

SHAPING COMPANY CULTURE

Leesexemplaar

Ingrid De Clercq

SHAPING COMPANY CULTURE

How to Build and Scale
a Growth Culture

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FOREWORD

by Jürgen Ingels, managing partner of Smartfin

Culture and business are two seemingly different worlds that, when brought together, can create a powerful synergy. Culture encompasses the collective values, beliefs, customs and art forms that define a society. Meanwhile, business focuses on innovation, growth and achieving economic value – the art of seizing opportunities and turning ideas into profitable ventures. These two domains can empower and inspire each other.

In today's society, we see that culture and business are becoming more and more interwoven. Companies increasingly understand that a strong company culture is crucial to success. A positive culture can increase productivity, motivate employees and strengthen your customer connection. Entrepreneurs who invest in an inspiring and inclusive culture create not only a better working environment, but also a strong brand identity that resonates with their customers.

Culture also plays a key role in stimulating creativity and innovation within companies. Art and culture can serve as a source of inspiration for new ideas and insights. For example, design thinking is a method that uses creative techniques from the arts and culture sector to solve complex problems and develop innovative products and services. This approach emphasises the importance of empathy, experimentation and looking at problems from different perspectives – essential skills for any entrepreneur.

We can extend the concept of culture to the broader social and economic context in which businesses operate. The culture of a society influences how companies function, and the opportunities and challenges that come

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their way. Some cultures emphasise collectivism and collaboration, while others value individualism and competition. These cultural differences have a direct impact on entrepreneurship and how businesses are run.

Running a business itself can also be seen as a cultural act. Entrepreneurs create economic value, but also contribute to the culture of their community by creating jobs, tackling social problems, and introducing new ways of thinking and doing. Successful entrepreneurs are often culture bearers who leave their mark on society with their vision and values. They are the pioneers who break new ground and inspire others to follow their lead.

A particularly fascinating aspect of the relationship between culture and business is the rise of the creative industries. This sector, which includes the arts, media, design and technology, is growing rapidly and playing a crucial role in the economy. Creative businesses are both economic engines and important cultural players that contribute to the diversity and vitality of our society. They combine artistic expression with entrepreneurship, demonstrating how culture and economy can empower each other.

The influence of culture on entrepreneurship in fact extends beyond inspiration and creativity. It also determines the ethical standards and values that companies strive for. Corporate social responsibility and sustainability have become more and more important in the world of business. Companies are increasingly being held accountable for their role in society and their impact on the environment. A strong company culture that places a lot of importance on ethical values can help companies take responsibility and bring about positive change.

In this book, Ingrid delves deeper into the many facets of the relationship between culture and business. The book acts as a guideline to help you establish a strong culture in your company. We learn that a company's purpose is about much more than simply making money. Companies that do not clearly formulate their objectives or embed them in a strong company culture will no longer be able to attract the best talent. And without top talent, there is no top company...

Today's world demands a new way of thinking and doing, where culture and business go hand in hand. Understanding and appreciating the interaction between these two domains is essential for anyone aspiring to be successful in the 21st century. Whether you are an entrepreneur, cultural creator, policymaker or student, the insights and inspiration this book offers will help you see new possibilities and contribute to a better and more inclusive society.

Let's embark on this exciting journey together and discover how culture and business can contribute to a future full of creativity, innovation and, above all, fun!

Jürgen Ingels

INTRO

Ask two people to collaborate, and they will automatically find ways to do things together – or not. There is no company without culture, and it is something you see, feel, smell and experience in everything that happens there.

In the late 1990s, I found my sweet spot as human resources manager for Planet Internet. I helped steer the very rapid growth of the business from boom to burst. Planet Internet was a company where people not only worked incredibly hard, but also had fun. The culture that drove that was particularly strong. It was there that I discovered how a company's culture makes all the difference. My experience steering an internet company from start-up to scale-up, as well as my insight into what makes a strong culture, laid the foundations for the consultancy work I do today. I have developed recipes for how to build a strong company culture at start-ups, but also at larger organisations that want to become more innovative.

I am currently chief people officer at Deliverect, a food tech unicorn with its headquarters in Ghent, Belgium. People often ask us how we did it: in just three years, we scaled a company from 0 to 500 people, spread across 12 global locations, while still maintaining a very strong culture. That is why I would like to share my experiences and methods with the world, so that other start-ups, scale-ups and also larger companies can get started on their story.

