Arbinger
Institute

The Leadership Gold Standard:
A Blueprint to Culture Transformation from the Top Down

Contents

Here's what we'll be covering in this guide. We recommend reading through these in order for the best results.

Introduction

Leadership is paramount to any transformational change within an organization, especially when it comes to company culture. Culture transformation happens from the top down—making your leaders the key to unlocking the benefits of a positive company culture.

52%

of respondents in a recent Arbinger survey said that leadership development has the greatest impact on improving an organization's culture.

Think of it like this: you can bring about change from the individual or team-level, but it's more effective when your leadership team is bought in, setting the example, and leading the charge.

To transform your culture, an investment in leadership development is critical to yielding far-reaching benefits—and there's countless studies to back that up. 52% of respondents in a recent Arbinger survey said that leadership development has the greatest impact on improving an organization's culture. 80% of executives say that strengthening organizational leadership is a high priority. And it's been proven that employees who go through leadership training show a 20% increase in performance.

Not only that, but to retain your best employees you must invest in leadership. Without quality leadership, employees become disengaged at work, leading to major performance and retention issues. This alone will cost your organization. Hiring a new employee to replace an old one is anywhere from an additional 90% to 200% of the role's annual salary.

With this data on the table, investing in leadership development seems obvious, yet it's easier said than done. And if you're reading this, we're sure you'd agree: when it comes to leadership development, the question is less about *why* than *how*.

In the last few years, the world of work has seen more rapid changes than ever before. In trying times, the need for strong leadership to steer the ship is critical, and it's not the kind of initiative you can put on the back burner until next quarter.

Through our experience with thousands of companies, we've witnessed firsthand the remarkable trickle-down effect that happens when organizations prioritize the growth and development of their leadership teams. If you're looking to make any sort of culture change, it's most impactful when it happens from the top down.

Think of it like this: you can bring about change from the individual or team-level, but it's more effective when your leadership team is bought in, setting the example, and leading the charge.

If you're now wondering, *where do I start? What does a good leadership program look like? What does it include? How do I define success?* You're in the right place.

In this guide, we'll address these questions by providing a blueprint for culture transformation **starting at the leadership level.** You'll find that gold standard leadership and culture transformation go hand in hand—and both are characterized by how a leader not only sets an example for their team, but inspires the best out of their team.

In seven steps *(see figure 1)*, we'll explore the core areas of leadership that should be the focus of a successful leadership development program. By zeroing in on these foundational areas, you'll be able to create transformative change within your organization starting at the top.

We advise looking at these steps as a hierarchy, with each step setting a foundation for the next. In the following sections, we'll dig into what each of these steps looks like in action.

At the end of this guide, we'll provide a set of metrics to gauge the success of your leadership program and provide a measurement system to help you hold yourself accountable to the process.

By successfully transforming your leadership team, you will ultimately catalyze a shift in your organizational culture. Ready to begin? Transformation starts here!

FIGURE 1: Seven Core Areas of Leadership Development

1 Develop accountable people

2 Foster a culture of helpfulness

3 Nurture employee engagement

4 Transform conflict

5 Build relationships

6 Recruit & retain talent

7 Take corrective action

Develop accountable people

Research suggests that when we feel a sense of ownership over our work, it not only influences our feelings toward our organization; it actually makes us more helpful and generous toward others as well. This stems from thinking more broadly about our impact on those around us—rather than just our own output.

51%

of respondents in a Gallup survey of U.S. workers found that less than one-third were engaged in their jobs.

Great organizational cultures are made up of people who take accountability, focus on results rather than blame, productively navigate tension, and most importantly, recognize how their actions affect their peers.

Developing accountable employees is about creating a culture of ownership and responsibility. When your team members feel that they have a personal stake in their work, they're more likely to innovate, look for creative solutions to problems, and go above and beyond because they genuinely care about their work.

