

MASTERING  
*the* ART  
SUCCESS

## Chapter Four

### Ensure Success and Profits: Create a Purposeful Culture

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BY DEANA KARDEL

#### DAVID WRIGHT (WRIGHT)

Today I am talking with Deana Kardel who is the President and founder of Eos Consulting Inc. She believes that a firm's culture is critical and the starting point on which every successful plan is built.

Deana has been working with professional service firms for more than twenty-five years both as a strategist, an executive coach, and as a mediator. Her forte is helping firms define or redefine their internal culture in order to enhance profitability. Deana is a sought-after speaker at firm retreats and trade associations.

Deana, welcome to *Mastering the Art of Success*.

I understand that you work with firms to enhance profitability. How do you do that?

#### DEANA KARDEL (KARDEL)

All firms evolve and change with time. Some firms evolve and enjoy significant profits, other firms evolve with profits that remain steady, while others devolve and decline. It is my belief that the evolution of an organization and its profits are directly proportional to the health of its internal culture.

Culture is defined as the behaviors and belief characteristics of a particular group that are established by the group's leadership. Hence, managing partners and CEOs must consciously make the decision to establish the type of culture they want in order to reach their goals.

The leadership must never lose sight of the fact that the culture they create is at the core of the firm's growth, stagnation, or decline.

Today, I would like to share information that can help leaders of organizations create a healthy culture.

#### WRIGHT

What key areas must managing partners or CEOs address in order to direct or redirect their organization's culture?

#### KARDEL

There are several areas that must be addressed in order to establish and direct a firm's culture. They encompass the following:

1. *Purpose.* Management must be able to articulate why the firm should evolve in one particular direction or another. Some call this a mission statement but I would argue that it is much more because it establishes the foundation that sets the underlying tone of the firm's culture. As a managing partner, CEO, or business owner, the questions to ask are: Why do you own or run the business? What do you have to gain or lose? What is your primary purpose for being in business?
2. *Research.* The firm must know its current cultural norms that make up the common behaviors and attitudes of the individuals within the organization. I define cultural norms as the collective attitudes, behaviors, and skills of the firm's talent pool and the perceptions of its clients. The cultural norms can be uncovered through research that enables the person in charge to identify, streamline, and benchmark the key similarities and gaps between the current cultural attitudes and behaviors from those which are desired. A leader of an organization should not attempt to fix or change something unless he or she knows why or how it should be fixed or changed.
3. *Structure.* Managing partners and CEOs must ensure that the hierarchical structure and talent pool within the firm are organized in a way that supports the organization's short- and long-term intentions. To that end, the expectations of the leadership team and all others must be clearly defined.

4. *Communication.* The firm's leadership must possess highly effective written and verbal communication skills. The leaders must be keenly aware of the importance that communications play both up and down the organization. Leaders are role models that exemplify the firm's communication philosophies and expected behaviors. Leaders at every level should be adroit at reinforcing good behaviors and resolving conflicts swiftly.
5. *Integration.* The firm's goals and objectives must be tied to and integrated with the goals and objectives of the people working throughout the organization.

By properly addressing and prioritizing the above key areas, managing partners and CEOs can foster the conditions that breed success and revenue growth.

#### WRIGHT

Will you say more about each of the areas you just described above by starting with the firm's purpose?

#### KARDEL

The key ingredient to establishing a firm's culture is to first articulate the firm's purpose. I start that process by asking the following questions:

What is the firm's motivation for staying in business? Why does the firm have a desire to evolve and grow over time and how is growth defined? Is bigger better and why or why not? Does the firm seek to have a larger geographic footprint for client service? Does the firm want to be more successful than its competitors? Is the firm looking to obtain a higher caliber of work? Is there a desire to sustain a balanced work/family lifestyle? Does the firm simply need to keep up with changes within the industry or economy? Is succession planning part of the purpose?

