# Simon Sagmeister

# BUSINESS CULTURE DESIGN

## Develop Your Corporate Culture with the Culture Map

### With an introduction by Rita J. King

**campus**

*Dr. Simon Sagmeister* is founder of The Culture Institute, Zurich, and Partner for Culture Development at Science House, New York. He combines scientific research, leadership expertise, and practical experience from working with companies around the world. Many businesses large and small, Fortune 500 companies as well as family enterprises and non-profit organizations already use the Culture Map to actively develop their corporate culture.

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Develop Your Corporate Culture
with the Culture Map

Translated from German by Joe Paul Kroll

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In the interests of readability, I have not been consistent in saying "he or she"
throughout the book, often opting for one or the other. No judgment is implied,
and no statement should be taken to be gender-specific.

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# Introduction

I will never forget the day that Dr. Simon Sagmeister first visited Science House on the recommendation of his uncle, Stefan, who is a well-known designer in New York. "My nephew has a tool that maps corporate culture," Stefan told me. I remember thinking: everybody has a tool. In working with leadership teams from large companies for over a decade now, I've seen a lot of tools. Finally, we found a time to meet when Simon was in the city. James Jorasch, who founded Science House, was busy in his office that day. I told him I'd meet with Simon and let him know how it went.

As soon as Simon sat down with me in the Imagination Room at Science House to show me his laminated, multicolored hexagons, I was intrigued. Then he started explaining how the mapping works. Each hexagon represents a different dynamic, and every organization has all seven in different proportions. Companies that are extremely consensus-driven, for example, have a large green hexagon in their map. But what if they want to bring that tendency down and bring more candor and impulsive action into their dynamics? They can grow their red hexagon in the future state. The hexagons are different sizes, and they grow and shrink depending on the organization's goals and the way people interact with each other while they are accomplishing them.

The hexagons instantly came to life in front of my eyes, and as Simon explained all seven, I could already imagine the maps of all the clients I'd ever had over the years. I knew their strengths and weaknesses, and wished I'd had such a powerful way to show them what they were and give them a chance to visualize their desired future state.

I texted James to please come down and join us immediately. James is an inven-

tor, investor and entrepreneur, and he knows a big idea when he sees it. When Simon left, I turned to James and said, "I couldn't love that guy more."

The bell rang. It was Simon again.

"I forgot to give you this chocolate bar that I brought from Zurich," he said.

That tells you everything you need to know about the author of this book. He's brilliant, kind, provocative, and thoughtful. And he brings you chocolate.

We decided that very first day to pursue a partnership with The Culture Institute, and it's been an incredible ride in the three years that Science House has been the exclusive North American licensee of Simon Sagmeister's Culture Map system. We use it to help our clients see themselves in a completely new way, and the results, time after time, have been transformative.

*Rita J. King*
*New York, 2018*

Rita J. King is a futurist, speaker, and writer. She is the co-director of Science House New York and serves as senior advisor to The Culture Institute Zurich.

Rita works with senior leadership teams around the world to align values with business goals and advise on clear actions that trend toward the desired future culture. As a LinkedIn Influencer, she regularly inspires her 500,000 followers. Features by her or about her work have been aired on CNN and the BBC, and published in *The New York Times*, *TIME*, *Fast Company, Le Figaro, Psychology Today, Inc.*, and many more.

# Chapter 1
# Culture: In the Thick of Things

## Corporate culture in a nutshell

"We need to make culture tangible!," my boss said to me. That was in 2004, and I remember the conversation well. "When we talk about strategy or structure, everybody knows what we're talking about right away. After all, it's right there on paper," he continued. "But when culture is at stake, all people tend to come up with are vague and vapid ideas." That company's management knows only too well how important a role culture has to play in an organization's development. Julius Blum, a global champion in the furniture industry, is still family-owned after three generations and employs more than 5,000 people. The mindset of their organization is something the owners have always taken seriously. Their corporate culture is something they never left up to chance.

They knew that for a company to be successful, corporate culture had to be managed consciously. That is why the company wanted me on board. In the process of researching my dissertation, I was to make a scientific study of how culture could be managed on a practical level. After my studies, this was my first contact with professional life, but I had already gotten to know different cultures in several internships abroad. What is more, I had subliminally experienced the way corporate culture works growing up in my parents' family business. Now it was my task to offer a theoretical description of culture that would be of practical use to the company. So far, so good. I was interested in the subject from the start. But at the time, I was not aware that it would shape my professional career to this day.

**The iceberg model**

Anyone who takes a closer look at the current literature on culture will soon hit an iceberg.[1] The iceberg model symbolizes the existence of various levels of culture: There are parts visible above the surface, but most of it is concealed under water and hence rather less easily spotted. It is on these hidden elements that the visible ones are built.

