Innovative Practices for
LEADING CULTURE

By Charissa Bradstreet, Chris Ernst, and Steven Rice

BILL & MELINDA
GATES *foundation*

EXECUTIVE SUMMARY

High-performing organizational cultures do not happen by accident. They are chosen, created, and shaped for a clear purpose. The essential question organizations should ask is:

Do we have the culture we need for the impact we want?

The foundation started to explore this question in early 2016. We found both subtle signs and hard evidence that, while there was much to appreciate, our culture was also limiting our ability to do our best work. We could see that some of the mindsets, patterns, and systems that had built up within the foundation were now counter to the effective pursuit of our missions and goals. What needed to change about our culture? And how would we do it?

Today, we are just past the halfway point of a focused three-year process of culture change. The foundation's leaders and numerous colleagues have developed, championed, and implemented innovative practices to build a culture that will maximize outcomes and lead to greater impact on the world. The process of leading culture has been both leader-led (through formal authority) and peer-to-peer (through informal networks and individual actions). Culture work has involved and touched everyone in the organization, and we've made notable progress in a short time.

Where we struggle, we continue to ask questions, learn more, and push for improvement. We continue to pay attention to systems and structures, leader mindsets and behaviors, and peer-to-peer actions and ideas. Culture is increasingly understood as how we go about our work—not a separate activity or initiative. Culture is how grants are awarded and managed, how we operate internally, how we engage our partners, and how we will have an impact on the world.

The authors of this paper, along with colleagues, have been partners with the foundation's CEO and Co-Chairs in pursuing culture for impact. We have been encouraged by the foundation's progress and acknowledge where deeply embedded challenges remain. Mostly, we are impressed by the interest, ideas, and effort of our colleagues throughout the foundation. This paper shares some of their stories, as well as a theory of culture change and how it has been applied to the foundation's culture journey, and provides a point of view on the most important work ahead.

WE'RE WORKING TO CREATE THE CULTURE WE NEED FOR THE IMPACT WE WANT. We believe that energized people, working well together, fueled by great leadership in an environment in which they thrive, will do phenomenal things.

INTRODUCTION

In late 2015, the foundation's CEO, Sue Desmond-Hellmann made a decision: culture would be her top priority for the coming year. She had a great deal of confidence in the foundation's strategies. Talented employees showed focus and energy around the work. The foundation's financial, intellectual, and reputational capital remained unprecedented, but it seemed the whole did not equal the sum of its parts. As one colleague said, "We are punching below our weight class." Creating a culture where everyone can do their best work was the next step to boost innovation and maximize outcomes.

The foundation had indications of what was needed. Stories of personal burnout and self-doubt circulated quietly. Employee surveys had touched on frustrations tied to complex internal processes, uneven management, stifled innovation, and diversity and trust concerns. Our grantees' experiences were uneven as well: a linkage analysis revealed a strong correlation between how we lead and manage people at the foundation and grantees' experiences of complexity and collaboration.

Sue wanted to approach the foundation's culture as strategically as the foundation does any other complex problem. The path to create a high-performing, high-impact culture began with a three-year plan and a systematic process. We wrote about that plan and our understanding of culture in a previous white paper, "Lead Your Culture. Or Your Culture Will Lead You" to map out the four-part journey.

1. **See the culture.** Get to know the culture we have. Discover the current and future states.

2. **Own the culture.** Decide what kind of culture matters in our organization. Align and own the culture agenda.

3. **Solve the culture.** Put the culture into action. Integrate it through experience. Implement reinforcing solutions.

4. **Evolve the culture.** Do what it takes to make the changes and choices that align culture and outcomes. Monitor, learn, and adapt as we go.

The first phase began in January 2016, by gaining a full picture of the culture as it was, seeking input from employees at every level, function, location, and demographic. A "Culture

See	Own	Solve	Evolve
DEC 2015 – FEB 2016	**MARCH – MAY 2016**	**JUNE 2016 – JUNE 2017**	**JULY 2017 – ONGOING**
Discover the current and future states	Align and own the culture agenda	Implement reinforcing solutions	Monitor, learn and adapt as we go

"If you have a place where people can show up as themselves, show up as their very best, you get the best work out of people and teams. That will ultimately lead to our mission. That's why I believe, our culture, getting it just right, is so very important for the organization ... As soon as Sue said this was a piece of work she wanted to do, Bill and I were all in." —Melinda Gates

Discovery" team conducted one-on-one interviews with all 81 senior leaders, administered an employee survey, held employee focus groups and conversations, and conducted an analysis of the informal networks in the organization.

The data showed a significant, concerning gap between employee commitment and engagement around the foundation's missions and the day-to-day employee experience. Employees were proud to work for the foundation, believed strongly in our goals and objectives, and were committed and willing to work beyond what is required to help our organization have impact. Yet, many people were frustrated, felt a loss of innovative spirit, and worried they would not be able to sustain the level of energy needed over time. They said work was unnecessarily complicated by too many processes, approvals, and lack of shared information. Without transparency and inclusion across boundaries, people struggle to collaborate and see how their work connects to other groups within the foundation and to the work of partners and grantees. Diversity concerns were identified both in terms of representation and in situations where diversity wasn't resulting in belonging and fairness. We lacked clear expectations of managers and leaders, and more generally, of

each other as colleagues. One employee described the culture as one of "sharks and vultures."

We had to acknowledge these cultural challenges and agree to change.