I would challenge the leadership to keep asking enough questions until they are fully satisfied that the true purpose of the firm's existence is identified.

The motivations for being in existence vary from firm to firm. If the firm is relatively new, the motivations are very different than that of one with history or of a subsidiary company. But before any leader can

establish or direct its culture, he or she must establish its purpose and intentions. Every decision that will follow within the organization, either consciously or unconsciously, will work toward either advancing the firm, maintaining the firm, or dismantling the firm. The firm's stated purpose serves as the justification and reasoning behind all major decisions. It is the firm's purpose that serves as the foundation on which all decisions and the strategic plan are built. The purpose is at the core of an organization's overall success.

#### WRIGHT

But what does the firm's purpose have to do with directing the firm's culture?

#### KARDEL

Culture is translated from the top down. This means that once the firm's purpose is established, the person at the helm of an organization must build consensus and commitment relating to that purpose. Commitment to the firm is not built upon establishing the firm's purpose alone, but rather commitment to the firm and its success is built over time and by inspiring others to share in that purpose. To that end, each individual within the organization must realize tangible benefits as a result of the firm's success. Those individual benefits can be one or a combination of the following: obtaining a sense of community or belonging, financial security, intellectual stimulation, pride and recognition, and the list goes on.

To build commitment, everyone within the organization should benefit in a way that resonates with their professional and personal needs. This way the individual's success is directly tied to that of the organization. The desire is to establish a culture made up of people who share a collected purpose and are motivated to work in harmony toward success. The firm's leadership must champion the firm's purpose because, as I mentioned, culture is driven from the top down.

It is critical that managing partners and CEOs take a careful look at their management team. The management team member is the beacon of the firm's purpose and each member should be trained and highly skilled at mobilizing and motivating others.

It is also important that the leadership group be cohesive. I would argue that the stronger and more cohesive the firm's leadership, the swifter the firm's progress. Firm leaders include administrative managers, committee chairs and members, practice group or department chairs and members, owners, and board members, just to name a few. These leaders should establish themselves as internal spokespeople who exemplify the firm's behaviors, attitudes, and intentions.

WRIGHT

How do leaders within a firm strengthen the correlation between an organization's purpose and that of the individual?

KARDEL

The answer to your question is through communication. All professional service firms must have leaders who are effective at communicating. The way in which the firm's purpose (or lack thereof in unhealthy organizations) is communicated by each and every leader is critical to the firm's overall success.

Those communications can work to motivate and bring out the best in people, cause complacency resulting in a culture of apathy, or have a negative effect causing some to work against the firm's purpose. Firm leaders are responsible for the overall behaviors and attitudes of their direct reports and those who surround them. This means that all leaders must have the ability to effectively communicate the firm's purpose to all levels throughout the firm in a clear and consistent tone. The more skilled the leadership team is at communication, the higher the likelihood of the firm's ability to grow and prosper.

It is also important to note that in some firms where there is not an effective leader there is typically one or more people behind the scenes calling the shots. Leadership, when handled from behind the scenes, gnaws the firm's culture breaking it down. The firm's purpose is undermined, and its long-term health and well-being is put at significant risk.

WRIGHT

People define leaders in many ways. What is your definition of a leader?

KARDEL

My definition is rather simple: To be a leader, one must have followers. Only when people follow, can there be a leader. So, the most important question becomes: what makes people want to follow the leader? The *Harvard Business Review* article titled *To Lead, Create a Shared Vision*, reveals what employees look for and admire in a leader. The number one requirement stated in that article was honesty, and the second, that he or she be forward-thinking. Yet the article stated that only 3 percent of leaders have the time or the inclination to be forward-thinking. This is where a strong purpose once again comes into play because the firm's purpose is what sets the stage for what is coming ahead. With a solid purpose, by default, the stage for its leaders to be forward-thinking is solidly set in place. The purpose reinforces the conditions that help to foster successful leaders.

