



Create an extraordinary culture and superstar employees

VISTAGE

Consider these staggering statistics: In January 2015, the Gallup organization found that only 31.5 percent of employees were engaged at work, and that 17.5 percent were so disengaged they regularly worked against their organization's goals. Research by Deloitte found that culture and engagement is the most important issue companies face around the world. More than 85 percent of companies cite employee engagement as one of their top challenges, and 50 percent call the problem "very important."

The message is clear—employees are unhappy at work, and companies are paying for it.

"We are at a time when company employees need to care more than ever about the success of their enterprise. Much more focus on results is necessary to help companies make it through these difficult times," says Gregg Lederman, founder and CEO of Brand Integrity, Inc.

Though the ever-looming bottom line is a concern for many small business owners, culture and hiring can impact your return on investment more than you may realize.



"The greatest companies in the world, big or small, don't worry about the bottom line because it is so epically good that there is nothing to say about it," says Dave Logan, Co-founder and senior partner of the management consulting firm CultureSync, and author of *The Three Laws of Performance: Rewriting the Future of Your Organization and Your Life*. "If you are really building a great company around values and vision that is going to make a serious impact in the world, you're not going to have to worry about your revenue or your growth. Your challenge will be how to keep up with it."

Encouragingly, the April 2015 Wall Street Journal/Vistage Small Business CEO Survey showed that nearly 60 percent of Vistage members polled expect to increase their company's total numbers in the next 12 months.

In a time when confidence in economic conditions is high with a majority of small businesses looking to expand the size of their work force, it is important that leaders recognize what quality candidates to look for, and make sure their company has the right culture to attract, engage and retain them.

This paper will outline the steps needed to develop an extraordinary culture, avoid the trap of apathy, and get the maximum engagement and productivity out of your employees.

Step One: Create a Culture of Success

So how does an organization not only engage its staff but also encourage the proliferation of superstar employees?

It all begins with the right environment.

“Culture Eats Strategy for Breakfast”...this is the sign that is said to have adorned the war room of American auto giant Henry Ford.

It has been established that having a strategy is imperative in order to build a successful business. However, it doesn't really matter how brilliant your strategy is, because if you don't create a culture in which your strategy can be realized, point-blank—you'll fail.

Your organizational culture can either propel you to greatness or sink you. As Logan says, “If you want to be successful, then one place where you have to spend some time is culture. Any first-year MBA student can write a business plan for any Vistage company and it would be a good strategy. It would probably make them successful, perhaps even wealthy. The probability that any of those business plans would actually work is near zero because business plans and strategies almost never take culture into account. On the other hand, if you have a really great culture and a completely inept strategy, the culture can fix that disconnect quickly, perhaps in an afternoon.”

Taking the first step

Don't know where to start in building your culture?

Vistage's Chief Human Resources Officer Michael Molina suggests starting with these simple questions:



- **What kind of culture do we want?**
- **What is it that I value as a leader and in people who work with me?**

Your objective is to create a road map that people can follow. Start with basic elements and a common language, and then spread the word.

Today, culture and communication are interchangeable. It is no longer enough to just define your company values—you must support them with everything that you say and do. Studies have shown that it takes five or six exposures of a message for it to be absorbed and understood. And your cultural values are some of the most important messages you need to communicate to your people.

According to “Dunbar’s Number,” which was popularized by Malcolm Gladwell in *The Tipping Point*, as your organization gets larger and nears the “150” mark, it becomes increasingly difficult to influence and manage your employees—all the more reason that a well-communicated culture be established. As Vistage speaker Hunter Lott points out, “Employees leave supervisors, not companies.”

Besides straight communication, Lederman also suggests, “It’s a leader’s responsibility to create the superstar. If you are wearing your leadership hat, the way to get the superstar employees and the most out of them is to replicate your best people.”

Lederman sets out the three things you must do as a leader in order to replicate your best people and communicate with them effectively:

- 1. Set expectations with your employees.** In a survey established by the Achieving Brand Integrity Index of more than 1,000 business leaders in the United States (of which a large portion were Vistage members), 44 percent say that employees don’t know how to consistently demonstrate the culture and values of the organization. More than 35 percent of employees agree as well. Why? Because we have not clearly defined the organization’s cultures and values, nor have we set expectations.
- 2. Communicate the expectation well.** Most companies merely define their brand and define their culture. However, as Lederman says, “You can’t announce your culture. It comes from an intense focus on beliefs and behaviors that a leader brings to life.” Leaders must actively walk around daily and constantly communicate what the culture and brand are in the hiring practices as well as part of their strategic recognition efforts and during the performance review process.
- 3. Hold them accountable.** Organizations must hold individuals accountable and have an effective accountability infrastructure in place. Research from Brand Integrity, Inc., shows that “one-third of leaders don’t feel that appropriate ‘accountabilities’ are in place to help their company deliver excellent customer service, and nearly half of leaders (43.5 percent) don’t feel that employees identify and pursue opportunities to go above and beyond for customers.”

