The Culture Imperative

LIVE WEBINAR

Building the Next Cycle of Culture to Support the Organization

with **Thomas Bradbury**

moderator **Mark A. Pfister**

Webinar Start Countdown

- **Purpose:** Share knowledge and benefits of why great culture is imperative in developing the traits necessary for organization success.

- **Questions:** Write your questions in the Q&A section. Our goal is to answer all questions at the close of the presentation. Otherwise, we will follow-up with you via email afterwards.

- **Materials:** Yes, this entire webinar is being recorded and you will receive a link via email shortly. This link will also include the ability to view & download the presentation deck in its own separate file.

- **International Board Director Competency Designation:** IBDC.D certification holders will receive 1 CPE credit by attending (be sure to follow proper CPE credit submission guidelines).

YOUR SPEAKER

Thomas Bradbury
CEO

Broad-Gauge

- CEO of Broad-Gauge, an organization with the mission of generating objective Human Capital Performance Data for corporate leadership.

- He is a pioneer in quantifying and monitoring the financial impact of culture on corporate performance for CHROs, CEOs, CFOs & Board Directors.

- He is the author of the book *The Culture Project: 30 Days to Reboot Your Organization*

YOUR HOST

Mark A. Pfister
Non-Executive Director, CEO, & Chief Board Consultant

M. A. Pfister Strategy Group

- Governance & Strategy expert, Non-Executive Director, & Chief Board Consultant having consulted & advised hundreds of public, private, and nonprofit Boards.

- His book, *Across The Board: The Modern Architecture Behind an Effective Board of Directors*, is a bestseller with circulation in over 70 countries.

- He is the creator of the International Board Director Competency Designation (IBDC.D), a globally-recognized Board Director education & certification program.

BROAD GAUGE

The Culture Imperative

Building the next cycle of culture to support your organization.

Hosted by:

M. A. Pfister
Strategy Group

"A set of shared mental assumptions that guide interpretation and action in organizations by defining appropriate behavior in various situations."*

THE CULTURE IMPERATIVE

How "shared" are the values = culture

Source: Responding to Organizational Identity Threats: Exploring the Role of Organizational Culture (Academy of Management Article by Davide Ravasi & Majken Schultz)

Culture is how values are represented within a business everyday

- *The Board owns the values*

- *CEO/C-Suite are the stewards of those values*

McKinsey: The State of Organizations

1

Its more than just employee engagement.

"It's a company's ability to get everyone aligned on a common vision, execute the vision effectively, and renew itself through innovation and creative thinking."

2

Healthy organizations dramatically outperform their peers.

"McKinsey research shows that companies in the top quartile of organizational health deliver roughly 3x the returns to shareholders as those in the middle quartile."

A Mosaic of Information

Culture and the Workplace over the last 2 years

58% of workers like their company culture

53% of workers actually feel connected to culture

➡ Workers want _**choice**_ as it pertains to remote/hybrid/in-office

➡ In-office workers have a better connection to the company than remote workers

Source: Cushman & Wakefield XSF data

Why is Organizational Culture an Imperative?

> The Workforce should be continuously monitored as THE biggest investment

> The gap between current-state vs desired-state workforce is a risk **_and_** depletes firm value

> Enable leaders to monitor current-state culture's impact on business strategies and profit

> The integrated approach required to achieve desired-state **_must_** come from leadership

Measuring & understanding **culture** is essential for businesses to define and protect their future