Applying this scheme to corporate culture, the visible manifestations are the things that can immediately be seen (and heard): How are people dressed—in shorts and t-shirts or suits and ties? Are they sitting in closed offices or an open-plan loft? What do meetings look like? And who gets the best parking spot—the boss or the most successful salesperson? Or just whoever gets there first in the morning? The first time you enter a company, you find yourself bombarded by such cultural artifacts. Facebook, for instance, greets visitors with brightly colored murals. Some desks are decorated with big, colorful balloons—they indicate an employee's anniversary. At Virgin Atlantic, you are blasted with rock music before even reaching reception. Meanwhile, BMW's symbolically freighted, cylinder-shaped head office is best accessed through its futuristic museum, BMW World.

However interesting such artifacts may be, they are merely a culture's visible symptoms, not its core. In other words, they are the tip of the iceberg. The crucial issues lie much deeper: These are the fundamental assumptions that are barely visible below the waterline. Culture is responsible for the way people perceive, think and feel, and for how they act accordingly. Yet only their actions are visible, that is, above the waterline. Their perceptions, thoughts, and feelings often lie concealed and can at best be guessed at.

What underlies these manifestations is far more difficult to recognize than the easily visible elements of culture above the waterline. Below are values, attitudes, motives, perceptions, principles, mentalities etc., and thus concepts, to define which usually requires further definitions, thus doing little to promote clarity. Maybe experts can keep them apart, but in day-to-day business dealings they tend to melt into one another. They may be discussed at length in leadership retreats and seminars, but ultimately, these cultural issues are often left hanging in the air. One may marvel at their effects and be annoyed when they ruin what objectively, logically, seemed a perfect plan.
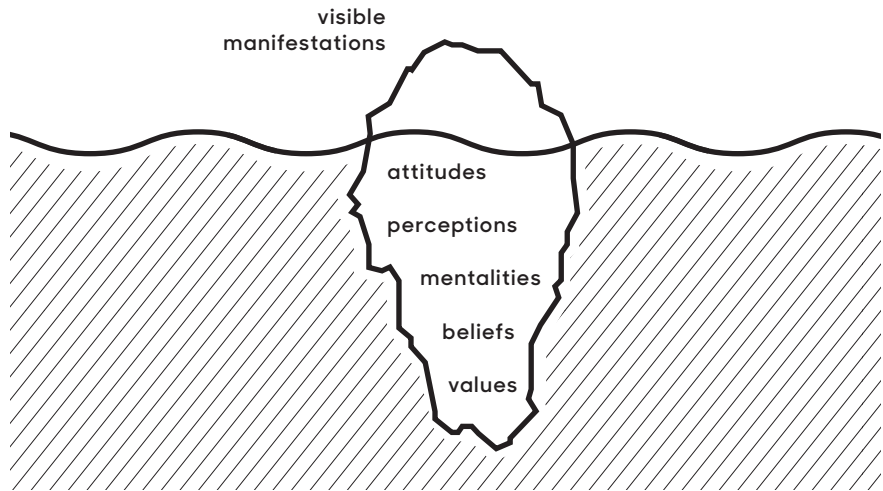
The concealed stratum of culture is discernible as a blur at best—much like something seen under water. It is tempting, therefore, to leave it at a superficial consideration, even though hardly anyone would dispute that such cultural elements are crucial to a business's success, especially if they suddenly rise above the surface in concrete situations: Why was the mutually agreed-upon strategy not implemented? What principles guide interactions with customers? What drives employees: speed or thoroughness? How are changes perceived: as threats or opportunities? What is the firm's attitude toward competitors? What motivates employees to push innovation forward and strive wholeheartedly for success? Everything that happens at the tip of the iceberg has its causes in the deep. Consequently, if you want to get a grip on corporate culture, you must dive under water—where the strongest driving forces of behavior can be found.

## Words and deeds

In my work with different businesses, I soon came to realize that visible manifestations should not always be taken at face value. A strategy plan is an example of such a visible manifestation. All it says, however, is what people claim they

want to do in the future. A strategy paper proves merely that a strategy has been formulated—no more and no less. Time will tell what ends up actually being done.