When talking about my experiences, I draw on my entire career, but Deliverect is the example I use most often in this book, simply because this was where I was able to start from a blank canvas. During that process, I also applied everything I had learnt throughout my career. Together with

the founders, Zhong Xu (CEO), Jan Hollez (CTO), Jelte Vrijhoef (CPO) and Jérôme Laredo (president), our first step was to very consciously design the culture we were aspiring to, before implementing and maintaining it. In this book, I explain how we did that.

This book is about the 'purposeful scaling' of a company, based on an explicit, shared and well-maintained culture.

In this book, I take a broad view of culture. For me, culture is about the way of working, and that is about both values and practical considerations, such as organisational design. Consciously building a culture is something you can do at any point, no matter what phase the company is in. But working on it very deliberately and very early on has a particularly powerful effect.

My key message to entrepreneurs (in the making) is to start consciously developing and maintaining the company culture you want as soon as possible. Really think about the way of working that you believe will fit your company or organisation. Because in the long run, it will be that way of working that makes your company and organisation, and not the other way around. It is that way of working that will determine who you become, and whether you achieve the successes you want to achieve. The more explicitly you describe that culture and the more you let it thrive, the easier it becomes to make the right choices and to attract the right people.

I especially wanted to create a book that you can start putting into practice right away. Because culture is not hocus-pocus, but it also won't just magically appear. If you want a strong culture, you have to work at it – very intentionally. This book contains the exercises and the guidance to do so.

I would also like to give the floor to some of the people I have worked with, namely the four Deliverect partners, and also some Deliverect colleagues, my husband Alexander Van de Rostyne, Maarten Vandenbroucke (CEO of Timefold, and we also worked together at Gatewing and Ticto), Stijn Christiaens (CTO of Collibra), Paul Vauterin (CTO of BioLizard, and we also

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worked together at Multiplicom and Aelin Therapeutics), Dirk Oosterlinck (Partner at Minds&More, and we also worked together at bpost and Mensura) and Patrick Vanbrabandt (CEO of Carya Group).

It is my personal mission to help people and organisations reach their full potential. Being able to contribute to that with this book brings me deep satisfaction.

Ingrid De Clercq

Note: You definitely do not need to do all the exercises in this book in the same way and in the same order. Feel free to pick out a few with a view to your own preferences and context.

A HARMONY FOR COMPANY CULTURE

by Alexander Van de Rostyne,
inventor, husband and much, much more

Culture. Something we humans know a little bit about, and something we would never expect from a pigeon. Culture is what makes us human. It is something we take with us wherever we go, whether we are at the family dinner table or in a company meeting. Culture is 'soft' and difficult to capture in rules, let alone in spreadsheets.

In the world of business – and by extension in society – where numbers, KPIs and processes are becoming increasingly restrictive and degrees of freedom are melting away like the glaciers affected by global warming, now more than ever people need a sense of purpose in their work. This really does not just come from strictly following the processes and procedures imposed on them. Furthermore, these are never 100 per cent watertight.

In the battle to win the favour of both the employee and the customer, it is precisely those missing per cent that make all the difference. The catalyst here is the company culture: how the top nurtures and embodies it, how the company experiences and enriches it, and how each person consciously brings it to life and takes care of it.

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We often see culture portrayed on a poster in the corridor. One that reads: 'Our employees are our greatest asset.' But note: they never appear on the balance sheet, unless under 'costs'. Or: 'The customer is at the heart of everything we do.' Supplemented with a few other slogans to turn it into a 10-point list. The CEO sometimes refers to it during a speech, and HR will make sure everyone gets that text. All with the best of intentions, but unfortunately it rarely goes much further than that poster on the wall. Those reading it do not recognise themselves or the company in it and simply shrug their shoulders. In their experience, the poster does not stand a chance against the spreadsheet, or is sometimes simply crushed by the harsh laws of economics.

And yet, on several occasions I have had the opportunity to experience or help create the power of a strong company culture. Not by coincidence in companies that were driven by innovation and in doing so turned the stagnant markets upside down in their own unique way. A so-called paradigm shift. Whoever worked there couldn't help but be swept along in a wave of enthusiasm and deep-rooted belief in what the company stood for. That belief made me greater, it made everyone who worked there greater, and together we made the company greater.

Because we believed in 'it'. That 'it' was and still is a mix of vision and strategy. Of values and facts. Of feeling and insight. Of desire and ambition. Of etiquette and agreements. It is that 'it' that spurs us on to commit ourselves 200 per cent to a strategy that we are never 100 per cent sure of. The future is never certain, least of all in a growing company in an evolving market.

'It' is the raw fabric of a culture that turns those who work there into *fellow* workers. People who give to each other, who stand up for each other, who don't just take all the credit, who can give and receive criticism without hurting or being hurt. Because culture connects: it provides identity and makes us responsible towards others. It encourages people to spontaneously pick up the ball that someone else has dropped. And it ensures that people feel like more than just a cog in a big money-making machine.