Human Capital is a driver of **economic value creation** for an organization

Culture is critical in **optimizing productivity** of staff

Culture manages attrition by **reducing** regrettable **turnover**

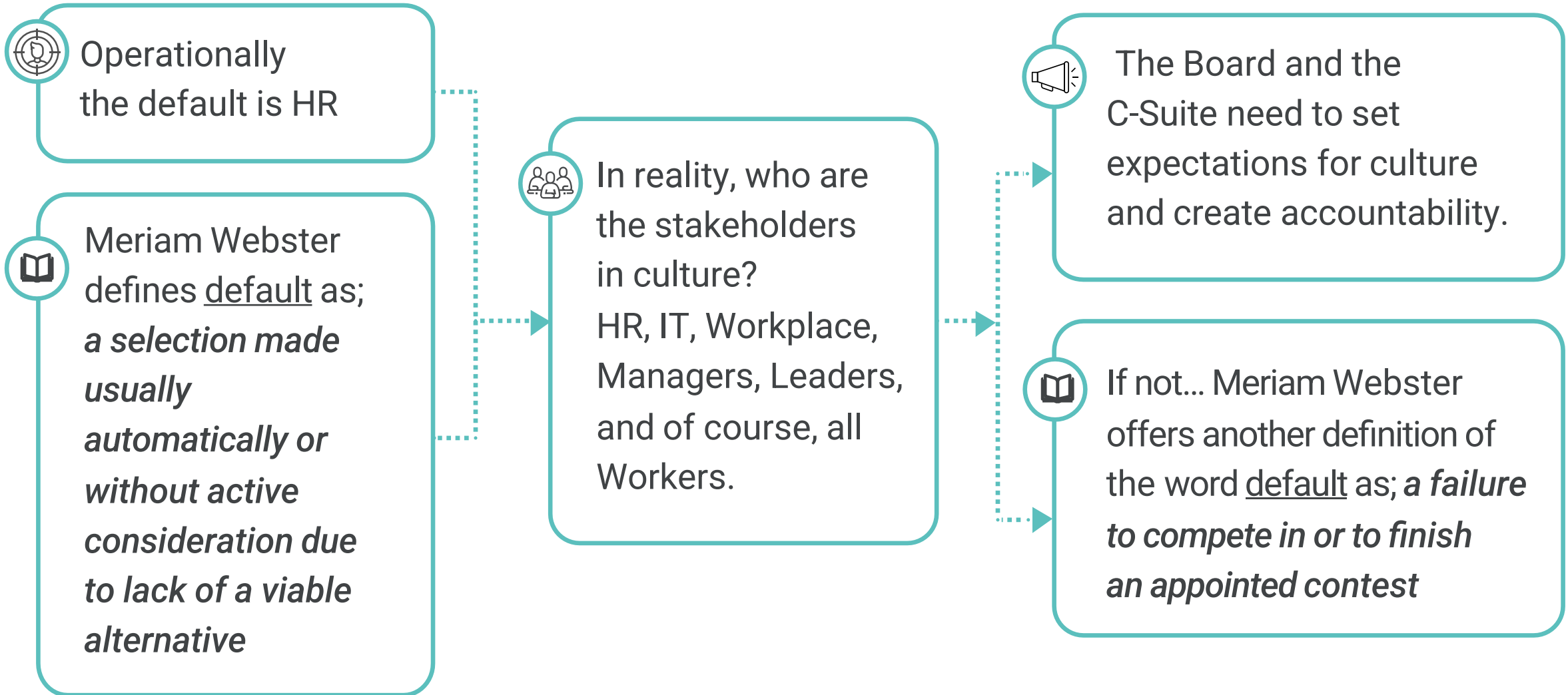Efforts to align the workforce with the business typically owned by the HR Domain

Over-delegation to HR puts culture/alignment at "arm's length" from leadership

Operationalized HR data lacks the objectivity that enables cross-domain accountability

Operationally
the default is HR

Meriam Webster
defines default as;
*a selection made
usually
automatically or
without active
consideration due
to lack of a viable
alternative*

In reality, who are
the stakeholders
in culture?
HR, IT, Workplace,
Managers, Leaders,
and of course, all
Workers.

The Board and the
C-Suite need to set
expectations for culture
and create accountability.

If not... Meriam Webster
offers another definition of
the word default as; *a failure
to compete in or to finish
an appointed contest*

The CHRO

A strong voice via the impact of **objective human capital data** on the "bottom line"

The CFO

Quantifiable data that drives investment decision-making and Human Capital ROI

The CEO

An integrated approach that **aligns operational leadership** with objective Strategy & Governance

The Board

Optics into Organizational Risk via objective and tangible **data to support Governance**