When it comes down to it, the root cause of most workplace challenges is that people naturally focus on themselves— prioritizing their own needs and challenges without thinking about other team members' goals, objectives, or obstacles. There are a countless number of examples of this.

None of the examples on the right are inherently "bad" but great organizational cultures aren't made up of employees who "aren't bad." They're made up of people who take accountability, focus on results rather than blame, productively navigate tension, and most importantly, recognize how their actions affect their peers.

Examples of common self-focused behaviors

Emailing a colleague with a last minute request, expecting they'll drop everything to accommodate it

Looking the other way when a problem arises, hoping someone else will handle the issue

Finding allies to take "your side" in a conflict with another coworker, justifying your own stance in a disagreement

Fostering accountable employees

As a leader, there are a few things you can do to foster a sense of accountability in your employees. This will serve as the foundation for the rest of the transformation process.

1 🎯 **Set clear expectations and goals**

Having a clear set of goals in place (and making sure everyone knows about them) forms the foundation for a high-performing team. Once everyone understands what they're responsible for, it leaves less room for playing "hot potato" with tasks at hand.

When each member of your team knows what you—as a collective—are striving for, it helps everyone focus on their specific pieces that puzzle and motivates them to be more productive when they know exactly how they're impacting the final outcome.

2 📊 **Turn mistakes into learning experiences**

Reframing failure as a learning experience helps foster a growth mindset within your organization. This mindset promotes resilience, adaptability, and a willingness to embrace challenges, all of which are essential for innovation and progress.

You'll notice that the next generation of employees isn't afraid to fail. An EY study revealed that 80% of Gen Z-ers said that embracing failure at work can help them be more innovative. As a leader, it also helps to get curious about how mistakes happen in the first place. Oftentimes, asking questions about how an error occurred reveals gaps in training or processes—that you can help resolve.

Fostering accountable employees

Have performance check-ins often

Having frequent performance check-ins is a crucial practice for maintaining a productive, engaged, and aligned workforce. Employee engagement is actually strongly correlated to review cycle frequency, so the more often you're able to have performance conversations, the better.

Encourage employees to schedule time with their managers regularly (monthly is a great cadence!) to gauge their performance. We recommend using a template like Arbinger's 3A+ Development Framework that allows both managers and employees to evaluate effort and impact, rather than just outcomes.

3

Ensure everyone understands their impact

Openly communicating the impact of individual contributions builds transparency and trust within your organization. Right now, only 21% of U.S. employees trust their leadership, and opening up conversations about effort and impact at an organizational level helps to rebuild the trust that so many organizations are currently struggling with.

4

TRY THIS:

Impact Check-In tool

Use this tool to guide you as you check in with those you affect—your customers, your team members, and your peers. It's a good idea to establish regular, quick check-ins with these people at an agreed-upon cadence. Leadership should try this first and serve as an example for the rest of the organization.

Download fillable form template

Download

How to use it

1. Identify a person you impact.

2. Write the date of the check-in meeting. (Remember, these should happen regularly!)

3. Identify ways you haven't been helpful. Think about how you may have made this person's job harder or failed to make it easier when you could have.

4. Consider possible adjustments. Identify ways you might improve your helpfulness to this person.

5. Meet with this person and share the thoughts you identified in columns 2 and 3.

6. Get the person's feedback about what you have shared with them. Agree on a plan of action.

Foster a culture of helpfulness

Collaboration requires a level of self-awareness that is only possible when employees feel empowered and accountable for their work. As a leader, it's your job to foster a culture of helpfulness by encouraging employees to create more meaningful connections with those around them, and empowering them to work together in more productive and creative ways.

A culture of helpfulness involves more than just superficial cooperation—it's about nurturing an environment where employees genuinely care about each other's success and well-being. These connections are built on trust and understanding, promoting open communication and reducing misunderstandings.

We'll talk more about establishing relationships in a few sections, but by ingraining employees with a willingness to be helpful, you're setting the groundwork for much more fruitful working relationships. Teammates will be much more likely to reach out for assistance, share ideas, and work together effectively. This collaborative spirit not only leads to more creative solutions to problems, but also breaks down silos, allowing diverse skills, and perspectives to come together.