At the end of a strategy process, I have all too often witnessed how everybody seems to agree on what direction the company should take and what needs to be done. But as soon as they leave the meeting room, some participants start having niggling doubts. Sooner or later, the adage is proved right: "Culture eats strategy for breakfast!"[2] How easily culture can snatch the best-laid strategic plans and wolf them down is an experience countless businesses suffer every day: Good intentions go up in smoke, agreement turns out to be superficial, and somehow those hard-to-pin-down cultural traits below the surface make sure that nothing happens as it was supposed to.
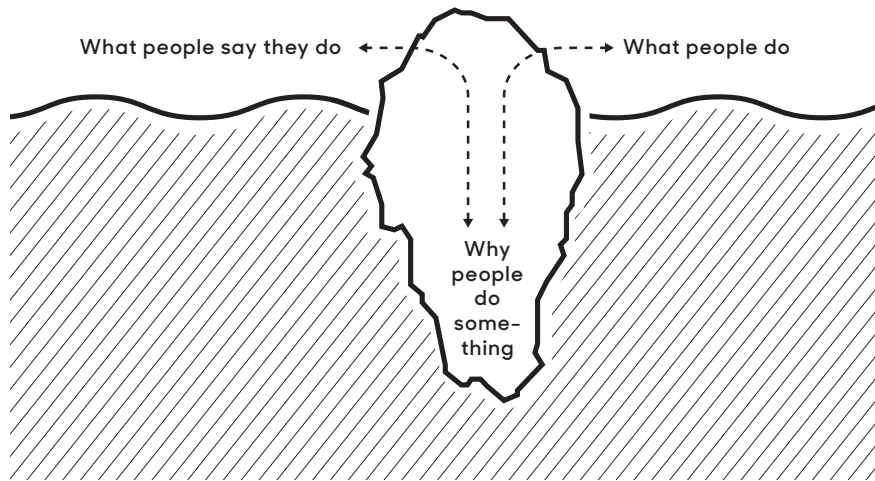


By the same token, the core values organizations publicize in their mission statements and glossy brochures often need not correspond to what their members actually do. Respect, integrity, communication, and excellence—these were the four corporate principles that Enron proclaimed prior to its criminal bankruptcy. As creditors and law-courts were later to discover, such statements may have figured in annual reports and promotional materials, but rather less so in the corporation's day-to-day activities.

## Culture—but where?

Geert Hofstede, a pioneer of (business) culture research, defined culture as "the collective programming of the mind that distinguishes the members of one group or category of people from others."[3] Admittedly, "category" is not the most pleasant of terms when talking about human beings. But there also are cases of people forming a category without necessarily appearing as a coherent group. Be that as it may: Culture emerges whenever people interact. Values spread, thus producing categories of people sharing a similar "programming of the mind." In organizations, people interact intensively, which is how organizational cultures emerge. Within an organization, interaction is particularly intensive within each department. It is thus no coincidence that departmental cultures are often particularly strong. Other categories, according for instance to levels of hierarchy, local branches, or product specialization, are equally possible.

The Culture Map was designed to describe any culture that might emerge in the context of organizations. To this end, first, a so-called "System in Focus" is defined (more on this in Chapter 3). This can be an organization as a whole or just a particular part of it. It is equally possible to focus on situational patterns, on cultures, for instance, of innovation, leadership, meetings, etc.

Before reading on, take a critical look at your own corporate culture. You could also cast your mind's eye over the culture of your department. Think of a particular "System in Focus" and respond to the following statements—which apply most closely to your company or your department, and which do not apply at all? As the book goes on, your spontaneous judgments will contribute to drawing up your personal Culture Map.

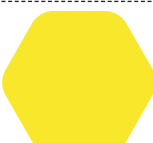| | Dis-agree | Mostly dis-agree | Partly agree | Mostly agree | Agree |
|---|---|---|---|---|---|
| Our work has a positive impact on the world. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We look beyond our own horizons and have the big picture in view. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We strive for innovation and progress. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We want to understand everything and analyze things precisely. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We respect the opinions and needs of all employees. | ◯ | ◯ | ◯ | ◯ | ◯ |
| Many colleagues are like friends. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We always want to win and be better than others. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We pragmatically look for the best way to reach a goal. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We adhere to formal hierarchies and defined processes. | ◯ | ◯ | ◯ | ◯ | ◯ |
| Pretty much everything is regulated in our company. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We deal with conflicts openly and fearlessly. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We act fast and boldly. | ◯ | ◯ | ◯ | ◯ | ◯ |
| Our past experience guides our decisions. | ◯ | ◯ | ◯ | ◯ | ◯ |
| We form a strong collective and stick together. | ◯ | ◯ | ◯ | ◯ | ◯ |

Business Culture Design

## The Culture Map—a preview

It turns out that the big issues hidden below the waterline are the decisive ones for corporate culture—although or even because they are so hard to see and grasp. They are what the visible consequences, the manifestations of corporate culture, are built on. They guide the behavior of people in organizations.