The culture journey has become something all of us at the foundation are involved in and accountable to. The CEO and the Executive Leadership Team leaned in, with strong support and personal commitment from Bill and Melinda Gates. Leaders of change emerged and stepped up from across the foundation. Teams and regions invested in and interpreted the culture work in their own unique and personal ways.

Our most recent employee survey indicated we are on the right track, and showed us where more attention, work, and time are needed. Taken about one year after we began our culture work in earnest, the survey had a 95% participation rate. Major indicators of the culture we are trying to grow have strengthened. Every single employee —100%—believes strongly in the foundation's goals. We also saw statistically significant improvements in 37 of 49 items, including 10 that had increased by at least 10 points. Signs of progress, yet other signals in foundation data combined with leader and staff conversations makes clear that real, deep-seated challenges remain. Whether the

foundation ultimately breaks through remains an open question.

As of this writing, the foundation is shifting into the Evolve phase of our culture journey. This means doing what it takes to ensure necessary changes are made to align culture to desired outcomes. We continue to implement and refine structures and systems to reinforce our culture. We are strengthening skills around how we work together and what it means to lead and manage effectively at the foundation. We are zeroing in on key areas that will drive progress. We are committed to becoming a great place to work—and a great organization to work with.

As a whole, philanthropy is among the most opaque sectors of the economy. We lack traditional accountability mechanisms such as shareholders and external board members found in the corporate sector or the ability to vote and the media's eye in government. At the midpoint of our culture journey, we share this white paper in part to document the ways in which we have made progress and where we have more work to do. We also do so as part of our commitment to transparency, both internally and externally. By putting the foundation "on record," we are in the spotlight to follow-through on the commitments.

A THEORY OF CULTURE CHANGE

To create a culture capable of having great impact on the lives of people around the world, we needed to understand what we were going for. Rather than prescribing a culture, we adopted a framework from the Center for Creative Leadership:

High-impact cultures don't all look the same and they don't do the same things, but they all result in three outcomes:

- **Direction.** High-impact cultures achieve widespread agreement on goals and aims. The key question is: *Where are we going?*

- **Alignment.** High-impact cultures create coordinated effort. The key question is: *How do we get where we want to go?*

- **Commitment.** High-impact cultures make success of the organization (not just individual success) a personal priority. The key question is: *How do we stay inspired and engaged to reach the destination?*
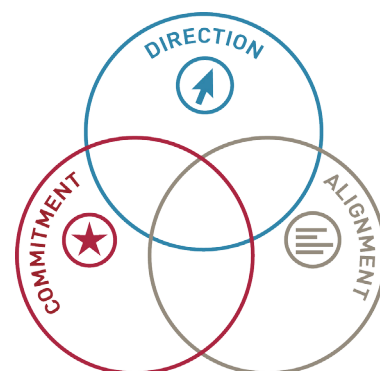
When the foundation gets culture right, our colleagues across the organization will experience shared direction, strong alignment, and sustainable engagement. When employees can do their best work, impact follows.

We agreed that the most powerful—and fastest—path to drive direction would involve everyone having a role, including the senior leadership team, informal networks, and change agents. Culture change needed to be **both** leader led and peer-to-peer influenced.

Certainly, culture work needs an executive champion and a team of leaders who are respected, influential, and willing to lean in, learn, and change themselves. The words and deeds of executives and other formal leaders are indicators of whether an organization is serious about culture. Formal leaders are role models of desired mindsets and behaviors, and their

missteps or counter-behaviors are highly visible. They are also in the position to make decisions about meaningful operational or structural changes, and to drive the accountability needed for culture changes to stick.

At the same time, culture work requires informal change agents and believers to get involved, to define needed culture, and take steps to live it personally. Culture cannot be mandated, rolled-out, and presented. It doesn't just trickle down. Peer-to-peer relationships, informal networks, and interactions within teams and across groups reflect and shape culture, too. It is present in how people treat each other in interactions with co-workers, partners and contributors, vendors and suppliers, and, in the case of the foundation, our grantees and the people who share in and benefit from our collective efforts.

Crucially, we also need to create time and space to bring formal leadership and informal networks together. They can't operate in parallel. They need each other—but often are disconnected.

Evolving culture in a family foundation creates unique challenges and opportunities. In our case, Bill and Melinda Gates are the most visible carriers of culture and highly influential. Sue is the unquestioned leader of culture. Each of the three brings unique passion and expertise to their role. Along with Warren Buffett and William Gates Sr., they have formed a strong and effective partnership in steering the foundation. The same has been true as they have engaged in the culture journey. Their openness to feedback has created space for this work. While each leader is different in everything from communication style to ways of looking at the world, all have made known in their own voice that making the

foundation a great place for talented people to make an impact is essential to our success.

Other formal leaders in the foundation include the Executive Leadership Team (ELT) of nine divisional leaders. Sue recast the ELT from a management committee that met infrequently to an increasingly integrated team responsible for foundation-wide outcomes. No group has spent more time or effort on culture than the ELT. The work has not necessarily been natural or easy. Previously, they succeeded as highly skilled technical leaders, largely independent of their peers—addressing our shared culture has the potential to challenge their past success and ways of leading. Similarly, Sue formalized a Senior Leadership Team (SLT) of the foundation's directors of programs and operations, plus the ELT. These visible and influential leaders are in positions to link culture to impact. Taking a foundation-wide perspective, their role is to clarify strategic direction, align the organization to key priorities, and engender the commitment of teams.