A culture of helpfulness involves more than just superficial cooperation—it's about nurturing an environment where employees genuinely care about each other's success and well-being.

A culture of helpfulness begins with:

Clearly defined roles
When employees know exactly what they're responsible for—and where their purview starts and ends—they're better equipped and more likely to offer support regarding an area that they own.

Lead by example
Managers who put themselves in service of their teams—in other words, practice servant leadership—boost employee morale and yield higher profits for their organizations. When managing a workforce of accountable employees, you won't have to micromanage team members to complete tasks. Your employees can be trusted to get their work done and can come to you as a helpful resource for clearing roadblocks or navigating big decisions.

Offer employee mentorship
Mentorship often leads to the development of long-term professional relationships, which helps nurture a sense of community at work. Mentors can help coach junior employees on navigating team dynamics and promoting empathy. Plus, mentees gain confidence through mentorship, enabling them to offer assistance to others in their journey. As employees become more self-assured, they're more likely to step forward and provide guidance, advice, or assistance to colleagues who need help.
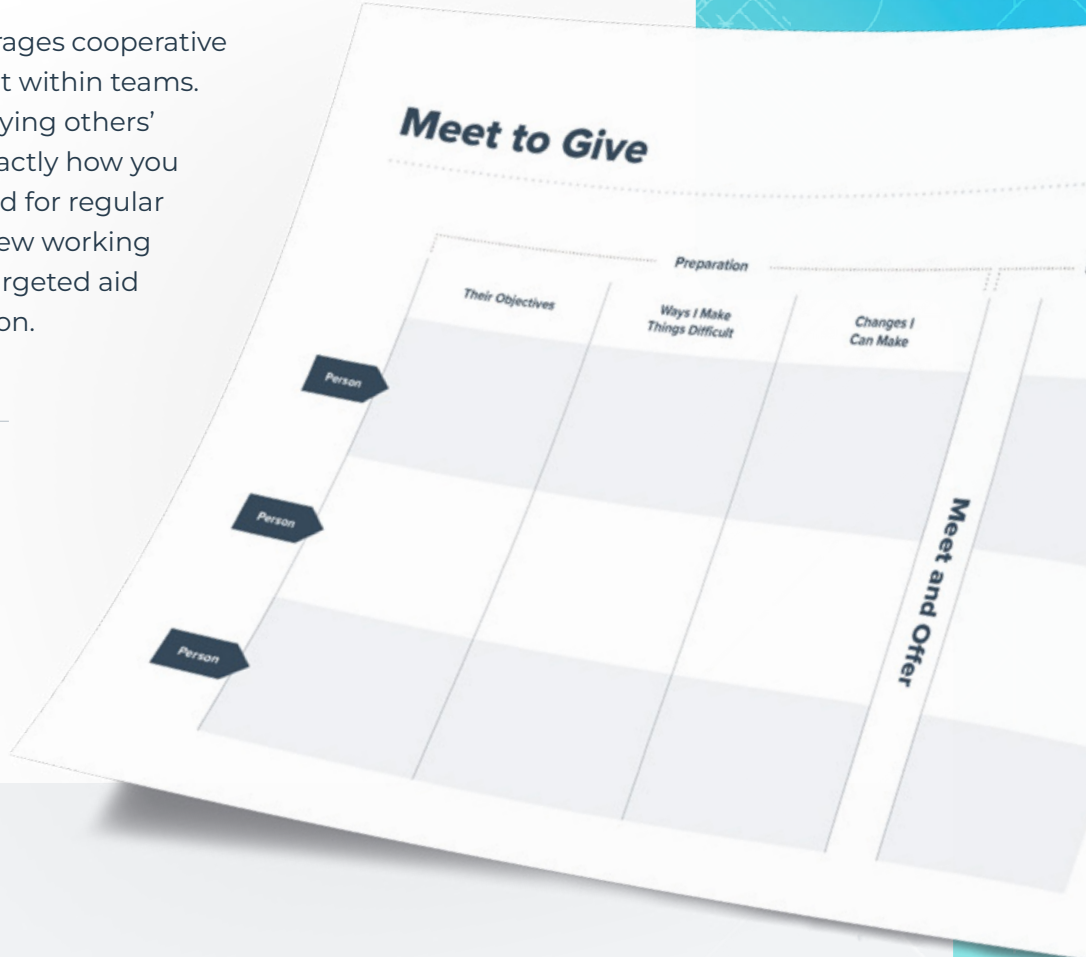
✎ **TRY THIS:**