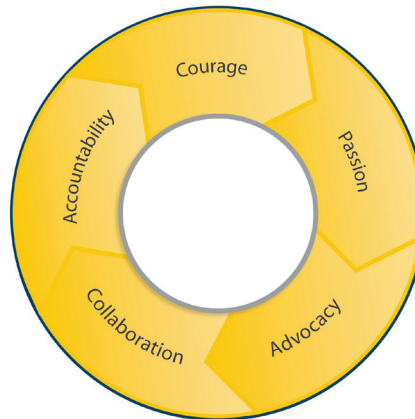
As a small business, you may be wondering how to effectively set expectations within your organization. The leadership team of your organization, whether it is a team or a single individual, is responsible for identifying the most important characteristics to be embedded within your culture that are drivers of performance. The biggest piece to keep in mind is that you have to have a common language where everyone understands the expectations within the company. This shouldn’t be complex—it should be something people can remember and relate to. These cultural expectations will then be referred to and used to select, reward, and promote people within your

organization. When creating your company's own values, it's helpful to look at the values of other organizations that you admire and may want to model.

Although this will be somewhat unique to each organization, here is how Vistage defines their specific cultural imperatives:

The Six Cultural Imperatives of Vistage International:

1. **Accountability**
2. **Courage**
3. **Passion**
4. **Collaboration**
5. **Innovation**
6. **Advocacy**



According to Molina, these statements set the bar for performance. For example:

Courage: You say what you think even if it's controversial. Make tough decisions when others won't. Do you take action when others may not? People need to follow leaders that are courageous.

Passion: You inspire others with your thirst for excellence and success and your level of enthusiasm.

What is the difference between organizations that have set expectations or "cultural imperatives" versus ones that do not? Molina observes, "When you're in the human capital business, there is a level of expectation, of a level of language, a level of practices. You are the coach of other organizations: If you can't support those internally, then it is going to be difficult to be a role model for our customers." Molina goes on to say, "As an employee coming in, you know when the organization has a great culture, when it's positive and when it's not. You know when the company is providing learning opportunities, giving you a chance to think beyond your job and grow as a person."

These are the kinds of cultures that attract superstars.

CASE STUDY:

Sandstorm Design—“A Culture of High Energy and Dedication”



Sandstorm Design, a leading marketing, user experience and web design firm, was recently named one of the top 50 Generation Y employers in Chicago for a reason. Founded in 1998, Sandstorm Design was the brainchild of Vistage member Sandy Marsico, who at age 24 decided to build the company that she had always wanted to work for. For Marsico, that meant working in an environment that fosters explosive creativity and growth with “high-energy people who are dedicated in the work they do.”

Today, the marketing firm is well known for its positive culture and vibrant young employees. And Marsico attributes three core values to the success of her company in attracting engaged employees: warrior spirit, learning and sharing, and having fun. These core values are not written on a wall or meant to be regurgitated, they are meant to be ingrained in “who we are, what we do and how we hire at Sandstorm Design,” Marsico says.

Every day at work is an opportunity for Marsico and her employees to find ways to demonstrate their core values in everything they do. Take the core value of warrior spirit for example; she says the idea behind being a warrior spirit lies in challenging yourself to improve constantly together with those around you.

“And we look at that when we are hiring too, we are looking for someone who will do whatever it takes to push themselves and will happily work with others as a team,” Marsico says.

That’s why Sandstorm Design was recognized as a top Gen Y employer in Chicago. Not only did Marsico foster an environment where employees feel ingrained and empowered by their core values, but also attracted and kept these Gen Y-ers innovative and happy by having flexible PTO policies, encouraging creative customization of workspaces, allowing social media use at work and accommodating their needs to travel and learn, just to name a few.

So what’s her advice to companies that want to grow a team of highly engaged employees? “Getting comfortable living with a healthy amount of risk on a daily basis,” she says.