We know that when people feel as if they are a part of a group that provides professional and personal satisfaction and excitement for the future, they are willing to give more to the organization than another who is just doing his or her job. And when people are willing to give more, they tend to take more pride and ownership in their day-to-day work activities. And when people take more pride of ownership in their jobs, they are looking out for the best interests of the firm, which has a positive impact on revenue. Every day, people at all levels within an organization are empowered with numerous actions and decision-making opportunities; the underlying choice of each is whether or not to follow the leadership provided.

WRIGHT

How do you know if you have a healthy or an unhealthy culture?

KARDEL

A clear diagnosis of the firm's cultural well-being is absolutely necessary to the development of any purposeful growth plan. When I walk into the lobby of my clients' offices, I can immediately get a sense of their firm's culture. The physical environment and working conditions, the way in which I am greeted, the way in which people interact, the activity in the hallways, and so on all impact and reflect the

firm's culture. Are the people smiling? Are they respectful? Are they helpful?

Yet no matter what the firm's culture, healthy or unhealthy, the step toward success is the same: managing partners and CEOs must determine the health of the organization by uncovering the organization's cultural norms. Internal research provides leadership with key intelligence and insights that help to guide subsequent actions.

Steve Price, CEO of JAMS, the world's largest private mediation and arbitration company, faced this very issue when he took over that company. When he became JAMS leader, I worked with him to establish the firm's purpose of building a national firm made of dispute resolution experts. With a strong leadership team in place, combined with clearly defined roles and responsibilities, we implemented comprehensive and confidential satisfaction and needs assessment research on the company's key constituencies. Those constituencies included JAMS employees, its mediators and arbitrators (comprised of high profile and highly compensated judges and lawyers), and the firm's major clients. The research was scientifically conducted by an outside neutral party.

The results revealed the key intelligence that clearly identified problems and opportunities, which then guided the prioritization process relating to JAMS resource allocations and important next actions. The priorities addressed internal attitudes, behaviors, and capabilities by constituency and collectively. The intention of each program was to align the firm's cultural behaviors with the company's core purpose and to ensure that over time the firm showed higher levels of satisfaction and buy-in to the company's purpose.

The research was conducted every eighteen to twenty-four months and tracked for seven years. The research numbers were monitored regularly, and the results provided Steve Price with the important advance indicators of the overall progress of its priority initiatives and investments, as well as the firm's overall cultural health. As a result, satisfaction numbers increased as did the company's profits. Steve Price is on record stating that those research numbers were more important to him than the financial data he and the CFO pored over every day.

## WRIGHT

What are some of the keys areas that research should address?

## KARDEL

Typically, the research should provide answers to some of the following:

- Do the people who work at the firm know the firm's purpose?
- How strong is their commitment to that purpose?
- Do they think that they can benefit from the firm's successes?
- Do they understand their roles and responsibilities? Are expectations communicated clearly?
- What percentage of time do they spend on the goal/purpose?
- Do firm members have a strong desire to offer good service to their clients and what is the level of service satisfaction?
- Is it rewarding to work passionately toward the firm's purpose?
- How much do the people at the firm like or respect each other?
- What most satisfies or dissatisfies employees and clients?
- How inclined are they to look for a new job or how inclined is the client to look for another service provider?
- What is the overall satisfaction and/or satisfaction by job function?

The research results provide a clear snapshot of the firm's cultural strengths and areas of concerns by constituent grouping as well as by the collective whole. Proper research illuminates the areas where its constituents are most and/or least satisfied and the level of commitment to the firm's purpose. Also revealed are the levels of market share, satisfaction, and perceptions by the firm's clients.