Operationalized HR data fails to show biggest investment's impact on the bottom line
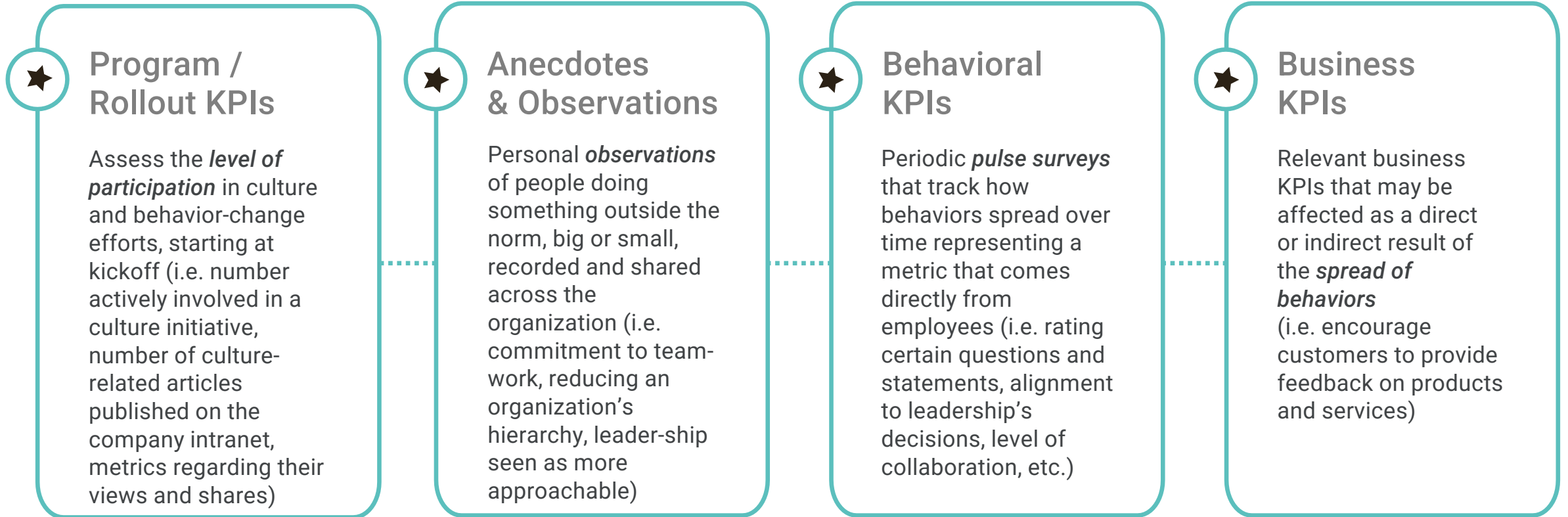
Inability to quantify the business impact of cross-domain inefficiencies & ineffectiveness

Consistent failure to align CEO, CHRO, CIO, CFO, BoDs on workforce investments and ROI

Linear and disparate inputs for culture measurement

Program / Rollout KPIs

Assess the *level of participation* in culture and behavior-change efforts, starting at kickoff (i.e. number actively involved in a culture initiative, number of culture-related articles published on the company intranet, metrics regarding their views and shares)

Anecdotes & Observations

Personal *observations* of people doing something outside the norm, big or small, recorded and shared across the organization (i.e. commitment to team-work, reducing an organization's hierarchy, leader-ship seen as more approachable)

Behavioral KPIs

Periodic *pulse surveys* that track how behaviors spread over time representing a metric that comes directly from employees (i.e. rating certain questions and statements, alignment to leadership's decisions, level of collaboration, etc.)

Business KPIs

Relevant business KPIs that may be affected as a direct or indirect result of the *spread of behaviors* (i.e. encourage customers to provide feedback on products and services)

Historically, these have __not__ been entirely helpful for Boards…

The Need for a New Paradigm to Measure Culture

- Each dimension has an impact on any desired outcome of culture

- Culture is no longer dependent upon _where_ you work from

- We can't unplug from Leadership, Organization, Workforce & Tech

- ★ What's right for **your business**?

PEOPLE

FOUNDATIONAL

Leadership

Workforce

EMBEDDED

Organization

Technology

ENVIRONMENTAL

WORKPLACE

Relatable Metrics & Financial Indicators for Leaders

What is HCROI?

HCROI is **Human Capital Return-on-Investment**

It measures Net Operating Income (NOI) per $1 invested in Human Capital (Total People Cost)

In a given financial reporting period, it can be used to determine what profit increase might be possible by increasing the output per invested dollar in employee costs.

What is HCVA?

HCVA is **Human Capital Value Added**

It measures Net Operating Income (NOI) per employee (average Full-Time Equivalent, including contractors)

In a given financial reporting period, it can be used to determine what profit increase might be possible by increasing the output per employee.

What is Cost of Attrition?

Cost Avoidance (**Profit Enhancement**)

Total economic cost of attrition is based on productivity loss as well as the estimated average hard-dollar costs (placing ads, paying headhunters, etc.).

What the New Paradigm of Culture Offers

→ The ability to identify and **measure** the overall **culture** that is the "sum of all the parts"

→ The ability to identify and measure the **variety of worker needs** that create sub-cultures within the organization

→ The ability to quantify the **economic opportunity** to invest in & optimize human capital

A Strategy to Achieve "What's Right for Us?"

1 Leverage *Data* to uncover organizational risk that must be addressed as well as strengths to protect

2 Maintain a ***macro view*** of the business' culture
- Less reliance on operational tools and platforms that are linear and domain focused

3 The Board and C-Suite need access to ***relatable metrics***
- Culture and Sub-culture *profiles*
- *Strength* of the culture
- *Consistency* of the culture

Governance to Measure & Understand Progress

Data driving stakeholder ***transparency and accountability***
- Board, C-Suite, HR, IT, Finance, Managers, Workplace

Vertical Alignment
Leaders and managers understanding what levers to pull specific to their department or team