When it comes to this topic, some people roll their eyes. It is too elusive, too fluffy. But we can say the same about music. If you go to a Bach concert, you will find yourself getting swept away, even lost in the power of his music. No one stops to think about the immensely complex work that went into writing the musical score, about the lines of harmony and structures he built up almost mathematically. And yet all the emotions we feel while listening to the orchestra are contained in that score.

That is exactly what this book aims to be: a score for company culture.

And yes, the most beautiful harmony demands the very best orchestra. Whoever can offer the most beautiful score will also attract the best musicians.

Alexander Van de Rostyne

CHAPTER 1

SETTING THE SCENE

1. CULTURE IS...

'Culture eats strategy for breakfast.' This quote, attributed to Peter Drucker, resonates so powerfully because it points to something that sometimes gets forgotten: the unparalleled importance of the human factor to any business.

Success starts with what motivates people, what connects them to each other and makes them feel connected to the company, and what drives them to pursue common goals as both a team and a company. No matter how detailed and sound your strategy is, if the human factor – the culture of those who have to deliver on the strategy – does not align with the goals and values of the strategy, that strategy will fail. This gross neglect of the human factor is therefore one of the main reasons start-ups fail.¹

Culture is the bond, the nourishment and the soul of an organisation. It is the atmosphere you feel when you walk in, the smile at the coffee machine, the nightly support from colleagues during a difficult software release, and the immense pride you experience when together you achieve something you thought was impossible.

Countless definitions

There are many (more scientific) definitions of what company culture actually is. Göran Ekvall, who carried out research into creative behaviour and the creative climate in organisations, saw culture as the set of

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patterns that define the norms and expectations of how people think, feel and behave. These patterns are formed from basic assumptions, values, beliefs, symbols and meanings.²

Psychologist Edgar Schein, who wrote the bestseller *Organizational Culture and Leadership* and founded the study of human behaviour within organisations, defined culture as ‘the pattern of shared assumptions and beliefs of how things are done in a company.’³ But I think that description can be simplified: ‘The way we do things around here.’ The stronger the consensus among people about ‘the way things are done around here’, the stronger the result of their actions will be.

Culture is about how people (want to) behave and what behaviour they expect from each other.

Our culture, our way of doing things, is not about comfy designer office chairs and a Friday afternoon happy hour. Culture is about how people (want to) behave and what behaviour they expect from each other. Culture is about the implicit norms, values, rituals and philosophies that exist in the company and among its people. We recognise company culture in the behaviour of the

leaders and the employees, the way they interact with each other, in what behaviour is rewarded and what behaviour is frowned upon. Some companies reward you for taking initiative, in others this is simply not done. You can feel the culture in the way the company speaks to its partners and customers, and how people deal with pressure and respond to critical situations.

Robert Marshak, another expert who thought a lot about company cultures, said that what character is to an individual, culture is to a group.⁴ That is to say, it also has its strengths and pitfalls. We know how difficult it is for us to change our own character, even when we acknowledge our weaknesses.

In a company, too, we sometimes need to change the culture, because it is necessary for the health of the company and/or because the environment

dictates it. The environment in which we operate as a company is constantly changing, meaning that the way we do things can deviate from what customers and other stakeholders expect of us. Or two companies merge and the two cultures need to be moulded into one. Or perhaps it becomes more important for the company to innovate faster and accelerate the time-to-market. If the prevailing belief within the company has always been that only perfect products can be brought to market, it can be more difficult to convince people of the importance of rapid prototyping and interactive development based on market feedback. These are all examples of scenarios where we (need to) very consciously work on culture.

ZHONG XU, CEO OF DELIVERECT

Culture is the company's DNA

Culture ensures that you have something to fall back on when the going gets tough: on values, but also on a group of friends or people that you work with and that will pull you through those difficult times. I think that's really important. And it is that DNA that defines your company. Perhaps your culture is very innovative. Well, when times are tough, you'll innovate your way out of trouble. Perhaps your culture is: we help each other. Then you'll join forces and overcome the challenges together. Perhaps it's grit, perseverance. Then you'll say: 'We bite the bullet and just go for it.' When everything is going fine, you don't need that as much. It's during the difficult moments that culture is crucial to pull you through as a company.

Culture is an important answer to the questions: How do you want your company to be perceived? How do you want to build the company? What kind of people do you want to work with? What gives you energy? A strong culture can ensure that people outside the company also say: 'Everywhere we go, you have the same mentality, the same culture.' And that's good, because it creates alignment in the organisation. It ensures that, despite people being very dispersed and having very different backgrounds, they all think in the same way.