Step Two: Define the New Superstar

Historically, employees were generally happy to just hold a good-paying job. They were content to show up to work every day, do as they were told, take home a paycheck, and if it was a good year, they would receive a Christmas bonus. In his book, *Linchpin*, Seth Godin addresses the concept of the “American Dream” and how it’s changed over time, particularly after the end of the industrial era.

According to Godin, the old “American Dream” consisted of these basic rules:

- Keep your head down.
- Follow instructions.
- Show up on time.
- Work hard.
- Suck it up.

Then, in the late 1990s, the game started changing. With the rise of the Internet and e-commerce, a shift in employee mindset started taking place. Work was no longer about making enough money to live, paying the bills, and having two weeks of vacation; it was more about working hard to achieve instant gratification through a wide array of benefits, such as stock options, flexible work hours, gourmet cafeterias, Ping-Pong tables, and a “fun” work environment.

The current world economy is now seeing another significant evolution. It’s no longer enough for employees to do as they are told, nor is the mentality of the late 1990s sustainable any longer. The new “American Dream,” Godin says, is rapidly being embraced around the world. And the rules have changed considerably. The new dream, according to Godin, is as follows:

- Be remarkable.
- Be generous.
- Create art.
- Make judgment calls.
- Connect people and ideas.

Today's indispensable superstar employees must think for themselves and contribute "emotional labor" beyond their job descriptions. Emotional labor is a term first coined by Arlie Hochschild in her book *The Managed Heart*, used to describe work that you do with your feelings, not your body.

To quote Godin's *Linchpin*, "The indispensable employee brings humanity and connection and art to her organization. She is the key player, the one who's difficult to live without, the person you can build something around."

To build a successful business, you ideally want to create an organization with some (we will articulate later how much of your workforce) indispensable superstar employees. Though submissive employees are easier to control, they're not going to drive sales, develop new products, or create customer loyalty. Superstar employees do that by going beyond the mediocre and not settling for average work.

How to identify the superstar employee

So who is this "superstar employee" linchpin, or indispensable employee? And how exactly do you identify one?

According to Godin, "Every successful organization has at least one linchpin; some have dozens or even thousands. The linchpin is the essential element, the person who holds part of the operation together. Without the linchpin, the thing falls apart." Godin goes on to share and explain the seven characteristics that every indispensable employee possesses:



1. Provides a unique interface between members of the organization.

- A linchpin helps lead and connect people in the organization, actively and with finesse.

2. Delivers unique creativity.

- Creativity is personal, original, unexpected, and useful. Unique creativity requires domain knowledge, a position of trust, and the generosity to actually contribute.

3. Manages a situation or organization of great complexity.

- Linchpins make their own maps and thus allow the organization to navigate more quickly than it ever could if it had to wait for the paralyzed crowd to figure out what to do next.

4. Leads customers.

- The new model is interactive, fluid, and decentralized. Every person who interacts with a customer (or business being sold to, or a donor to a nonprofit, or a voter) is doing marketing as leadership. There is no script for leadership.

5. Inspires staff.

- The linchpin understands that it is his/her job to make something happen.

6. Provides deep domain knowledge.

- Combines deep domain knowledge with smart decisions, generous contributions and changes things.

7. Possesses a unique talent.

- The indispensable employee possesses a superpower. The power a linchpin brings to the table is very difficult to replace. The “super” part and the “power” part come from something the linchpin employee has chosen to do and to give.

Vistage speaker Michael Allosso has his own definition of superstar employees:

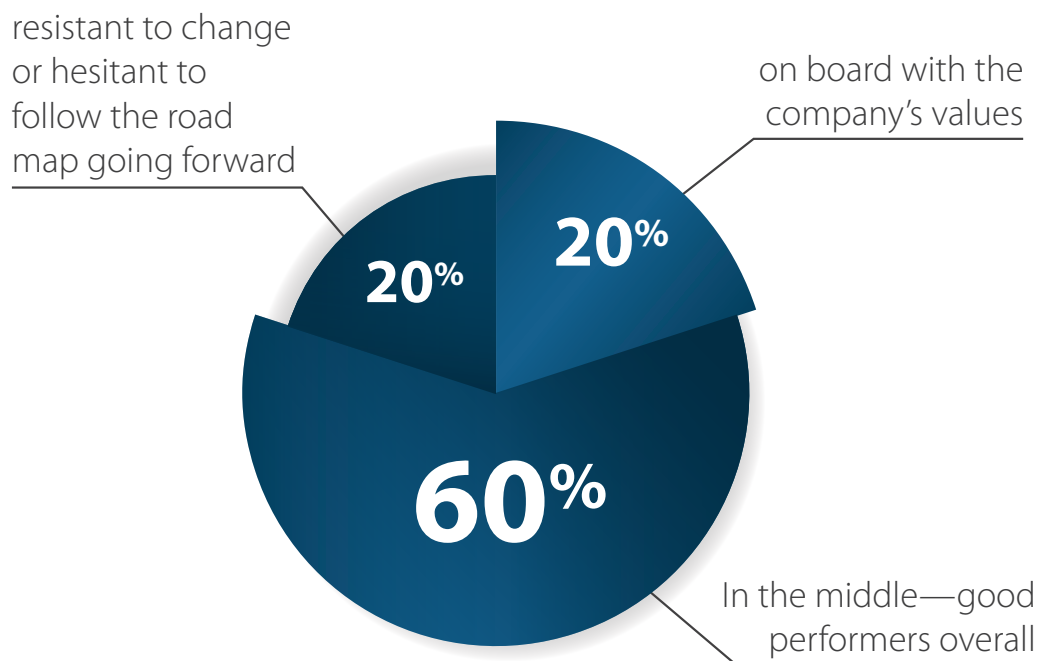
- 1. They respect the other people on the team** and prove it by pitching in and expanding their job description.
- 2. They take pride in their appearance** because they are always representing the organization.
- 3. They have a great sense of humor**—they don’t take themselves too seriously.
- 4. They are loyal and honest.**
- 5. They are authentic and true to themselves,** and bring their true selves to the workplace every single day no matter what’s going on.

Molina offers another point of view: Identifying the superstar employee is “not necessarily dependent upon the skill an organization needs at that time. We think that we need to go out and hire because we lack a critical skill. As leaders, most of the time your most valuable employee is one that comes in and astonishes and dazzles you with performance because of an unexpected characteristic that they have. It’s the unexpected performance that makes the person indispensable.”

For example, you may have hired your online marketing director to track search engine optimization and generate web leads, but it turns out he can do all of this and put together a concise and effective communication plan, as well as contribute content for your audience. Above all this, he is resourceful and will solve any challenge you throw at him. This is the mark of a superstar.

How many superstars?

Though it's crucial to have superstars in your organization, you should not be completely focused on filling your entire company with top talent. According to Molina, if you look at the breakdown of a traditional company, 20 percent are on board with the company's values and are actively moving toward its mission; 60 percent are in the middle—good performers overall, but not your best talent; 20 percent are on the lower end and may be resistant to change or hesitant to follow the road map going forward, and may be dissatisfied. So which group do you focus your time on, as a leader? Molina says focus on the top 20 percent first and foremost because they are your leaders and they will move and inspire others, and work with the 60 percent and continuously get them thinking about what's next.



Step Three: Find the Right Fit

When preparing to hire a new employee, how do you find the staffer that will make a real difference?

“Just like you better know your balance sheet, you better know who the best performers are: who is going to treat your business like it’s their business,” Molina says. “It’s important for your employees to have that desire and commitment. As a business owner, you want to see your employees take that same pride.” One of the things that organizations have to be really mindful of is not diluting their culture by letting down their guard in hiring or keeping the very best people.

Lott strongly emphasizes that once you establish what you want, don’t start with the hiring process. The first place to start is with your current staff:

- 1. Get them up to speed.**
- 2. Get rid of those that don’t want to play.**
- 3. If you have a supervisor that doesn’t pull his or her weight** or isn’t willing to hold people accountable to the standards that you’ve set or what you’re trying to create, **clean that up first and then start looking into hiring.**

The question then becomes, how do you hire that linchpin, that new superstar employee?

Lederman, author of *ENGAGED!: Outbehave Your Competition to Create Customers for Life*, says that hiring “right-fit” employees is not difficult if you ensure that the company brand is infused from the very beginning. Here are three simple things you can do to better your chances of success:

- 1. Utilize a hiring template** populated with questions tied to your company values and bullet points about what to look for in responses.
- 2. Implement an employee referral program** that rewards employees if the candidate gets the job.
- 3. Tailor the job offer** in a way that shows the candidate how the job will use his/ her strengths to achieve (personal and professional) goals.

In his book *Tribal Leadership*, Logan says that where most companies go wrong is that they “hire for skills, not for values.” Instead, Logan explains, the “key is to dig deeper and find values that unite people,” stressing the importance of hiring someone who:

1. Shares the **core values** of the company.
2. Is aligned with and resonates with the **company vision and noble cause.**

In simple terms, an organization's core values are what it "stands in," and its noble cause is what it "shoots for." Logan goes on to say that this should be the source of motivation—the values, commitment, and the resonance with whatever the vision is of the organization, whatever it is that makes the work noble. To some extent, you can train someone for skills, but you can't train for values or noble cause. They are either really going to resonate with that or they won't. Therefore, you are looking for very specific types of superstar employees, and you want to build your culture around those commonalities.