Horizontal Alignment
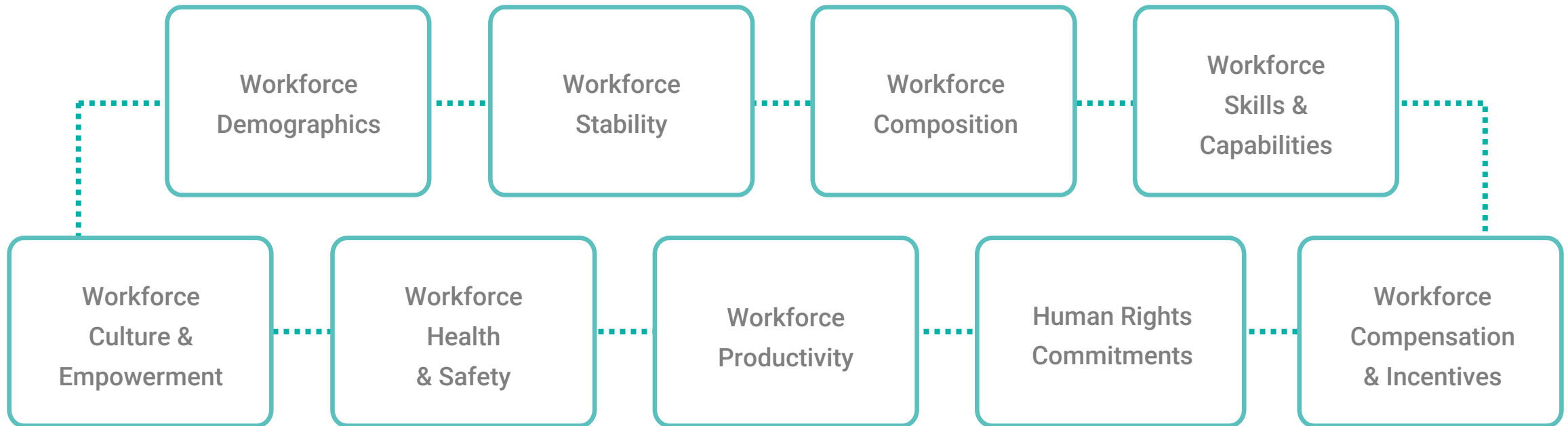Highlighting invisible speedbumps that are organizational risks ***or*** strengths to exploit

Deeper Regulation on the Horizon for US based firms

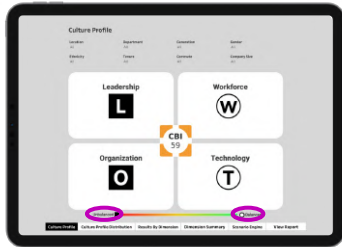Requiring businesses to disclose unforeseen risk "of material"

Human Capital (HC) Disclosure **(updated with more rigor)**

(Item 101 of SEC Regulation S-K)

Workforce Demographics	Workforce Stability	Workforce Composition	Workforce Skills & Capabilities

Workforce Culture & Empowerment	Workforce Health & Safety	Workforce Productivity	Human Rights Commitments	Workforce Compensation & Incentives

Driving the need for Board led Strategy & Governance

Measure Culture

Collect people data, measure culture, identify organizational risk & prioritize targeted actions.
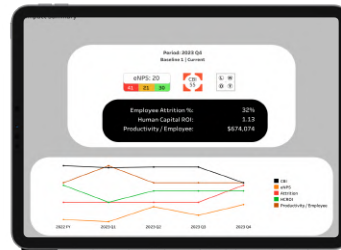
Quantify Impact

Collect financial and HRIS data, establish human capital metrics and financial indicators.

Optics for Leaders

Integrated Optics that align Culture Stakeholders – CHRO, CEO, CFO, Board Directors

The New Paradigm: Bringing Structure to Culture

- Unbalanced vs Balanced
- The basis for a Culture Profile
- Culture Balance Index (0-100)
- Strength & Consistency
- eNPS as another data point

Result by Dimension *Based on 340 users*

Market	Market Group	Department	Pay Type
All	All	All	All

Pay Class	Tenure in Years	Generation	Gender	Respondent Types
All	All	All	All	All

eNPS: 41

48	103	189

CBI 83

Leadership

L vs L

Workforce

W vs W

Organization

O vs O

Technology

T vs T

Unbalanced ████ ——————————————— ◯ Balanced

Impact Summary	Culture Profile	Culture Profile Distr..	**Results By Dimension**	Dimension Summary	View Report	Financial Indicators	Cost of Attrition

Relatable Metrics: The Culture Profile

- Balanced: Organization & Workforce
- Unbalanced: Leadership & Technology
- Filter for profiles of sub-cultures
- CBI & eNPS for each sub-culture