Meet to Give tool

The Meet to Give tool encourages cooperative thinking and mutual support within teams. It's a proactive way of identifying others' goals and understanding exactly how you can help them. It can be used for regular check-ins between teams, new working relationships, or providing targeted aid in a particular area or situation.

Download fillable form template

Download

How to use it

1 List three individuals or groups affected by your work. (You can also adapt this approach to larger audiences like communities, classrooms, or jurisdictions.)

2 For each person or group, take the time to grasp their primary objectives. Gain insights into their goals within their roles.

3 Reflect on instances where your actions might have posed challenges or setbacks for them. Be honest about any hindrances or oversights.

4 Develop one to three practical steps that you can take to assist these individuals or groups. This could involve refining your approach, sharing resources more effectively, offering guidance, or other supportive actions.

5 Organize meetings with the identified individuals or groups to share the observations you've made in steps 2 to 4. Engage in open discussions, gather input, and collaboratively create a clear action plan aligned with their goals and your supportive efforts.

Nurture employee engagement

Your people are your organization's most important asset. Without engaged employees who hold themselves accountable and express helpfulness towards others, you're probably going to find completing even the most simple of tasks a challenge. For this reason, nurturing employee engagement is critical to your organization's culture and cohesion.

While engagement can sometimes be a difficult metric to quantify, you're usually able to tell if an employee is engaged or not. Let's start this chapter by identifying some of the most common differences exhibited by disengaged and engaged employees (see figure 2).

Disengaged employee

vs.

Engaged employee

Disengaged employee	Engaged employee
Runs from responsibility	Takes on responsibilities
Easily loses focus	Goal-oriented and focused
Avoids working with others	Collaborative and helpful
Complains often (or not at all)	Provides creative solutions
Underperforming	Produces high-quality work
Lack of motivation to complete tasks or goals	Motivates themselves and others to achieve goals
Isolates themself from social events	Connects with teammates

Statistically, disengaged employees have an 18% lower productivity rate, and on average cost a company $3,400 for every $10,000 the employee makes. So naturally, every leader wants to strive for an engaged workforce. But it's about more than the bottom line, it's about fostering an environment where everyone feels connected to larger organizational initiatives and their part in them. Plus, employees who feel like their work matters are much more likely to innovate, outperform, and stick around for the long haul—which in turn creates a better workplace for all.

Calculate the cost of employee disengagement on your team using this formula:

Step 1: [Your employee headcount] x 17.2%
= Number of disengaged employees

Step 2: [Median annual salary] x [Number of disengaged employees]
= [Annual cost per disengaged employee]

(17.2% is the average disengagement rate according to Gallup)

Proven ways to boost engagement at work

1. Remember your colleagues are people first

One of the most impactful ways to make your employees feel like they matter and belong is by treating them like people. It's crucial for leaders to remember that their colleagues are people outside of work, and recognize the multifaceted lives of employees beyond their job titles. Some ways to do this effectively are promoting work-life balance by offering flexible scheduling, understanding personal commitments, celebrating significant life events, providing mental health resources, and creating spaces for open dialogue about non-work topics. These efforts not only acknowledge the diverse lives and experiences of employees, but also contribute to a more supportive work environment that values each individual.