Colleagues at every level were also asked to see their role in culture

and engage in culture change. Employee communications were transparent about the process and the same results of the discovery process were shared openly with everyone regardless of level. People were encouraged to participate in organized culture conversations (for example, every group across the foundation met at the same time during our annual employee meeting to discuss what the results meant to them). We asked all employees to talk with their friends and teammates about what the foundation should preserve, grow, acknowledge, and change about our culture moving forward. We wanted

everyone to understand the data and to honestly consider for themselves: How am I showing up? Am I an enabler? A victim? A bystander? A contributor? A champion?

By taking a leader-led and peer-to-peer approach at the same time, important culture needs would be identified, best solutions would be found, and support for change would be broad and heartfelt. Culture was more likely to become personal—not just a slogan or initiative. The daily actions, small changes, and personal a-ha's would be appreciated for their contribution to the culture we desired.

The foundation changed to a no-ratings, conversation-based performance management process, rooted in trust and guided by simplicity. The change was one way to align our values and actions, to remove the gap between our stated culture and our experienced culture, through a process that touches every manager and every employee. The goal of Performance Partnership, as it is called, is to create alignment for impact one quality conversation at a time about our careers, capabilities, connections, and contributions.

HOW TO STRENGTHEN CULTURE THROUGH LEADERSHIP

LEADER-LED
through formal leadership

PEER-TO-PEER
through informal networks
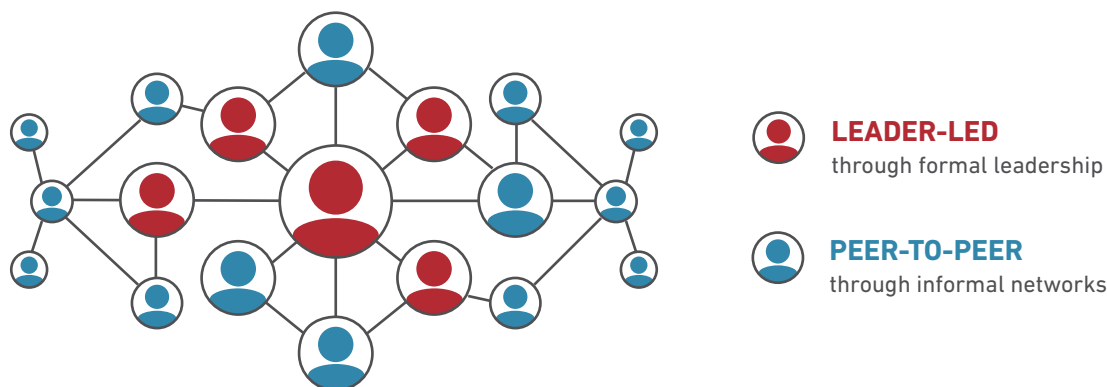
The top-down and peer-to-peer approach involves the ongoing, personal commitment of many.

🔴 **The Co-Chairs hold quarterly check-ins with Sue and her strategic HR partners, to calibrate progress, identify obstacles, and align on next steps.** The work with Bill and Melinda has now spilled over beyond culture to include areas such as talent reviews and workforce planning. For example, the Co-Chairs recently completed the first talent review of foundation leadership, including succession planning for critical roles. While Sue is unquestionably the spiritual leader of evolving culture, just as Bill is for eradicating polio or Melinda for advancing opportunity for women and girls, they are all committed to whatever it takes to realize these aspirations.

🔴 **Sue consistently puts culture and leadership front-and-center.** Talking about culture for impact is a natural extension of her long-held views that everyone deserves a great manager and the best organizations create environments that allow everyone to contribute to their fullest potential. In each of her regular touchpoints ("Sue Unplugged" sessions to update employees and answer questions, informal videos she posts from her office, and in meetings and interactions with employees), she shares stories and examples of where she sees the best of the foundation in action. Additionally, Sue has committed to new forums, such as a "CEO Speaker Series," to hold candid conversations with other CEOs about about their lessons in tackling key challenges and opportunities.

🔵 **The foundation's Executive Leadership Team (ELT) had been developing its collective capability and practicing behaviors that are needed for greater impact, including giving and receiving feedback.** After an assessment process in which every member gave feedback to every other member on two questions (What should you keep doing? What should you do differently?), they discussed the key themes and what they would commit to doing in response. Unprompted, they shared their full data reports with one another the next day. This has opened the door for more candor and truth-telling in their daily interactions. Recently, they had a frank conversation about a major decision and the ways in which they had worked at cross-purposes. In turn, this led to the creation of a set of shared expectations that clarifies the practices required for effective executive decision-making. As the ELT builds capability to address tough issues in an open and honest way, they set the tone for everyone else to do the same.

- **To expand the reach of leader-led impact, Sue also formalized a Senior Leadership Team (SLT), consisting of all foundation directors and above.** Given their broad representation across divisions, strategies, and regions, they are the smallest group of people that can touch the foundation as a whole. For over a year, the SLT has participated in quarterly half-day sessions and an annual retreat, along with virtual communications. Agenda topics flow from the desired outcomes of a culture for impact: e.g. future scenario planning (setting direction), implementation of large-scale systems change (creating alignment), and leading and inspiring teams (fostering commitment). Importantly, all the sessions are interactive and leader-led with minimal-to-no formal presentation in the room. In a recent survey, 88% of SLT member expressed confidence that the group can be a critical lever for foundation impact. The growing sense of a strong leadership community is one of the brightest spots on our journey thus far.