Culture Profile *Based on 151 users*

Market	Market Group	Department	Pay Type
All	All	All	All

Pay Class	Tenure in Years	Generation	Gender
All	All	All	All

eNPS: -32

48	103	0

Respondent Types
Passives + Detractors

Leadership

L

20

Workforce

W

CBI
69

Organization

O

Technology

T

Unbalanced ■ ———————————— ○ Balanced

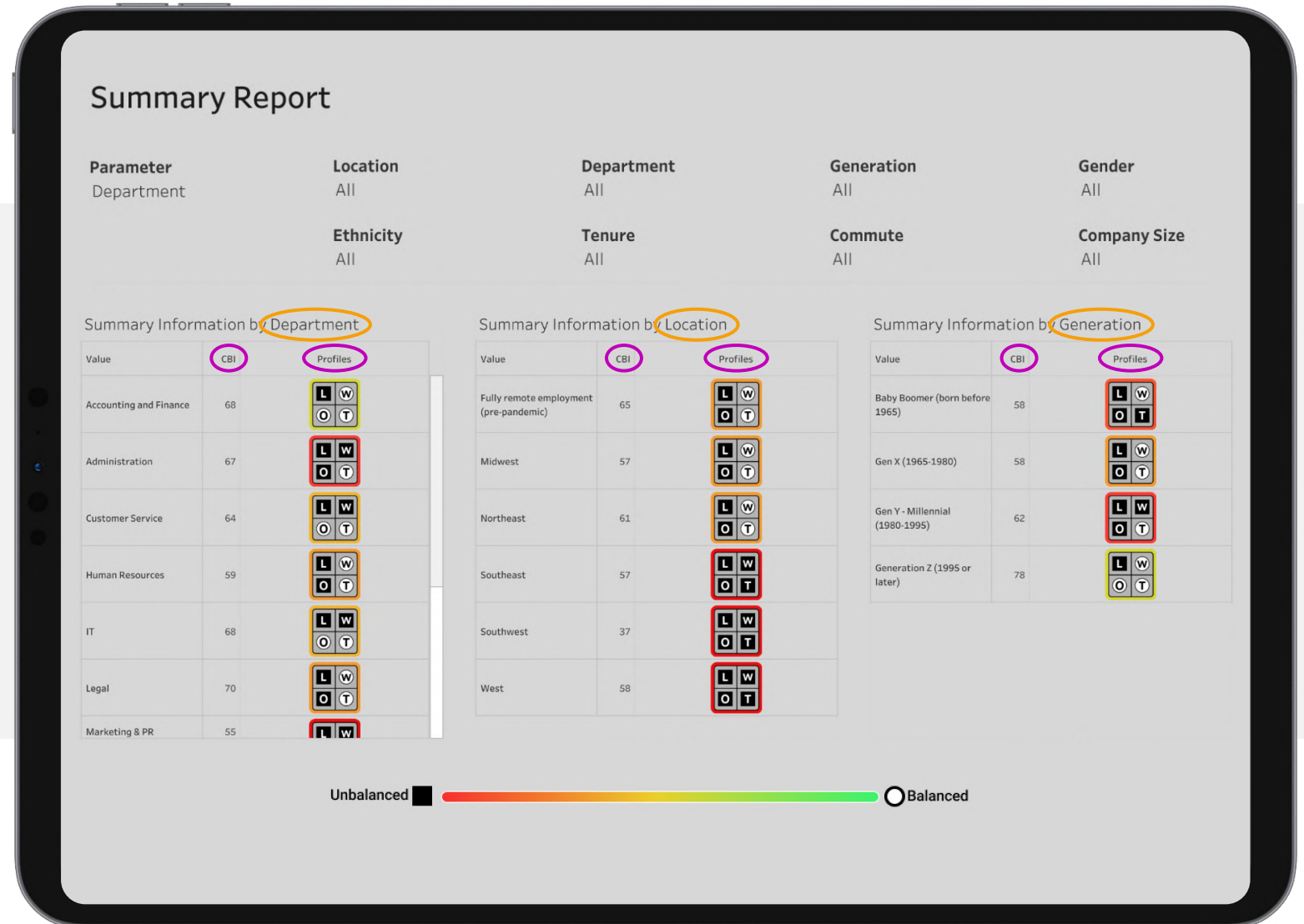Impact Summary | Culture Profile | Culture Profile Distr.. | Results By Dimension | Dimension Summary | View Report | Financial Indicators | Cost of Attrition
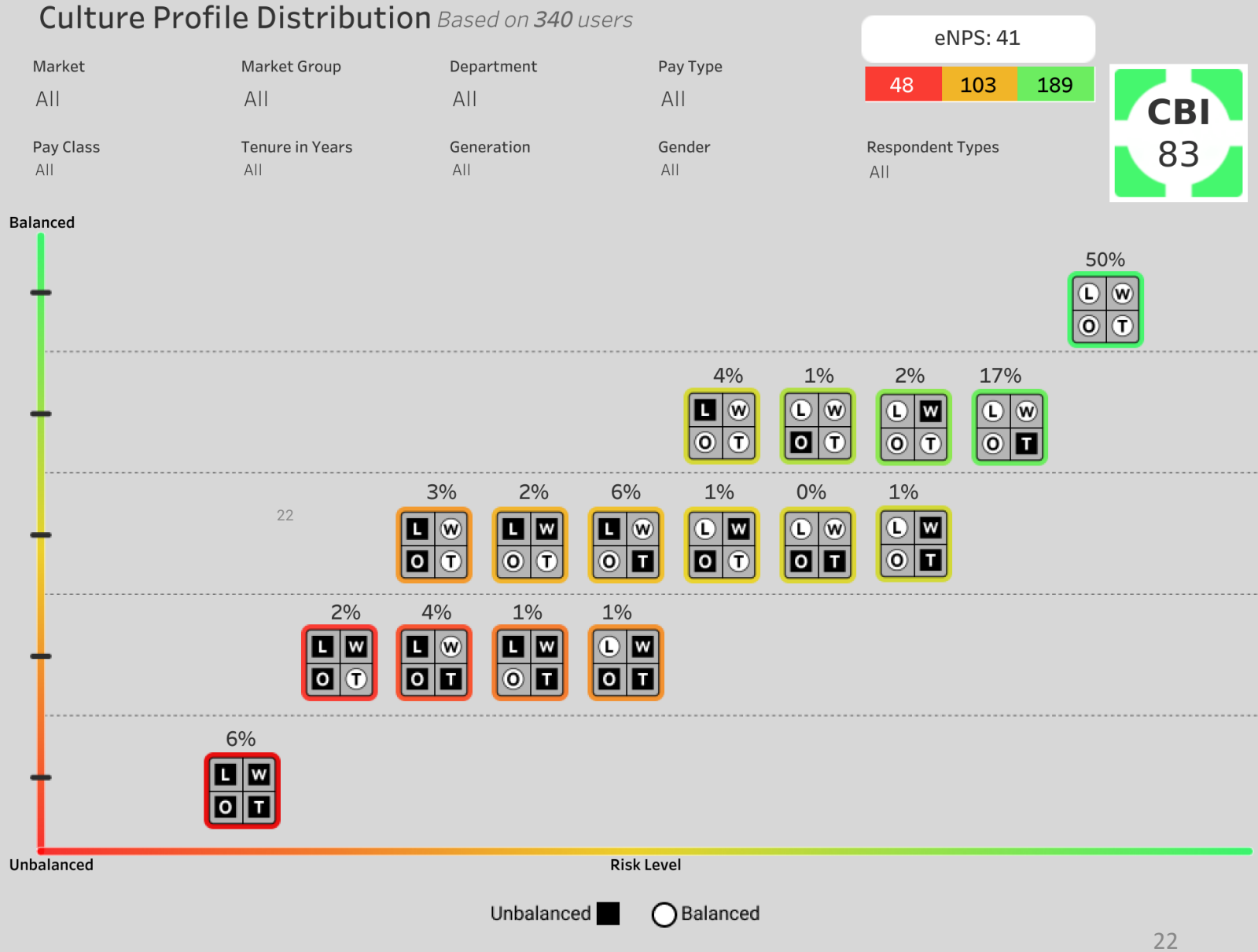
Relatable Metrics: Summary Report