2. Show appreciation

Showing appreciation is another important way to foster a positive and motivated work environment. Research indicates that 69% of employees would work harder if they felt their efforts were better recognized. For that reason, employee appreciation significantly boosts engagement, which leads to increased productivity and job satisfaction. When employees feel valued and appreciated, their morale and sense of belonging improve, which strengthens their commitment to your organization. You can demonstrate appreciation by providing regular feedback, recognizing accomplishments publicly, and instituting employee recognition programs.

3. Ask for feedback (and listen)

Seeking employee feedback demonstrates your commitment to creating an inclusive workplace where everyone feels like they matter. When employees perceive that their opinions are valued and their feedback leads to meaningful changes, their engagement and morale soar. In fact, companies with effective feedback systems have a 14.9% lower turnover rate than those who don't.

4. Foster psychological safety

Just as important as asking for feedback is creating an environment where employees feel safe to share it. Psychological safety refers to the shared belief that anyone can express their ideas, take risks, and voice concerns without fear of retribution or negative consequences. When employees feel safe to share their thoughts and perspectives, it encourages collaboration, innovation, and creative problem-solving. That, in turn, leads to improved team dynamics, increased employee engagement, higher job satisfaction, and a willingness to learn from mistakes.

5. Provide ongoing coaching and training

Coaching and training play a pivotal role in enhancing employee engagement by fostering skill development, personal growth, and a sense of investment in one's career. Research shows that 40% of employees who don't receive effective job training will leave their positions within the first year, underscoring the positive impact of training on engagement and retention. Employers can provide coaching through a number of different avenues, such as one-on-one mentoring sessions, workshops, online courses, and peer-to-peer learning initiatives. Additionally, offering opportunities for feedback and regular performance discussions aids in the continuous development of employees, strengthening their connection to their roles and the organization as a whole.

6. Live your mission and values

Communicating your organization's mission and values drives employee engagement by providing a clear sense of purpose and direction for everyone. When employees understand the organization's overarching goals and core values, they feel more connected to their work and the company, which in turn leads to increased motivation and job satisfaction. Millennial and Gen Z employees indeed tend to place a greater emphasis on a company's social responsibility initiatives. Considering that by 2025, millennials will make up 75% of the workforce, it should be a top priority for your leadership team to not only communicate your values to your employees and customers, but also make sure that you're walking your talk when it comes to social responsibility. Even if your business isn't a mission-driven organization, making commitments like charitable donations, participating in fairtrade, or improving labor policies have a massive effect on employee loyalty.

7. Equip your team

Making sure that employees have the necessary tools, equipment, and training to perform their jobs effectively is critical—it directly impacts employee productivity and job satisfaction. When employees feel well-equipped, they're better positioned to meet (and exceed) their responsibilities, leading to an increased sense of confidence and achievement that ultimately improves their engagement levels. A recent survey of 1,857 U.S. employees found that almost every employee (96%) said they are dissatisfied with the tools they have been equipped with to manage work. As a leader, ensuring your team has the right tools they need to succeed is a highly important factor in their day-to-day engagement.

8. Make time to get social

Organizing social time for employees is crucial to maintaining strong connections within a team. Events like team lunches, game nights, retreats, and club meetings provide opportunities for team members to interact in a relaxed and informal setting, fostering camaraderie and building trust. It's been proven that socializing as a team improves communication patterns by 50%. When employees feel connected, they're much more likely to collaborate well, help each other, and participate at work.

9. Demonstrate your trust

Demonstrating trust is important for leaders as it cultivates an environment of empowerment, collaboration, and confidence. When leaders exhibit trust in their employees, it boosts a sense of ownership and responsibility, encouraging individuals to take initiative and contribute their best efforts. When there's trust at work, employees are 260% more motivated to work, have 41% lower rates of absenteeism, and are 50% less likely to look for another job.