- **People managers are taking their effectiveness as leaders seriously, not just relying on their subject-matter expertise or past track record.** Through pulse surveys, the annual employee survey, and direct feedback, managers are learning how they can improve. While there are uneven spots requiring greater attention, aggregate results show significant growth on manager effectiveness items in twelve months.

- **Regional offices have spearheaded their own culture conversations and activities, including both formal, leader-led and informal, peer-to-peer elements.** The India Country Office (ICO), for example, created a poem that encapsulated their vision for the future, set up "Solve" teams to focus on particular areas, and they are using 360-degree tools to give leaders more feedback—feedback that the director of the ICO has chosen to share with the employees. They held a week of culture-related trainings and conversations to address challenge areas, and, most recently, publicly awarded High Impact Bonuses specifically related to culture contributions.

- **A "Changemaker" community of practice has emerged and continues to grow as a means to promote deeper conversations and insight through informal and existing points of influence.** Initially informed by an Organizational Network Analysis (ONA), the Changemaker community has grown organically to now over 125 members globally. Their objectives are to expand their sphere of influence, make value-added contributions to the foundation as change agents, and serve as culture champions within their respective teams. The Changemakers community is open to anyone in order to discuss what is effective, and members convene every six weeks to discuss what is effective, how they are applying new approaches in facilitating meetings or events, and how they might help and support each other.

- **The Women Connect Employee Resource Group (ERG) started a Male Allies initiative in an effort to explore the role of men as supporters of women inside and outside the workplace.** Supporters of the initiative held an event to co-create an '11 Ways To Be a Male Ally' tip sheet, which contains simple, accessible ways for men to champion, empower, and elevate female colleagues. The tip sheet has been well received and continues to create dialogue as it has been posted in copy rooms and cubicles, forwarded internally and externally, and was recently highlighted by Melinda. In a show of transparency and trust, two male directors sent it to their teams with a request to hold them accountable to the actions on the tip sheet.

- **Dorks, Drinks, and Discussion—or d3—is an informal group inspired by a desire to create a space for staff to be themselves, share ideas, and make genuine connections to take those ideas forward.** The monthly event intentionally takes place outside of foundation walls, removing silos that challenge innovation and collaboration at work. At each gathering, two speakers each spend ten minutes sharing their passion or idea, followed by a short Q&A. The rest of the time is for unstructured socializing and brainstorming. While d3 is not currently foundation-sponsored, it reflects the boundary-spanning interaction that is part of our desired culture change.

LEADER-LED AND PEER-TO-PEER: STORIES OF CULTURE CHANGE

By gathering culture data then sharing and talking openly about what we were learning, employees began to see their patterns, behaviors, expectations, and assumptions that contribute to culture. Leaders and employees were making sense of what they were learning. Importantly, we took time and space to consider, discuss, and listen, rather than quickly jumping to a quick fix or first solution. *Owning* the culture was affirming in some ways, but often difficult and uncomfortable. We began to hear a common theme: *We want to do something different, but we don't know what that should be.*

During this time, HR's Culture Discovery team convened a group of 40 colleagues to consider the desired culture. The group was representative of the foundation's employee demographics, as well as diversity of tenure, role, and division. We also looked for people who naturally were information brokers and culture carriers, based on the results of a newly conducted organizational network analysis (ONA). To engage informal leadership in the culture work, we did not need 40 like-minded people or the usual, formal decision-makers.

The group was invited to a day-long workshop, and given just a high-level agenda. Many of the participants did not know each other, but any wariness dissipated quickly. Rather than the standard slide deck and analysis of options that are the usual fare for such meetings, the organizer (one of our colleagues in HR, Adrianne Van Strander) divided them into groups of three. The assignment: *Talk about a peak work experience in your life, when you worked on a team that created great results. What made it that good?* In each small group, one person would tell their story; one person asked questions; one

person listened and took notes. What was happening on the team? What were the behaviors that made the work energizing and satisfying? What enabled those behaviors?

Each person told a story. The emotions tied to positive stories held great weight. There was a lot of laughter; some people cried. When people presented themes and examples to the larger group, they were excited. *How can we capture the essence of these experiences? What do we want our culture to be, based on our experience of teams at their best?* In the middle of conversation and back-and-forth—walls and whiteboards filled with ideas—Melinda joined the group. She showed up with openness and curiosity, telling stories and asking questions. Foundation employees are accustomed to presenting to Melinda, Bill, and other senior leaders only their most polished work, rather than at a point of exploration. After an hour, Melinda gave the group encouragement to continue, entrusting them to recommend a course of action.

By the end of the day, the group had galvanized around four commitments: Show respect. Offer trust. Be transparent. Create energy. Insistent that the "how we treat each other agreements" would be memorable and tangible, they created examples and lists about each of the four. It was clear to everyone involved that agreement around how we treat each other was the next step in the culture story. They saw the Four Agreements as filling the gap between the foundation's values of Innovation, Collaboration, Optimism, and Rigor and the day-to-day work. But, how would this group of colleagues create that same understanding among leadership and all employees?