- Define workforce segment
- Compare profiles and CBI
- Rapidly identify risk
- Board Room Governance

Relatable Metrics: Understand Trends

- The parts behind the sum
- Color denoting level of risk
- Compare & identify shifts

Culture Profile Distribution *Based on 340 users*

Market	Market Group	Department	Pay Type
All	All	All	All
Pay Class	Tenure in Years	Generation	Gender
All	All	All	All

Respondent Types
All

eNPS: 41

48   103   189

CBI 83

Relatable Metrics: Actionable Data

- Data prioritizing targeted actions
- Managers get actionable data
- C-Suite can remove barriers
- Board can visualize progress

Dimension Summary *Based on 340 users*

Market	Market Group	Department	Pay Type
All	All	All	All

Pay Class	Tenure in Years	Generation	Gender	Respondent Types
All	All	All	All	All

eNPS: 41

48	103	189

CBI 83

Leadership

Question	Category	Sub-Category	Percentage	
Q1	Management	Effectiveness	77%	L
Q2	Management	Decisiveness	79%	L
Q3	Management	Vision	80%	L
Q4	Communication	Consistency	67%	L
Q5	Communication	Transparency	68%	L
Q6	Emotional Intellig..	Trust	74%	L
Q7	Emotional Intellig..	Empathy	71%	L

