are people laughing at work?
- What do people do when they’re confronted with truly unique situations?
- How do people recover from failure?
- What do people say about the organization when they’re with their friends or family?
- What gets discussed on the back dock?
- What do people joke about? Who’s making the jokes? Are the people poking fun at themselves? Or at others?
- Every organization has its cynics. But how strong are they? Do they dominate? Or do people with more positive attitudes politely put the naysayers in their place?
- How do people in the organization talk about its products?
- Listen for the pronouns—do people talk about the organization in the third person (“they”) or the first person (“we”)?

Different Cultures in Different Parts of the Organization

If you have a business where people don’t work together in the same space all the time—either because you have different locations, different areas of expertise (like production vs. sales), a big building, extended hours, or some combination of these factors—you’re going to end up with different cultures in different parts of the organization. That’s not a bad thing. It’s normal. Look at it on a national level. There’s clearly an American culture that anyone who arrives here from abroad is going to identify, no matter whether they land in New Mexico or New York City. In contrast to, say, Sweden, Sri Lanka, or southern Sudan, the U.S. is just going to seem somehow distinctly American. Of course if our new arrival pays attention and starts to travel around the U.S., he or she is going to start to see the nuances: within that broad American cultural context...
there are differences between the Land of Enchantment and Manhattan. And if they pay still closer attention they’ll find that the culture can change quite a bit even from the Lower East Side to Soho to Midtown and on to the Upper West Side and Harlem.

The same is true here at Zingerman’s. We certainly have one coherent culture across the organization. But you’ll find a slightly different version of it at the Bakehouse than at the Roadhouse or the Deli. And within each of those businesses you’ll find cultural variations between the various departments and shifts as well.

The key for us as leaders is not to fight against this diversity, but to focus on the positives. Look at the parts of the culture that are consistently working well and build out from there. Since we aren’t going to have a Stepford Wives sort of uniformity, which elements of the culture are most important? Given the level of growth we’ve agreed on for the next five years, what actions do we need to take to build the culture we’ve visioned out?

**Worrying About Losing What You Have/Building for the Future**

This comes up regularly when we work with other organizations that have actually created the kind of culture that they wanted early on in their business development. While I think of this as a good problem, I revert back to my parenting metaphor. You can worry about what’s going to happen to your kids if you let them out of the house. But at some point they’re going to start going out. And you can’t—or should you—stop them. Worrying, as you likely have already learned, really won’t help.

We can’t stop our culture from evolving. It’s going to change tomorrow, and the day after, and next year, and on and on. The key is to avoid slipping into working with a “negative vision”—one that focuses on what you don’t want to happen. Instead, I’d ask something like, “Given the growth that we’re going after and the way the world may change around us, what would the organizational culture of my dreams look like in five years?” I firmly believe—and have experienced—that, by writing down the vision of the culture you will create when you’re successful, you really are very likely to get there. In fact, as I see it, why settle for what you’ve already done? Paint yourself a picture of a culture that’s even better than what you’ve got now!