It thus soon became a crucial aspect of my work on corporate culture to make these important yet vague concepts tangible. I wanted to create a language that would describe the iceberg as a whole. As I consider myself a very visual person, I wanted this language to make a strong visual impression. Images have strong effects. Good representations are memorable. And what is on paper often has a greater impact.

These considerations led me to develop the Culture Map. During my research, I came across the work of the American psychologist Clare W. Graves and the many subsequent developments based on his theories. Isaac Newton supposedly said that he was able to see as far as he did only because he was standing on the shoulders of giants. The Culture Map, too, builds on the compelling ideas of great thinkers, which over the years I have consistently combined, supplemented, and adapted to the field of corporate culture. At the same time, I was fortunate in having the opportunity to work with a multitude of businesses and thus to encounter ever new organizational cultures. As a consultant, I have worked with well-known corporations and "hidden champions" as well as with small, family-owned enterprises. My interest in corporate culture took me from an Austrian industrial firm to an American consultancy, from working with Professor Malik in Switzerland to China, Japan, and Korea, and finally from Columbia University to a most enriching partnership and friendship with Science House in New York. All these experiences have influenced my approach to corporate culture. The Culture Map is the result of these professional and academic experiences. It is built on a scientific foundation, but comes truly alive in its practical application.

The Culture Map visualizes the iceberg; it explains the visible manifestations and shows to what foundations they can be traced. It will equip you with a language and vocabulary for what can usually be described only in the vaguest of terms. The Culture Map patterns will tell you if an over-long meeting is due to blue or green causes, or whether a high rate of fluctuation originates in orange or

| Individualistic, dynamic values | | Group-oriented, stabilizing values |
|---|---|---|
| | Purple cultures resemble tribes. They give their members a sense of security and identity. Members are loyal to their group, have trust in their own community and in its patriarchal leadership. Decisions are based on experience. | ⬣ |
| ⬣ | Tenacity, courage, and resolve are the main features of red cultures. Decisions are made quickly and followed by resolute action. Red cultures will let nothing stand in the way of implementation. There is no hesitation in discarding old ways. Internal conflicts are carried out openly. | |
| | Order, rules, and structures dominate blue cultures. They ensure reliability and continuity. People fulfill their tasks with a sense of duty and considerable endurance. Positions and responsibilities are assigned according to hierarchies. | ⬣ |
| ⬣ | An orientation towards performance is the hallmark of orange cultures. People strive for recognition of their personal achievements. They think tactically, are good at recognizing opportunity, and reach goals by pragmatic experimentation. | |
| | Green cultures foster a pleasant, friendly, harmonious atmosphere that puts people at the center. People have each other's well-being in mind and support each other. Decisions are made by common consensus; conflicts are avoided. | ⬣ |
| ⬣ | Yellow cultures are dominated by knowledge and curiosity. People love progress. They admire freedom of thought, critical discussions, and the opportunity to make new discoveries. Arguments follow logic and reason. Decisions are based knowledge of detail, data, and facts. | |
| | In aqua cultures, people follow a mission that makes the world a better place and creates meaning. People look beyond their own backyards and create open networks outside the confines of their own organizations. Decision-making is guided by pattern recognition and holistic systems thinking. | ⬣ |

green factors. The Culture Map allows you to get to the root of the problem rather than trying to address only the symptoms.



Each of the Culture Map's seven fields comprises certain characteristics of culture (or memes, see Chapter 2). The model's structure follows the logic of cultural evolution. With each step, from purple to aqua, cultures find increasingly complex solutions to the challenges facing them. At the same time, the Culture Map depicts the interplay between group-oriented, stabilizing values on the right and individualistic, dynamic values on the left.

But remember: The world of organizational cultures is a colorful one! No culture consists of one color alone. Every company, every department, every team contains elements of all seven colors.

Imagine the hexagons on the Culture Map as compartments in a toolbox: the red compartment contains red tools, the blue compartment blue tools etc. Your organization could use all tools from all compartments freely and equally often. Nonetheless, certain compartments are opened more frequently than others: If you've grown used to the red hammer, you're likely to keep reaching for it.

Organizations develop patterns of habit. In some organizations, conflicts may typically be avoided in a green way or pragmatically circumvented in an orange fashion, whereas in others they may be fought out in a red manner or resolved purple-style by the patriarch's ruling. When the chips are down, though all colors

are available, habit forces recourse to learned patterns of behavior. Such patterns are formed by the differently-sized hexagons, which offer an insight into an organization's character. The following two examples illustrate this:



This organization is dominated by blue and green values, which suggests clear rules and structures in a harmonious working environment. The company is stable rather than dynamic, as the dominance of the right side of the Culture Map indicates.