Workforce

Question	Category	Sub-Category	Percentage	
Q1	Managing	Accessibility	85%	W
Q2	Managing	Trust	86%	W
Q3	Professional Development	Growth	77%	W
Q4	Professional Development	Performance	79%	W
Q5	Productivity	Team	66%	W
Q6	Productivity	Individual	81%	W
Q7	Productivity	Delegation	91%	W

Organization

Question	Category	Sub-Category	Percentage	
Q1	Environment	Collaboration	84%	O
Q2	Environment	Innovation	83%	O
Q3	Environment	Adaptability	66%	O
Q4	Policy	Awareness	86%	O
Q5	Policy	Effectiveness	69%	O
Q6	Values	Awareness	84%	O
Q7	Values	Effectiveness	81%	O

Technology

Question	Category	Sub-Category	Percentage	
Q1	Infrastructure & Tools	Effectiveness	80%	T
Q2	Infrastructure & Tools	Reliability	79%	T
Q3	Infrastructure & Tools	Currentness	67%	T
Q4	Support	Reactiveness	68%	T
Q5	Support	Proactiveness	63%	T
Q6	Communication	Transparency	83%	T
Q7	Communication	Awareness	61%	T

Unbalanced ■ ○ Balanced

Relatable Metrics & Financial Indicators

- Overview of culture data
- Overview of financial indicators
- Compare data period by period

Impact Summary

Period: 2023 Q3. *Based on 340 users out of 667. Engagement rate: 51%*

eNPS: 41

48	103	189

HCROI	CBI	Attrition	HCVA
$1.08 ▼	83 - -	16.7% ▼	$18K ▼

Leadership	Organization	Workforce	Technology
(L) 24	(O)	(W)	(T)
6% 21% 73%	2% 15% 83%	3% 33% 64%	1% 15% 84%
- - -	- - -	- - -	- - -

| Impact Summary | Culture Profile | Culture Profile Distr.. | Results By Dimension | Dimension Summary | View Report | Financial Indicators | Cost of Attrition |
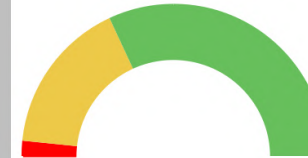
Summary/Takeaways

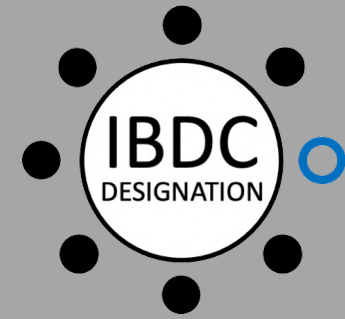**1** Today's challenges demand the **Board & C-Suite** take responsibility for culture

2 Need to rise above the operational view and drive **Macro Business** value

3 Data that **promotes transparency & buy-in** from culture stakeholders (Leadership, Managers, HR, IT, etc.)

4 Relatable metrics and financial indicators as a suitable layer for Board **Governance**

IBDC
DESIGNATION

Becoming an Exceptional Board Director Candidate

— Education & Certification Course —

International Board Director Competency Designation (IBDC.D)

Get modern Board Director Candidate packaging **AND** modern Board operations knowledge all in one shot while **ALSO** earning your globally recognized *International Board Director Competency Designation* (IBDC.D) certification.

| 1:1 | Group | On-Demand |

https://www.pfisterstrategy.com/exceptionalboarddirector

M. A. Pfister Strategy Group

IBDC DESIGNATION

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THE CULTURE IMPERATIVE

are you prepared?

Remember it all starts with values

Understand your organization's culture

Q&A

Ask the right questions!

Contact Mark at mark@pfisterstrategy.com

Contact Thomas at tom@broad-gauge.io

Board Director Education + Certification Details https://www.pfisterstrategy.com/exceptionalboarddirector

M. A. Pfister Strategy Group

IBDC DESIGNATION

THOMAS BRADBURY

CEO

tom@broad-gauge.io

Tom Bradbury is the Founder & CEO of Broad-Gauge. Broad-Gauge is a data-driven platform that measures culture and quantifies impact to corporate performance/profitability for senior-most leaders of mid-sized and large organizations. Target scenarios include initiatives owned and driven by the Board of Directors, CEOs and CHROs including the following:

- CEO initiated effort enabling a deeper partnership with HR to improve the ROI of investments in the workforce, reduce attrition and drive corporate performance
- Strategic CHRO initiatives to engage CEOs and/or BoDs to better lead and institute the path to a more effective working environment and drive corporate performance
- CHRO initiated effort to better understand the effectiveness of Human Capital investments within a specific Division, Region or Department that's struggling or embarking on a transformation initiative
- Independent board-level reporting providing culture health metrics for ongoing strategy & governance
- Independent board-level reporting to supplement Regulation S-K preparation for public boards
- Rapid identification of culture-driven risks to Private Equity portco investment timelines and strategies