Four people agreed to be storytellers. They asked for time at an ELT retreat and each told short stories of what it is like to show respect, offer trust, be transparent, and create energy—and of the consequences of not doing so. At the end, the storytellers asked leadership to literally stand up if they were going to support and stand by the Four Agreements, holding themselves and others accountable, and all leaders did. Similarly, the four told their stories to the SLT. Rather than giving immediate feedback, the leaders talked in

The foundation set its first **Diversity, Equity, and Inclusion** strategy to provide representation of all forms of visible and invisible difference; fairness in creating opportunities for all to have equal access to growth, opportunities and resources; and sense of belonging and being respected, valued, and seen for who we are as individuals. Teams across the organization are interested and engaged, having open conversations and holding sessions on topics such as unconscious bias and power dynamics. Structural efforts have focused on equitable systems and policies, including a pilot to mitigate bias in hiring processes, and a systematic release of diversity, equity, and inclusion data to build trust within the foundation and hold ourselves accountable for change.

small groups about how to apply the Four Agreements and consider what difference they would make within their teams and for their interactions with partners and grantees.

At the same time, the group shared the draft of the Four Agreements to the whole organization. Physical copies were posted in common areas of the Seattle headquarters as well as the regional offices, and employees were asked to write suggestions and reactions via Post-it notes or directly on the documents.

People from all across the foundation gave input. Individuals thought about their own experiences, and considered what the Four Agreements would mean to them and their teams. Several managers and team leaders talked about the Four Agreements in context of the culture data that had been recently presented. Many in the original group of 40 took the Four Agreements into their teams or workgroups to ask for feedback or invite other stories. One group, Agricultural Development, created leadership commitments tied to the Four Agreements, including specific Do's and Don'ts that were relevant to their work and context—an idea that was later applied to the foundation-wide communication of the Four Agreements. By the time the ELT, Sue, Bill, and Melinda formally adopted the Four Agreements, the importance of how we treat each other had already moved the culture conversation forward. This was an experience of peer-to-peer and leader-led contributions coming together in an elegant and powerful way.

THE FOUR AGREEMENTS: HOW WE TREAT EACH OTHER

SHOW RESPECT	OFFER TRUST	BE TRANSPARENT	CREATE ENERGY
We approach relationships with inclusion, kindness, curiosity and humility.	We enable collaboration, risk-taking, empowerment, growth and accountability.	We clarify roles & expectations and communicate decisions.	We engage each other in the joyful, continuous pursuit of becoming our best, authentic selves.
✔ DO value diversity and include viewpoints from all levels and locations in decision-making.	✔ DO provide a clear vision and empower the team.	✔ DO spot areas where confusion exists and become part of the solution to clarify.	✔ DO interact with people more than devices.
✔ DO encourage rigorous debate and support resulting decisions.	✔ DO stay open to giving and receiving feedback through ongoing 4Cs.	✔ DO use discipline in decision-making, clarify roles in the process and communicate outcomes in a timely manner.	✔ DO show interest in others and their ideas.
✔ DO treat feedback as a gift. Give it with empathy and receive it with humility.	✔ DO make time for personal connections.	✔ DO continually clarify expectations and opportunities for growth.	✔ DO invest in others' success.
✘ DON'T dismiss ideas and opinions, contributions, expertise, either publicly or privately.	✘ DON'T withhold feedback (positive or negative).	✘ DON'T rehash decisions, triangulate or exhibit passive-aggressive behaviors.	✘ DON'T disparage people or ideas to showcase your intellect.
✘ DON'T undermine decisions after they are made.	✘ DON'T micromanage.	✘ DON'T passively live in ambiguity.	✘ DON'T be self-absorbed or leave messes for others to clean up.
✘ DON'T expect colleagues to be available 24/7.	✘ DON'T inflate your own ego. Your name is not on the building.	✘ DON'T allow rumors to fester.	✘ DON'T glorify 24/7 busy-ness.
Respect for differences leads to Innovation and Collaboration	*Offering trust leads to Collaboration and Optimism*	*Transparent conduct leads to Collaboration and Rigor*	*Energy in relationships leads to Collaboration and Optimism*

The Four Agreements have become a focal point for culture in a short time. They have been catalytic, too, creating openings to conversations and decisions that were unheard of just a year ago. For example:

- **Bill and Melinda asked for feedback on how they could support the Four Agreements.** Melinda followed the progress of the culture group, and watched the Four Agreements gain traction across the foundation. When the Do's and Don'ts came out, she and Bill wanted feedback on their own behavior. They asked for specific guidance on changes they could make to support our cultural agreements. Being who they are, they recognized that it is difficult to collect upward feedback. Over several meetings, including one where Melinda said, "Are you sure you are telling me everything? Don't sugarcoat it," they decided to focus on several specific behaviors during upcoming strategy reviews. One area of focus involved encouraging teams to share credit and recognize group accomplishments. Another involved offering trust by encouraging risk-taking and learning from failures. Several teams took notice, actively engaging the Co-Chairs around what was working but also around what was challenging or where they were stuck. These generative conversations sparked new insights and ways of looking at complex problems. The best meetings came from sessions where employees with diverse perspectives and types of expertise on the team openly engaged with Bill and Melinda on different aspects of the work. Further, there was consensus that these were the most productive and effective strategy reviews in a number of years.

  "I want employees to know that this isn't just about them showing up differently, this is about us showing up differently." —Melinda Gates

- **Leadership principles were developed by a group of peers.** Sue charged colleagues participating in the foundation's Gear Up leadership development program to make a recommendation for what should be expected of foundation leaders into the future. The group of 26 leaders at the director and deputy director level honed their personal leadership skills in the process of creating the foundation's Leadership Principles. Over five months, the leaders worked collaboratively, gained input from leaders and teams across the foundation, and presented and championed their ideas. The work included examples of behaviors for any employee, with the perspective that everyone can be a leader, while setting expectations and accountabilities for people in formal leadership roles. As with the creation of the Four Agreements, the Leadership Principles emerged from the experience and expertise of peers, then endorsed by formal leaders.