Effective interviewing strategies

For this hiring approach to work, people have to know what an organization's values and culture are, and what they mean. Some people will try and use the right words, but if these aspects of the organization don't ring true to them, it will eventually be made clear.



In *Tribal Leadership*, Logan offers up two strategies to detect the values of the person you are interviewing.

Strategy 1: Ask the candidate to tell a story about how he/she learned one of your core values.

Strategy 2: Ask simple, open-ended questions like, "What are you proud of?"

In using the first strategy of telling a story, Logan explains that "when people hear a story, they often respond with a story of their own. In many instances, what they say will communicate the same value." Similarly, when you ask a series of open-ended questions like, "What are you proud of?" the person you are interviewing will ultimately reveal the reason why an accomplishment gives them pride. Logan goes on to explain that "you'll find that the pride ties the actions to values, and you'll learn what those values are."

Jay Forte of Humanetrics, LLC, suggests that an organization "build a repertoire of powerful 'get to know you' questions—questions that address both work and personal perspectives. After all, the goal is to hire an employee who will remain with the company." The goal of these questions is to discover not only what their interests and talents are but also if they will be a good fit and be able to work with the personality of your team and support the overall mission and vision of the company. Forte explains, "The better we can match employees to both role and culture, the greater chance that performance will increase and employees will remain."

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Forte says, "Think of the interview process as a 'test-drive'—as a way to assess how the candidate will handle true workplace situations. Because most of today's work is thinking work—employees must respond on the spot to constantly changing situations—they are not involved in recurring rote responsibilities as we had in the industrial age—the interview process must assess how a candidate thinks. Great interview questions will look for the candidate's top-of-mind responses to actual workplace events. This will help a hiring manager see how the candidate will perform in the role."

Forte provides the following "strong work-related and personal questions" that, when employees respond, will provide you with a clearer sense of what they think, what they value, and what they are interested in. Forte also suggests asking your existing employees these questions to see if they are well suited for their current roles in addition to including them in your repertoire of questions to ask employment candidates:

1. What matters most to you in your work? What makes (or will make) you excited about work?
2. What does "work ethic" mean? What is your work ethic?
3. Presume you have no limits on time or spending: If you were in charge of the company for a day, what is the most urgent or important thing you would do? What makes it urgent or important?
4. Define the perfect job for you. What makes it (or would make it) perfect?
5. What two performance areas, roles, or skills would you still like to develop? Why?
6. How do you play to your strengths? How are these strengths obvious to others—what do they say about these strengths?
7. What are three things that motivate you to perform in work, and three in life?
8. What would you do with a free afternoon? How do you like to spend your free time?
9. How do your friends describe you? What makes them think this? What personal qualities do you have that you are most proud of? Why?
10. Here is a situation you will encounter in this workplace. How will you handle this in a way that adds value and positively impacts performance?

Step Four: Foster Your Superstars

The state of the superstar employee is at an all-time low, Logan says. Although the indispensable superstar employees are out there, Logan says we are burning them out at an alarming rate.

As a result of this new working environment, superstar employees feel the pressure to prove themselves over and over again. And they are rewarded with their ideas being squashed, they are not empowered, and they feel they are never given a real reward that is commensurate both with their abilities and the effort that they are putting into the job. Disappointment has resulted, creating cultures of burnout.

Logan goes on to explain how this burnout comes about. The quality of the superstar person is that they want people to know how really good and committed they are. So there is a continual sense of wanting to prove themselves.

This quality manifests itself as bursts of behavior, where we get the impression that we can really rely on these superstars for anything. However, Logan says that it's important to be aware that "these people are always on the verge of turning into an adversarial worker [position]. If and when the polarity flips, these are the people who can ultimately take the company down. If they are not given the type of reward they are looking for and expect, they become really negative. It's like a light switch; it can turn off really fast."

What is an organization to do in the face of such adversity? Logan says that the answer is two fold:

- 1. Leaders must "walk" the culture.**
- 2. Organizations must create a partnership/ownership arrangement with the superstar employee.**

First, in order to create cultures of superstar employees that are thriving, you as a leader must be a model of the "superstar" employee. They have to go above and beyond, they have to show ownership, they have to sacrifice, and they have to model the kind of behavior that they want.