Tom is a successful entrepreneur having founded The New York Technology Group in 1997 and Labrador Technology in 2000 which was acquired by a competitor in 2018. He is the author of the book The Culture Project: 30 Days to Reboot Your Organization. The Culture Project is a field manual for leaders who want to roll up their sleeves and disrupt the status quo. The Culture Project is the pre-cursor to Broad-Gauge's culture assessment which now gives senior leaders (Boards of Directors, CEOs & CHROs) the ability to leverage data that reduces organizational risk, creates a more effective work environment and drives corporate performance/profitability.

Tom graduated from Fairfield College Preparatory School in 1989 and Providence College in 1993.

MARK A. PFISTER

Non-Executive Director, CEO, and Chief Board Consultant

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With a strong focus in Strategy, Governance, and Technology / Cybersecurity, Mark A. Pfister is CEO & Chief Board Consultant of M. A. Pfister Strategy Group, an executive advisory firm that serves as a strategic advisory council for executives and Boards in the public, private, nonprofit, and private equity (PE) sectors. He is also Chairman & CEO of Integral Board Group, a specialized Board services and consulting company, as well as Founder & CEO of the International Board Director Competency Designation (IBDC.D) education and certification program, a Board Director certification course recognized globally. Mr. Pfister is a *'Board Macro-Influencer'* and his success has been repeated across a wide range of business situations and environments. He prides himself on being a coach and mentor to senior executives and Directors. In Board Director circles, Mr. Pfister has earned the nickname *'The Board Architect.'*

The overarching theme throughout his career has been his aptitude in leadership positions, passionate focus on people, unique governance models, and ability to create value for shareholders and stakeholders through innovative business strategies and operational excellence. Michael Lorelli, Executive Chairman of Rita's Franchise Company, has said, *"Mark's unusual combination of excelling at a macro and micro grasp of business, genuine interest in Governance, and ability to coach and mentor a Management Team make him a terrific Independent Director."*

Mr. Pfister is a certified project management professional and frequently serves as an expert Project Executive, consulting on global programs/projects in their initiation and operational phases, as well as programs requiring remedial focus to bring them back on track. He has deep knowledge and experience in Board design & operations, strategic planning, business transformation, technology implementations, decisioning processes, certification & continuing education programs, executive coaching, and governance models.

Mr. Pfister was CEO of Pro4ia, Inc., an international consulting and professional services company specializing in a wide range of technology solutions utilizing formal Project Management as a proven and repeatable delivery method. With a Fortune 50 client list, Pro4ia was Citibank's Nominee for Crain's *Magazine 'Entrepreneurship of the Year'* Award in 2005. He simultaneously served as CEO of Onit, Inc., a national sourcing company specializing in placements for all levels of technology skill sets. Mr. Pfister was also the Regional Program Office Leader for American Express leading some of the largest technology transformation initiatives in the company's history. He served as a Licensed Engineering Officer in the U.S. Merchant Marine, holds a B.S. from the State University of New York Maritime College in Facilities Engineering, and completed Harvard Business School's Executive Education Program for Board Directors.

Mr. Pfister is the creator of the *'Board as a Service'* (BaaS) engagement model, an industry he is credited with inventing. He is a Master Speaker and conducts international speaking tours, lectures, and seminars focused on effective leadership, strategy, Board architecture, becoming an exceptional Board Director candidate, professional project/program management, and entrepreneurship.

His popular book, *'Across The Board: The Modern Architecture Behind an Effective Board of Directors,'* an Amazon best-seller with circulation in over 70 countries, has influenced an entire new generation of Board Directors.

Mr. Pfister is a proficient Board Director and CEO with experience across multiple industry verticals. He is typically the Chair, or a member of the Strategic Planning Committee, Governance Committee, Technology & Cybersecurity Committee, and has deep Nominating Committee experience. Mr. Pfister's experience as an internationally renowned Board Consultant, having guided and coached hundreds of Boards, Board Committees, and Board Members across public, private, nonprofit, and private equity (PE) verticals, additionally offers up unique and informed viewpoints to the companies he serves.

He holds an *International Board Director Competency Designation* (IBDC.D) through M. A. Pfister Strategy Group, is a certified *Project Management Professional* (PMP) through the Project Management Institute, earned a *Global ESG Board Certification* (GCB.D) through Competent Boards, holds a *Certified Cyber Intelligence Professional* Board Certification (CCIP) through the McAfee Institute, and previously held an *Executive Masters Professional Board Certification* through the American College of Corporate Directors (ACCD).

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