  "It's not often that you find development opportunities that speak directly to real-life things that you're going to apply immediately. When we were developing the leadership principles, including 'prioritize collective success,' we were actually all working together, from across the foundation, do to something for the good of the entire foundation, rather than optimizing for our own individual strategies." —Patrick Methvin, a deputy director

VOICES OF THE FOUNDATION

"A team held a First Annual Celebration of Failure and Lessons Learned. The organizer, a director, made the connection between fear of failure and a high-achievement culture to low scores on innovation, risk taking, and trust. She said, 'We should feel safe failing … If we don't take big bets, if we don't try and fail and learn, we may settle for a mediocre solution instead of a fantastic one.' One example was about a failed strategic partnership. She explained how other senior leaders acknowledged the hard work of the team, understood the decision to end the project, and stayed open to the possibility of an improvement or opportunity in the future. Leaders supported taking a risk, demonstrated trust and respect for the team's work, and affirmed the choice to make a difficult decision."

"My colleague asked members of our team to help him identify behavior that is cynical and/or negative so that he can continue to be his best self and not let the ongoing changes and enormity of the work overwhelm him. This effort builds trust on the team, and we are now continually encouraging and helping each other to be our best selves."

FOUNDATION LEADERSHIP PRINCIPLES

NURTURE PEOPLE AND BUILD GREAT TEAMS

- **Develop People:** Foster personal and professional growth aligned to foundation priorities.
- **Create a Climate for Innovation:** Build psychological safety within teams required for creativity and risk-taking.
- **Act Inclusively:** Create a sense of belonging through mutual respect and interpersonal trust.

MODEL COURAGEOUS INQUIRY & INTELLECTUAL INTEGRITY

- **Be Transparent:** Be open and candid with your thoughts, emotions and decisions.
- **Engage in Constructive Conflict:** Participate in trust-based, passionate debate to produce the best ideas and solutions.
- **Practice Accountability:** Hold yourself and your team accountable for behaviors and outcomes that have impact.

PRIORITIZE OUR COLLECTIVE SUCCESS

- **Provide Context:** Inspire teams to see the big picture and find common purpose in the face of ambiguity and change.
- **Collaborate:** Partner with leaders and teams across internal and external boundaries.
- **Work for Beneficiary Impact:** Prioritize foundation resources to improve the lives of our beneficiaries.

▶ **Several divisions aligned annual discretionary bonuses to cultural behaviors.** A number of leaders decided to reinforce the importance of the Four Agreements and the Leadership Principles, sharing that they would become part of performance conversations between managers and employees, and, in some cases, criteria for earning High-Impact Bonuses. This broke from the tradition of awarding such bonuses for primarily high-profile projects or outcomes. It signaled greater accountability for how we treat one another.

"We decided to tie rewards to an expectation that team members Model Courageous Inquiry & Intellectual Integrity in a way that also Creates Energy for others. People are now way more aware of the energy they bring to the team and when that energy is positive or negative. The most important thing we did was provide visibility: we shared a list of who received a bonus and why, including verbatims from colleagues who nominated them. I believe the return on investment was very high. Team members were quick to tell recipients that the reward was well-deserved, and recipients in turn pointed out how important the team was to them. The communication created a ripple effect." —Brian Arbogast, Director, Water, Sanitation & Hygiene

VOICES OF THE FOUNDATION

"One colleague has helped to hold our team and leadership accountable to the Four Agreements, and she has done so in a respectful, open, and transparent way. This extra effort ensures continuous feedback and asking/answering critical questions—all of which push us to challenge ourselves to do better."

"Positive reinforcement (i.e. short emails with thanks or appreciation for a job well done) happens routinely on my team. Because they are genuine, these moments are very meaningful and something I greatly respect about the work culture of my team."

CHANGING STRUCTURES, SYSTEMS, AND PRACTICES

Once the foundation was clear about the Four Agreements and Leadership Principles (from the See and Own phases), the next step was to Solve—to weave those cultural essentials into the foundation's fabric. In addition to individuals and teams making changes and personal decisions, the foundation's operating structures, systems, and practices needed to be evaluated and changed to line up with the new cultural expectations. Without reinforcing mechanisms in place, new behaviors and patterns can be overshadowed by the operational pull and habits of day-to-day work.

Building off Ann Rhoades' experience and thinking documented in "Built on Values," we identified five structural levers to guide operational decisions and integrate the new culture into how we work (see sidebar).

Methodically, the HR leadership team, partnering with other teams across the foundation (e.g., IT, Legal; Facilities, Events and Travel; Employee Communications), identified systems or practices that needed to change or be created. We developed a roadmap for taking action and pursuing multiple, significant, and parallel efforts. The roadmap provided coherence and pacing to the work; it is reviewed quarterly with Sue and Melinda.

FIVE LEVERS TO IMPACT CULTURE:

1. **Select to it.**
   Attract, hire, promote, and onboard to desired culture.

2. **Develop to it.**
   Develop talent and managers that strengthen culture.

3. **Incent to it.**
   Implement culture-based reward and recognition systems.

4. **Build to it.**
   Implement efficient and culturally aligned systems and tools.