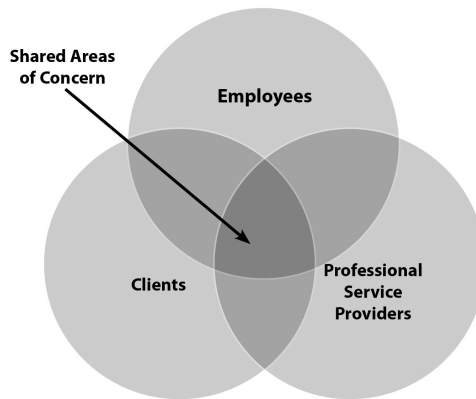
In addition to guiding the firm's strategic priorities, this type of research serves as the benchmark upon which the firm's cultural shifts can be measured. At JAMS, we uncovered the major needs of its staff, clients, and mediators/arbitrators. The research revealed overlapping and disparate needs relating the skill and satisfaction levels of each of the three constituencies. The priority initiatives that the firm implemented focused on those areas of overlap. In the case of JAMS, professional development became the priority starting point and different programs relating to that priority were implemented for each of the three constituencies.



Since all firms have time and monetary constraints, firms should start by implementing programs that serve to change the attitudes and behaviors of multiple constituencies simultaneously. To that end, firm leaders should look to implement a few priority initiatives that firmly address the overlapping areas of concern between and among constituencies. By using this model, organizations can prioritize their actions in a way that enable them to get the biggest return for their time and monetary investments.

### **Starting Point for Strategic Initiatives**

*Initiatives within the strategic plan should always be prioritized in the areas where there is overlap between and among its constituencies.*



### **WRIGHT**

One of the steps you listed relates to the firm's organizational structure. What about the organizational structure is important?

### **KARDEL**

One of the most important job responsibilities of managing partners or CEOs is to ensure that the firm's organizational hierarchy supports the firm's purpose. If there are holes in the organizational chart that should be filled, or if there are positions that need to be created or eliminated, it must be done. There is no getting around a solid floor plan. It is the talent within that leads to a culture that works collectively to maximize profits.

Once the organizational structure is firmly in place, the next step is to clearly define each and every position within the organization. Every person's job description, from the CEO down, should be clearly written and understood so that expectations, both up and down and between job functions, are fostered. Specific requirements such as roles, responsibilities, and reporting must be articulated.

Of equal value, but in my experience missing from many job descriptions, are two key areas of responsibilities: 1) the expectation of working toward the firm's stated purpose and 2) the authority that position holds as it relates to customer service requests and monetary approvals. Together, these ingredients help to define the cultural norms relating to the behaviors and attitudes surrounding client service and financial responsibility. In order to ensure profitability, the firm's people, at every level, must feel empowered to communicate how they can best help the firm meet its core purpose and objectives. They must feel that the firm's culture encourages creative suggestions for articulating best practices and new and improved ways of performing their jobs.

In addition to individual job descriptions, the roles and responsibilities of all committees and owners must be defined. Each committee chair and its members should have a description of its function and decision-making authority. The purpose is to ensure a process whereby decisions can be made in a swift and thoughtful manner and the likelihood of infighting is lessened.

When people know what is expected of them and why, they feel empowered to succeed. They not only want to succeed, but more importantly, they are vested in the firm to succeed. People at all levels begin to hold *themselves* accountable for their own actions because their behaviors can be directly linked to success and failure on a variety of levels. This empowerment is strongly reinforced when people have a clear understanding of their role and responsibilities within the firm.

The intention is to create a culture where people feel personally accountable to themselves and to their colleagues for a job well done. As a cultural norm, people feel that their actions are recognized and appreciated. When individuals feel appreciated, they tend to exceed performance expectations. As a result, management, committees, teams, and individuals at all levels feel a stronger sense of accountability and

responsibility for their actions. The end result: A high standard of job excellence and satisfaction becomes the cultural norm.

## **WRIGHT**

What have you found to be some of the greatest challenges that firms face when creating a new culture?