And finally, I think culture is also super important when you want to scale. Culture is easy if it's just the founders and a few early hires, because then the culture reflects what the founders are and want. And people buy into it. But as you grow, you have to better define your culture, because it's impossible to spend your time passing on the way you do things to everyone. So you have to describe it. And certainly as you grow, it's no longer just the culture of the founder, but the mindset of the group.

The emergence of company culture

A culture develops organically, influenced by the first people who make up the company and how they interact with each other, and is often not explicitly stated. Everyone works closely together, communication is easy, and there is a lot of basic trust. All their passion is directed towards that new company. How do we develop our innovative product? Do we have a market? What is the ideal price point? As a result, you sometimes forget to think about whether you fit together well as personalities, as a team, and whether there is enough overlap in the individual ambitions and expectations, the do's and don'ts.

This is not a problem, so long as everything is going well. But there will always be difficult periods and acute moments of crisis. The money is running out. Additional financing has to be found. A financier drops out. The product fails to gain traction in the market. Or competitors threaten you with a lawsuit. If during these hairy moments there is not enough basic trust and shared understanding about what motivates and connects the people in that small team that is under so much pressure, then the cracks may start to appear. Personal differences and sometimes also personal incompatibilities bubble up. During in-depth discussions, they can gain the upper hand and thoroughly disrupt the quality of the debate. This in turn can ensure that, despite a fantastic product or brilliant service, individual differences get in the way of solving the problem, and the start-up effectively implodes.

Despite the fact that culture develops organically, I advise start-ups to think about it as early as possible: What do we each stand for? Do we know that about each other? Do we fit together? *How* do we fit together? Do we agree on the way we want to do things? What is our common ground? What kind of culture do we want?

When a start-up with an organically developed culture begins to scale, founders can get the feeling that the culture manifesting itself in the company is drifting away from the culture they wanted. Different emphases emerge and/or behaviour comes to the surface that they do not want to see. And making changes is not easy.

By naming the culture you want, you immediately also make it more resistant. You can also refer to it in times of crisis, when behaviour threatens to get out of hand: 'This is how we do it.' 'That's what we agreed on.' 'This is what's important to us.'

Incidentally, checking whether your personalities fit together and whether individual do's and don'ts, ambitions and expectations sufficiently align applies just as much to a well-established company embarking on a new and ambitious project with high expectations.

2.

IMPORTANCE OF A STRONG CULTURE

A strong culture creates a clear playing field

Airbnb CEO Brian Chesky beautifully described the importance of company culture in a letter to his team on Monday, 21 October 2013. In it, he recalled the message that venture capitalist Peter Thiel had given to the company's leadership team a year earlier: 'Don't fuck up the culture.'

Brian's letter:

Hey team,

Our next team meeting is dedicated to Core Values, which are essential to building our culture. It occurred to me that before this meeting, I should write you a short letter on why culture is so important to Joe, Nate, and me.

After we closed our Series C with Peter Thiel in 2012, we invited him to our office. This was late last year, and we were in the Berlin room showing him various metrics. Midway through the conversation, I asked him what was the single most important piece of advice he had for us.

He replied: 'Don't fuck up the culture.'

This wasn't what we were expecting from someone who just gave us \$150M. I asked him to elaborate on this. He said one of the reasons he invested in us was our culture. But he had a somewhat cynical view that it was practically inevitable once a company gets to a certain size to 'fuck it up'. Hmm... How depressing, I thought.

Were we destined to eventually 'fuck up our culture'? We talked about it a bit more, and it became clear that it was possible to defend, and actually build the culture. But it had to be one of the things we were most focused on. I thought to myself, how many company CEOs are focused on culture above all else? Is it the metric they measure closest? Is it what they spend most of their hours on each week?

Culture is simply a shared way of doing something with passion.

Our culture is the foundation for our company. We may not be remembered for much after we are gone, and if Airbnb is around 100 years from now, surely we won't be a booking website for homes. We will be far past this in our evolution (not to mention that kids 100 years from now will be asking their grandparents what websites were).

The thing that will endure for 100 years, the way it has for most 100 year companies, is the culture. The culture is what creates the foundation for all future innovation. If you break the culture, you break the machine that creates your products.

So how do we build culture?

By upholding our core values in everything we do. Culture is a thousand things, a thousand times. It's living the core values when you hire; when you write an email; when you are working on a project; when you are walking in the hall. We have the power, by living the values, to build the culture. We also have the power, by breaking the values, to fuck up the culture. Each one of us has this opportunity, this burden.