5. **Communicate to it.**
   Reinforce, celebrate, and sustain the best of our culture over time.

EVOLVING OUR CULTURE ROADMAP

5 Levers to Impact Culture ▼	CULTURE & DIVERSITY, EQUITY, INCLUSION	MANAGER @ THE CENTER	ORGANIZATIONAL EFFECTIVENESS
	Strengthen our culture, people practices and leadership behaviors	Empowering managers with the skills, and access to information to manage their teams	Streamline and standardize processes, policies, systems, and tools to perform better and integrate more fully
SELECT TO IT Attract, hire, onboard and promote to desired culture	• Diversity, Equity, Inclusion Through the Employee Lifecycle • Career Philosophy and Role Mapping	• Global Title and Role Assessment	• Culture Aligned Talent Strategy
DEVELOP TO IT Develop talent and leaders that strengthen culture	• Annual Employee Survey • Manager Effectiveness Survey • Team/Workgroup Engagement • Culturally Intelligent Workforce	• Leadership Principles/ Management Expectations Awareness & Development • Launch Team Effectiveness Toolkit (Incl. Diversity, Equity, Inclusion training info) • Performance Partnership	• Provide development plans at time of hire
INCENT TO IT Implement culture-based reward & recognition systems?	• Global Benefits and Wellbeing Refresh • Culture Aligned Global Rewards and Recognition Programs • Diversity, Equity, Inclusion Goal Setting	• Global Compensation Philosophy • Increase Interdependence & Collaboration in SLT	• Inclusive Mobility Practices (e.g., Secondments)
BUILD TO IT Implement new systems that align and support the evolving culture	• Diversity Reporting on applicant pool • Diversity, Equity, Inclusion Dashboard • Refresh HR Onboarding Programs • Employee Resource Group/ Diversity, Equity, Inclusion Operating Model • Diversity, Equity, Inclusion Data Transparency	• Leadership Principles Assessment	• Launch New Career Paths • Culture Roadmap Metrics • HR Optimization
COMMUNICATE TO IT Reinforce, celebrate and sustain culture	• New Brand Experience • Gender Listening Tour	• Change Makers Communities of Practice	• HR Portal Refresh

MEASUREMENT, OUTCOMES, AND INDICATORS

All along our culture journey, we have been gathering data, using annual employee surveys as well as periodic pulse surveys to gauge progress on specific items or areas. Regular measurement has allowed us to see what is working well, indicating a need to continue our approach.

Our most recent employee survey, taken in the first quarter of 2017, offered significant reason to feel encouraged that the commitment of people throughout the foundation is making a difference.

- A **95%** participation rate.

- **100%** of employees believe strongly in the foundation's missions and goals.

- Statistically significant improvement in **37** of 49 items, including 10 that had increased by at least **10 points.**

- **35** of 49 items measured as embedded norms or emerging strengths.

- Improved scores in Manager Effectiveness; Diversity, Equity, and Inclusion (DEI); and Direction and Commitment.

Survey data have also helped us see problem areas, and to ask more questions for deeper understanding.

Our progress on the Four Agreements is mixed. We've seen noticeable improvement in Show Respect and Create Energy, with these now scoring within the range of an emerging strength. Progress in Being Transparent and Offering Trust was not statistically significant. Our trust scores were particularly disappointing and, we believe, problematic. The low-scoring items here relate to the number of required approvals for routine decisions, having a climate where innovative ideas can fail without penalty, and effective sharing of information across teams with related goals.

Alignment items were also among our lowest scores, indicating another challenge area. In fact, one item, conviction that our combined work fits together, dropped a percentage point.

The challenges around trust and alignment are clearly felt by employees and are likely experienced by our partners and grantees as well. A closer look at the contributing factors indicates that both are related to the complexity of our operations. At first blush, this could be interpreted solely as a need for technical improvements in how we work. Yet, our data, experience, and other recent employee feedback make clear that root causes run much deeper. Employees still do not feel supported to take risks or challenge how we do things. Several issues seem to be at play as colleagues struggle to collaborate, work effectively, and act without fear, including:

- **Gaps between caring about the mission and caring for one's colleagues:** We know everyone cares about the mission, but that is not the same as knowing that I am valued, supported, and respected as a person.

- **Poor understanding of how my work relates to your work:** We don't see how our work fits together or how your success is ultimately tied up with mine. We struggle to coordinate work efficiently, without added layers of approval.

- **Protective patterns and postures:** Because the stakes are high, we can be reluctant to assume capability in others, adopting a posture that requires others to prove their expertise and reliability.

- **Confusion of competence and character:** When something does not go as planned, we can quickly move to question others' intentions or integrity rather than talk through the actual task or skill that did not meet expectations.

- **Conflict without collaborative focus:** Some conflicts feature biting criticism. Others circumvent honesty, transparency, and courage.

It is likely that patterns of trust that we see internally are replicated in our interactions with grantees and partners, and certainly they inhibit our ability to collaborate and innovate with some of our closest allies.

Moving forward, we are asking more questions to understand why trust and alignment remain weak spots and considering what can be done to improve.