## **KARDEL**

One of the strongest forces that shapes a culture is the firm's communications philosophy and behaviors throughout the organization. Communication philosophies and behaviors at all levels are cued from the top and are displayed in meeting formats, electronic communications, internal social and client gatherings, and so on. The firm's values such as honesty, loyalty, trust, and respect can be traced to the leadership's communication attitudes, behaviors, and capabilities. Hence, communications either strengthen a firm's culture or weaken it.

Key indicators of effective communications relate to three key areas. They include:

1. Timing: Are communications prompt and direct?
2. Values: Do communications reinforce the firm's value? Do they motivate and inspire toward the firm's purpose?
3. Opportunity Optimization: Does management take advantage of the numerous communication opportunities that present themselves in the course of day-to-day business?

In addition to the above behavioral expectations, it is important to realize that much of what underlies all communications is invisible. For example, if I were to give you a sheet of paper with a line drawn down the middle and in the left column asked you to note what you said aloud during the day and in the right column note what you privately said to yourself, you would find we all have varying levels of disconnect between what we said, what was heard, and what was subconsciously muted or oppressed. Over time, if there are multiple disconnects between and among people within an organization, communication divides and gaps surface thus creating barriers to a healthy organization.

People are usually unaware of the underlying emotions attached to various topics. And those underlying emotions vary from person to person and from topic to topic. Yet it is the very emotional content within any given conversation that drives a person to act or react toward or away from any given situation. And unfortunately, that emotion is invisible to the naked eye.

As an organizational leader, the goal is to ensure that the invisible emotional connections between and among the firm's constituencies is positive and there is an overall collective intention of mutual success. To do this, leaders must know how to explain the "why behind the what" so that the emotional connection between what is being said is the same as what is felt and heard.

When people are given a directive and are then told why and how that directive impacts them and the organization, mutual trust and understanding is reinforced. As a result, trust between and among people is being established. The more people understand and trust that there are well-intentioned reasons behind every request and action, the stronger the emotional connection to the purpose and, hence, the healthier and stronger the culture.

When the conditions that underlie the firm's communications are in harmony, messages are clearly delivered, and the beneficial intentions are clear. When messages are clearly understood, fewer mistakes occur. When fewer mistakes occur, efficiencies are optimized and when efficiencies are optimized, profitability and overall satisfaction can be at their highest levels.

It's a repeating circular motion and the firm's communication philosophy is an important connector within that circular motion. If communications are trusted and understood, rest assured that the firm's culture is moving in a positive direction and the likelihood of revenue gains are at their highest.

## WRIGHT

Will you say more about the three communication philosophies you just mentioned: timeliness, purposefulness, and opportunity optimization?

## KARDEL

The firm's cultural norms or behaviors surrounding communications can be traced back to three key ingredients: timelines, values, and opportunities.

*Timeliness:* The timeliness of communications plays a considerable role in defining a firm's culture because communications constantly test the level of trust and respect among its constituents. Are key messages typically communicated by the firm's leadership as various events unfold, or are messages communicated randomly, person-to-person after the fact? In either case, the message being delivered is either accepted or rejected with varying degrees of satisfaction and either intended or unintended consequences result. Information that affects people—no matter what level within an organization—that is communicated in a timely manner sends a message that the sharing of information is important. Trust and respect are positively reinforced. If, on the other hand, by common practice, information within an organization is communicated in an untimely or ineffective manner, misinterpretation or confusion is likely to surface and trust within the organization is jeopardized.

*Communication.* Another aspect relating to timeliness has to do with electronic communications. We all know the dos and don'ts relating to e-mail etiquette, but one common and detrimental "don't" relating to timeliness are the ignored e-mails. Take, for example, an employee who sends an e-mail to a superior or a colleague with a request. As a matter of common practice, the recipient of the request does not answer the e-mail. When e-mails go unanswered or are ignored between and among colleagues on a regular basis, the firm's communication style can be defined as passive versus direct. The unwritten cultural norm of disrespect is not only tolerated, but also reinforced.