The rate of fluctuation is low, and staff work thoroughly and reliably. Career paths are set well into the future—but promotions have more to do with time spent with the firm than with individual performance, let alone initiative. The organization's readiness to change is quite limited. Established structures and habits are firmly set and any disturbance by thinking outside the box or direct conflict is studiously avoided.



Orange ambition meets red fighting spirit: What matters to people here are personal success and individual advancement. They show initiative, refuse to be distracted from their objectives, and will not shy away from conflict—of which there is plenty.

This organization of individualists is held together primarily by a blue structure, which is supposed to offer a guiding framework for individual actions. This structure, however, is subject to dual pressure: First, rules tend to be stretched in the orange manner, and second, there is the red struggle against limitations of any kind.

Dynamic though this organization may be, it has a hard time focusing individual efforts towards the big picture, a common goal. The working atmosphere is dominated by friction, and human aspects are often sidelined.

Both cultural patterns undoubtedly have their strengths—but which can make a business truly successful today? A glance at the rise and fall of companies in the present provides the answers.

Chapter 2
# Organizations as Organisms

## The secret of viability

Walmart, the U.S. retail giant, and Sinopec, the Chinese natural gas and petroleum conglomerate, each employs over a million people. This places them among the largest specimens of a highly successful species: organizations.

Today's world is full of organizations. Very few people still work altogether by themselves. Hardly anything we come into daily contact with is not the product of an organization—or several. Even getting an apple from tree to shelf involves far more organizations than just the farmer and the supermarket: Businesses trading in seeds, fertilizer, and transport, for instance, and more often than not advertising agencies and packaging suppliers… It was not ever thus. The boom in formal organizations other than the institutions of the state began with the industrialization of the 19th century. Before, the work of farmers, artisans, and merchants was done largely by family members, perhaps with a few hired hands. The number, size, and interconnectedness of modern organizations as we know them today would have been quite unthinkable.

At first glance, today's powerful organizations look like a constant and stable presence. Appearances, however, deceive: In fact, the organizational landscape displays considerable coming and going. Like everything in life, individual organizations do not last forever. Since 1917, *Forbes* has been publishing an annual list of the largest American corporations. Eighty years later, the magazine reported that only 15 of the original top 100 were still in business.[4] A recent high-profile casualty was Kodak—an organization that seemed ubiquitous in my childhood.

Think back to earlier times: Where did you buy groceries, where clothing? What products did you use or consume regularly? If the businesses still exist, they are likely to have changed significantly over time. Consider Gebrüder Weiss, a logistics firm whose history can be traced back to the 14th century.[5] At the beginning stood messenger services around Lake Constance. Today, the company offers complex logistics solutions at 150 locations worldwide. It has remained viable over all these centuries and adapted to the new challenges posed by its environment, be they shipping on the lake, courier services across Alpine passes, or transporting goods to Shanghai.

## Fit for their environment

Whereas some organizations vanish, others endure over generations. Nature has demonstrated the principle of viability for four billion years. The underlying principle is "the survival of the fittest." Unfortunately, this term has all too often been misunderstood as denoting the survival of the *strongest*. But nothing could be further from the truth: *fit*, as Darwin understood the term, means *fitting* into an ecological niche. Giganto-pithecus, a prehistoric ape some ten feet tall and weighing half a ton, went extinct 100,000 years ago. Whatever its problem was, it was not lack of strength. Other species of ape would most likely have come out on the short end of a direct confrontation. Nevertheless, they fit better to their environment, thus ensuring their survival. Jellyfish, too, have lived on earth for 500 million years. Yet far from being brawny, they consist mostly of water. Their strength lies in their organism's adaptedness to its environment.
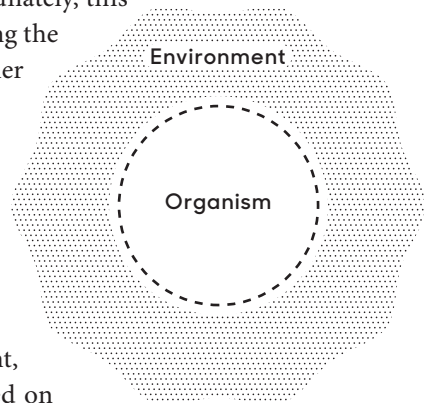
Talk of the survival of the fittest should not mislead us into imagining evolution as a boxing match, a series of one-on-one contests. It is rather a continuous development with the end of maintaining viability amid complex, dynamic surroundings. In order to do so, organisms select ecological niches in which competition is minimized. If, for instance, all plants in a meadow