Secondly, partnership/ownership arrangements must be created within the organization. Superstar employees want equity—they want to know that they are an indispensable part of the team and that when things go well that they will benefit from it. They are looking for fairness above everything else, and the burnout is from the perceived lack of fairness.

Logan entreats leaders and organizations, "You can't treat people like they are the go-to person: You have to treat people like they are a whole person, with lots of capabilities, lots of potential—get to

know them on a personal basis to know what their deep commitments are. You have to commit to whatever is really important to them. Partnership means committing to their commitments. Create an atmosphere of partnership so that you are developing everyone, so that everyone in the culture is responsible for developing everyone else in the culture—including the people who have the fancy titles like CEO. And that’s just not happening today.”

CASE STUDY:

The Three T’s for a Powerful Company Culture

Vistage member Brian Fielkow, owner of Jetco Delivery, a Houston-based logistics company that specializes in regional trucking, heavy haul, and national freight, gives “the three ‘T’s” advice to organizations:



- 1. Treatment:** The relationship between an employer and an employee is paramount
- 2. Transparency:** Organizations must have a transparent work culture
- 3. Trust:** Every business relationship must be built on trust

First, in order to create a work culture that engages employees, you as a leader need to stay away from the country club approach that some supervisors take with their employees. No employee should ever feel like they are on the outside looking in or feel excluded. This is what Fielkow says disconnects employees from their companies and their managers. And once you start having disconnected employees you can expect that they will not push themselves to innovate and advance the company.

Second, your organization should create a working environment where all company decisions are as transparent as possible. When employees feel that all decisions are made behind closed doors that could lead to discontented employees. That’s why Fielkow decided to overhaul the company’s old system of having only the departmental leaders make key company decisions. Now Fielkow’s company invites an elected chairperson of each department to attend every single corporate decision making meeting to enhance the culture of transparency at work.

Third, without trust among employees it is impossible to build any kind of culture within an organization or even a business relationship. That’s why it is crucial for your organization to promote transparency because trust and transparency go hand in hand, says Fielkow.

Know what can jeopardize your culture

It's important to be aware of the factors that may hurt your culture and ultimately cause problems for your company. To address this, Patrick M. Lencioni, founder and president of The Table Group and author of *The Advantage*, shares three important underlying factors that remain largely unaddressed by most organizations:

- 1. Anonymity:** People cannot be fulfilled in their work if they are not known. All human beings need to be understood and appreciated for their unique qualities by someone in a position of authority. People who see themselves as invisible, generic, or anonymous cannot love their jobs, no matter what they are doing.

Questions to ask: "Do I really know my people? Their interests? How they spend their spare time?"

- 2. Irrelevance:** Everyone needs to know that their job matters to someone. Anyone. Without seeing a connection between the work and the satisfaction of another person or group of people, an employee simply will not find lasting fulfillment. Even the most cynical employee needs to know that their work matters to someone, even if it's just the boss.

Questions to ask: "Do they know who their work impacts, and how?"

- 3. Immeasurement:** Employees need to be able to gauge their progress and level of contribution for themselves. They cannot be fulfilled in their work if their success depends on the opinions or whims of another person, no matter how benevolent that person may be. Without tangible means for assessing success or failure, motivation eventually deteriorates as people see themselves as unable to control their own fate.

Questions to ask: "Do they know how to assess their own progress or success?"

As Lencioni suggests, "Consider doing employee assessments, allowing people to provide information that will either confirm or deny the accuracy of the answers in each of the three areas."

Recapping the Four Steps

In conclusion, the steps to an extraordinary culture and superstar employees are:

- 1. Develop a culture of excellence.** Determine what kind of culture you want and what you value as a leader and in the people that work for you.
- 2. Understand your company's definition of a superstar employee.** Are they uniquely creative? Resourceful? Authentic?
- 3. Determine a hiring strategy that will attract the wanted superstar.** What questions will you ask? What other hiring practices can you model?
- 4. Foster your superstars.** Know the key factors that can allow your culture to prosper as well as fail.

Remember that this is an ongoing process—and that one area may be stronger or weaker than another at first. The ultimate outcome is to create a balance with these four steps, and shape your definition of an excellent culture for your organization.



About Vistage

Since 1957, Vistage has been bringing together successful CEOs, executives and business owners into private advisory groups. Each group is purpose-built to help members help each other improve the performance and outcomes of their businesses, as well as help create extraordinary culture.

To learn more about Vistage, please visit vistage.com.