As a result of disrespectful passive communications, the sender is left guessing and a communications divide begins to widen. The sender cannot help but feel a sense of rejection on a very personal level. This may mean that in the future that same person may fear future rejection, be hesitant to communicate proactively, and/or even begin to dislike their colleague, which can sometimes be a source of personality conflicts resulting in inefficiencies that waste time and energy. E-mail can be tricky, but since most communications within firms are now by e-mail,

the accepted way in which the leadership replies to e-mails sets the example for others to follow.

The second key communications characteristic is the firm's ability to articulate and exemplify the positive visual symbols that reinforce the firm's core values and purpose. Do communications support the message of collective achievements and teamwork? Are people appropriately recognized and are personal and group achievements celebrated?

Most people want to do a good job. People want to succeed. They want to surround themselves with people they like and trust. They want to live a life with integrity and values. They want to understand their professional purpose. When the firm's leadership knows how to effectively reinforce the firm's core values in the exchange of information, everybody wins.

*Articulate purpose:* Finally, whether spontaneous or planned, key leaders within the firm should be skilled at spotting and seizing every opportunity that enables them to articulate the firm's collective purpose and how the firm's intentions can benefit the individual and the whole. Opportunities such as department or firm-wide meetings, social and client functions, lunchroom, and even water-cooler gatherings should be seen as important opportunities to reiterate the firm's core messages.

The firm's communications philosophy sets the conditions that define the cultural norms relating to the actions and reactions within any organization. The firm's leadership style and behaviors serve as a model for others to follow. Hence, effective communication, both written and verbal, is essential to the firm's success.

## WRIGHT

How do you balance the firm's goals and objectives with the individuals' goals and objectives?

## KARDEL

There is an interesting balancing act that goes on between the firm's needs and with those of the individual. And the key to striking the best balance is to create the conditions that bring out the best in the individual's attitudes, behaviors, and core competencies.

First is attitude: Does the individual share in the firm's cultural core values? The answer to this question can be traced back to the hiring

practices of the firm, and its hiring success can be measured by the turnover rate within the firm's talent pool. The key initiative that can stack the attitude card in the firm's favor starts with the strength of the firm's hiring policies and procedures.

Second is behavior: The key ingredient to balancing the individual's needs and goals with those of the firm is to track the percentage of time the individual spends on moving forward the firm's purpose and the effectiveness of the firm's employees in articulating that purpose. A proper analysis in this area reveals how much pride and ownership individuals possess as it relates to the firm's overall success.

Third is to ensure that the individual's capabilities properly serve his or her job function. Do they possess the necessary requirements and background necessary to perform? Is additional training needed to ensure the individual can meet specific job duties? Do employees have the resources necessary to continually advance the firm's objectives?

Sometimes the training is job specific and sometimes training needs are cross-departmental. However, the question remains: is the individual satisfied and how strong is his or her connection to the organization? This part of the cultural equation requires that the firm have a strong commitment to its human resources. The firm's HR policies and procedures are critical to a healthy culture. Firms with effective hiring practices, appropriate job descriptions, strong training and development curricula, and forums for integrating the firm's goals with those of the individual are poised for success.

WRIGHT

How do you handle people who don't share in the firm's purpose?

