Episode 26 Show Notes: Scaling a Winning Culture and Avoiding Cultural Debt

The importance of strong cultural values and how to create and maintain them is the focus of this podcast with former Chief People Officer at MediaMath, Peter Phelan. Peter has been featured on SHRM Magazine blogs and, as one of the top HR innovators, his work was acknowledged through its inclusion in the 'Hot Topics Tech HR 100' for 2016. Kyle O'Connor interviewed Peter from Madison Square Park in New York City.

Key Learnings From This Episode

- **Peter's passion** is **scaling Culture** in hyper-tech growth companies as a Chief People Officer and now Founder & CEO at ValuesCulture.

- **Influential People -** Peter is an admirer of Dave Ulrich due to his lasting contributions and professionalism of HR, including his work on the HR value proposition and strategic value.

- **Peter specializes in the Silicon Alley of NYC.** There is a renewed appreciation of culture as a source of potential competitive advantage (Deloitte's study suggested 82% of respondents thought so, while only 18% thought their companies had it right.) Tech companies don't have the "baggage" of larger companies. People will take lateral compensation moves because of a company's culture (positive, flat organizations, where you are valued, have autonomy etc.) There is a high value placed on having a positive culture.

- **The importance of inflection points in a company's growth.** Inflection points are defining moments when organizations need to take a hard look at scaling culture in the right way. They initially run on the adrenalin and excitement of building new products, introducing disruptive technology, bringing a new service to market, securing new clients, and/or securing additional funding. However, before too long, they need to scale the team, possibly bringing in outsiders to manage teams where the 'DNA' doesn't exist in-house. There may be some significant hiring, maybe Senior Leaders. Studying the magic is key.

- **Companies need to think about what makes them the organization that they are, and what does not.** Some companies do a values definition exercise or an employee values/manifesto/credo definition exercise. They take a good look at what they are, what they deliver to their clients, and identifying their differentiators. In the process, they may begin to realize they have been saying or thinking things about the company that are not true**. Cultural debt** is hard to get out of. It is good to identify such issues to ensure the company is making promises it can keep. When you have more than 150 employees (**Dunbar's number**), you begin to break the social connections, therefore, it is important to have a consistent, meaningful value proposition across the company, ensuring it is a highly collaborative process, including Senior Leadership and all levels of employees. Peter shares studies among Amish communities, armies and even other species that show 150 is a maximum number after which meaningful connections break down.

- **Pitfalls of not defining culture when scaling an organization.** If an organization is selecting kind people, smart people, people who have emotional intelligence, it can get away with not defining its culture. However, the employment brand can suffer when a bad hiring decision if you don't know your culture. E.g. A new senior leader whose style is at odds with the culture can be destructive if it curbs innovation or inhibits autonomy. An entire group who was a cultural fit could opt out under this leadership style which ultimately impacts the reputation for being a great place to work. A company should define its values and use this framework in every job ad; recognition/reward programs; performance evaluations and even meetings. They should always be reinforcing those themes and messages.

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– Peter Phelan

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- **It is powerful for the CEO to deliver recognition awards for the chosen values.** It is also important for it to be peer nominated and for the recognition to be shared across the company using various outlets, including the career portal.

Recommended Reading and References From this Episode

- Dave Ulrich – thought leadership from the **RBL Group Library**
- Deloitte 2016 Global Human Capital Trends: **Shape Culture – Drive Strategy**
- **Culture Amp** Geek Up Events, Platform and Survey Tools
- **Harvard Business Review**

To Follow Peter

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Peter's Question to HR Studio Podcast Group Members

Why might CEOs fear taking a hard look at their culture and dissecting the 'frog'? What perspectives can HR professionals offer on why they think it might be scary?

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Guest: Peter Phelan

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