NEXT STEPS: TRUST, ALIGNMENT, AND COLLECTIVE SUCCESS

"When every employee's energy is focused on the foundation succeeding, when they feel like they are part of a big whole, that's awesome. It's different than only focusing on just one piece of the foundation. That is a shift, and it takes a lot of trust." —Sue Desmond-Hellmann, CEO

Identifying and embedding the behaviors and structures that reflect the foundation's values and lead toward greater impact is clearly a journey. We have seen advances and moments of success, as well as stumbles and disappointments. We have established greater clarity about our expectations of one another through the Four Agreements and the Leadership Principles. Leaders and teams are increasingly holding each other accountable to these expectations. Talent practices and systems are changing. Many managers are taking formal and informal feedback to heart, adjusting the way they nurture people, build teams, and interact with colleagues inside and outside the foundation.

Our culture journey has also made it clear that lack of trust is holding us back. Breakdowns of trust make alignment of goals and coordination of work difficult. Without trust, we are too cautious and struggle to collaborate or take risks. As a result, the people we seek to help do not benefit from the multiplier effect

that should come from the financial, intellectual, and relational capital that we deploy around the world. Because there is so much at stake, we owe it to ourselves, our partners, and our beneficiaries to offer trust, push for alignment, and embrace discomfort and risk.

In the next 12 to 18 months, the foundation's culture efforts will shift heavily to the ownership and accountability needed for greater impact, following our theory of change. This requires integrating both inside-out social reinforcement and outside-in structural levers.

In this spirit, we see three priorities as significant for increasing trust and alignment.

- *Organizational Identity: a body of work to create new connections and contexts for teams to see how they are part of something bigger.* To a family in Africa, concerns around safe water, access to vaccines, and quality education are inextricably linked and

CREATING THE CULTURE WE NEED FOR THE IMPACT WE WANT

THEORY OF CHANGE

SHARED EXPECTATIONS + **OWNERSHIP & ACCOUNTABILITY** → **GREATER IMPACT**

Four Agreements
Timely agreements in support of timeless values

SHOW RESPECT | OFFER TRUST | BE TRANSPARENT | CREATE ENERGY

Leadership Princples
In conjunction with the Four Agreements

Prioritize our Collective Success | Model Courageous Inquiry & Intellectual Integrity | Nurture People & Build Great Teams

Social Reinforcement

Inside-Out
(mindsets & behaviors)

Structural Levers

Outside-In
(systems & processes)

Increased Direction, Alignment & Commitment to Execute our Collective Strategies

DIRECTION | ALIGNMENT | COMMITMENT

52 The foundation introduced a parental leave program offering up to 52 weeks of paid time off for mothers and fathers in the first year of a child's birth or adoption. Guided by three principles—healthier babies, parents who are able to thrive professionally, and building strong and resilient families—the program is consistent with the foundation's missions. It also supports career development; as parents vacate roles while on leave, the foundation has increased opportunities to provide meaningful developmental assignments for our employees.

interconnected. Paradoxically, such issues can feel a world apart inside the foundation. We aim to further define the organizational identity that binds our work together. Early efforts are underway to forge a better understanding of our common history and shared future. We are also looking at how our physical workspaces can better embody our identity in terms of who we are, how we work together, and the impact we hope to have.

- *Portfolio Management: a portfolio approach to grants management, shifting grantmaking and resource allocation out of silos.* Rather than an exclusive focus on the current five divisions, or verticals, the foundation is on a path to remove artificial internal boundaries and highly segmented goals. This reflects the recognition that our work—and the interests of our partners, grantees, and beneficiaries—is interconnected and overlapping. As one employee said in our employee survey, "Our beneficiaries' lives aren't divided by our focus areas." We have the

opportunity for greater impact if we remove internal competition and create incentives and systems that drive impact over activity. Collective success is the goal, and the new process will rely heavily on trusting people to do the right thing. We believe we will have greater and faster impact when we simplify approvals, delegate authority, and shift or combine resources in new ways.

- *RISE: A new approach to leadership development focused on developing adaptive leadership capabilities that balance and integrate the technical requirements of effective leadership.* By taking on real adaptive challenges, participants are challenged by "heat experiences" working in maximum diversity cohorts with colliding perspectives yet supported by one another and coaches enabling elevated sensemaking. To further trust-building and alignment, RISE is open to all, regardless of level or experience, and will be expanded beyond the walls of the foundation via an open source strategy.

Our collective success requires aligning our work in ways that are deeply respectful of the lived realities of those we serve, overcoming our individual agendas, and trusting that we are in this together. We understand that shared expectations plus ongoing social reinforcement and structural change will lead to greater impact. Leadership is required by all of us in ordinary moments. This is our work ahead.

RESOURCES AND INFLUENCES

WHAT SHAPED OUR THINKING

Identified the essential insight and applied in the proper context for the foundation ...
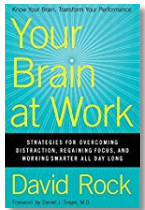
Lead Your Culture...Or Your Culture Will Lead You.
Chris Ernst, Steven Rice, and Adrianne Van Strander

Your Brain at Work
David Rock

- Growth Mindset
- Quality Conversations
- SCARF

Built on Values
Ann Rhoades

- Values and Brand
- Build your people practices to your values

Boundary Spanning Leadership
Chris Ernst & Donna Chrobot-Mason

- Interdependency
- Boundary spanning
- Organizational transformation

Firms of Endearment
Raj Sisodia, David B. Wolfe, and Jag Sheth

- External / Internal brand alignment

Driving Results Through Social Networks
Rob Cross & Robert J. Thomas

- Organizations are networks
- Know your networks
- Mobilize your networks to drive impact

Originals
Adam Grant

- Psychological safety
- Giving culture
- Innovation and risk