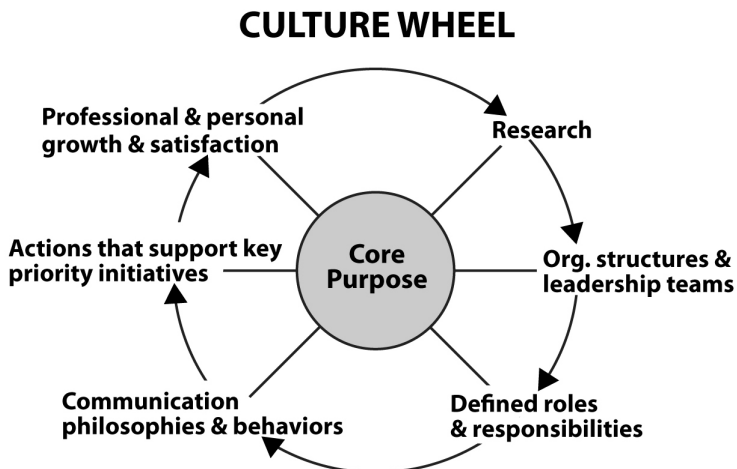
KARDEL

If a firm enjoys a healthy culture, turnover in personnel is significantly diminished. However, that is not to say that from time to time personnel mistakes don't happen along the way. Mistakes of any kind tell us one thing—a course correction is needed. And the key visible symbol of a healthy or unhealthy organization is oftentimes revealed in how fast or how slow course mishaps are spotted and corrected. A harsh but honest dismissal given to an employee or professional who does not meet the firm's expectations or cultural norms

is a gift to all constituencies. But, more importantly, the dismissal of underachievers sends an important message to those who remain within the organization and that message is that the organization values performance. Accountability to that performance is critical to attracting and keeping talent. This does not mean that you should dismiss people from the organization harshly, but it does mean you should dismiss timely, honestly, and respectfully.

No good comes out of keeping people in positions in which they do not thrive or spending time and money where the good of the whole is not at the essence of a decision. People within the organization respect a firm whose leaders value its people and whose people value each other. People want to surround themselves with others who perform and who have their back because, by protecting someone else's back, they can rely on their backs being protected.

When internal challenges are resolved with the purposeful growth plan as its backdrop, a healthy organization gets even stronger. In fact, mistakes made in a healthy culture often lead to new opportunities that would not have otherwise presented themselves. The firm that optimizes profits is one that knows how to thrive as a direct result of its mistakes and implements swift course corrections that can lead to new and oftentimes better opportunities.



- *The core purpose must be solid with expansion and strengthening abilities.*
- *A circular motion made up of internal behaviors surrounds the core and provides momentum*
- *The larger the core, the stronger the velocity of the circular motion and momentum of the culture wheel.*



WRIGHT

In closing, do you have any final words?

KARDEL

Before any firm can achieve long-term success, it must have the capability to create a culture that supports the firm's purpose. Success is only as strong as the people who collectively can make it all happen. All employees within an organization, no matter what their position or title, have daily choices of what they can do to lead themselves and others toward the firm's intentions. Each and every choice has consequences, both intended and unintended.

In human nature, the collective capacity to be stimulated and motivated is an extremely powerful force and can move in many directions. When firm leaders understand how to capitalize on that powerful force they can, in turn, create the conditions that ensure long-term success.

The process of building a successful firm is a matter of purposeful choice—it cannot be left to a matter of chance. Whether or not a firm gets what it is looking for depends upon its willingness to properly evaluate its culture and foster the proper conditions that support success and revenue growth.

## ABOUT THE AUTHOR

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Deana Kardel guides professional service firms to achieve their maximum potential through the creation of action-oriented strategic business development plans, one-on-one coaching, retreat facilitation, and executive dispute resolution.

Drawing upon her more than twenty-five years of business, marketing, and dispute resolution experience in executive level positions, Kardel designs and implements strategic programs that realize the client's revenue goals by helping to bring out the best in professionals as they work collectively in groups, strategically with clients, or individually toward the firm's goals and objectives.

Kardel's unique approach to strategic business development is "cross department integration" (i.e., incorporating leadership, operations, human resources, mediation, client relations, public relations, and marketing into an organized timeline of key priorities and intentions). This approach engenders an environment *or culture* that fosters revenue growth and professional satisfaction.

Kardel is touted as a dynamic and motivational leader and speaker. She has had numerous articles published and regularly presents to organizations and associations on topics relating to culture, leadership, business, and professional development.



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