10. Be transparent

When leadership teams prioritize transparency with employees, it establishes a culture of open communication and mutual respect. In fact, organizations with transparent communication practices experience 47% higher levels of employee engagement. Empowering team members with information that's relevant to their jobs and performance makes them feel more valued and connected to the organization's goals and decisions.

✎ **GET THIS:**

A cultural competitive advantage

Established in 1982 in San Francisco, **Pet Food Express** carved a niche in the pet supply industry by blending cutting-edge pet nutrition with top-tier employee training and customer service. This approach propelled their growth from 6 to 63 stores by 2017, cementing their position as an industry leader.

However, Pet Food Express faced stiff competition from big box stores that had come to dominate the national market through sheer size, brand recognition, and aggressive advertising and sales. Considering these market realities, company leaders became convinced that their primary competitive advantage was the unique culture of Pet Food Express—the special way that their employees work together and serve their customers. If they were to continue growing profitably, they needed to prioritize and preserve their culture.

Pet Food Express worked with Arbinger to scale its team performance management philosophy. Now, leaders give each employee the decision-making authority to do what is right for fellow team members as well as make decisions that impact customers.

Though fun, lively, and warm, the company culture is anything but soft. A central feature of that culture is the sharing of straightforward and honest feedback, stemming from a genuine desire to help employees grow. As Amy Vargas, a district manager, noted, "Now that I have the tools, I don't hesitate to give the truth." This helpful honesty and directness is the foundation of the way Petfood Express approaches team performance management and is at the heart of the trust that exists at every level of the company.

Transform conflict

Conflict at work can have far-reaching implications, affecting not only individual well-being but also team dynamics and overall productivity. When left unresolved, workplace conflicts can lead to increased stress, reduced job satisfaction, and diminished motivation among employees.

Consider these statistics about work conflict before we head into this chapter:

85%

[85% of US employees](#) have some level of conflict at work

15%

Managers spend around 6 hours per week (roughly [15% of their time](#)) solving work conflicts

56%

[56% of employees](#) who experienced conflict at work reported that it led them to stress, anxiety and/or depression

Now, the key as a leader is not to avoid conflict altogether. It's to find ways to productively work through conflict and transform it into better communication and cohesion. We've placed conflict as step four in this guide because it's a lot easier to productively navigate when your employees are already accountable, helpful, and engaged.

While there are many different types of conflict, and there's no one-size-fits-all solution, we have the power to look at most workplace conflicts differently when we reframe our perspectives.

Conflict and employee mindset

To better handle challenges and conflict, we must reframe our mindsets to better understand our own justifications and motivations. While there are many different types of conflict, and there's no one-size-fits-all solution, we have the power to look at most workplace conflicts differently when we reframe our perspectives.

Oftentimes, we forget that our coworkers are people too—with complex layers of emotions and experiences of their own. When someone is being difficult to work with, it's easy for us to forget that they're a person too. On top of this, we sometimes even start viewing people as obstacles (like obstacles to our own success, or obstacles between us and completing a project).

When we forget to see the humanity in others, we have a tendency to create negative narratives about them in our heads, which we feel justifies our negative behaviors towards them. This, in turn, invites them to respond poorly to us, which we then use to justify our own part in the conflict.

The worse a colleague treats us as a response to our own behaviors, the more our negative views will seem to be justified.

While we complain about the mistreatment we're receiving, that mistreatment proves to ourselves that we've been right about our colleague. In this sense, we end up valuing problems more than solutions and conflict more than peace, which isn't a productive outcome for anyone.

(?)

Questions to ask when faced with a conflict or a difficult coworker

1 What is it like to be around me when I feel this way?

2 What are my reactions or responses when I am feeling frustrated/ stressed/overwhelmed/ignored/etc.?

3 What is a possible solution to changing my mindset when these feelings occur?

Oftentimes, our responses to conflict perpetuate the conflict itself. When we choose to look at situations objectively, rather than with emotion, we can diffuse tension and use contentious issues as opportunities to understand what others are facing, unearth broken processes, and use them as chances to grow.
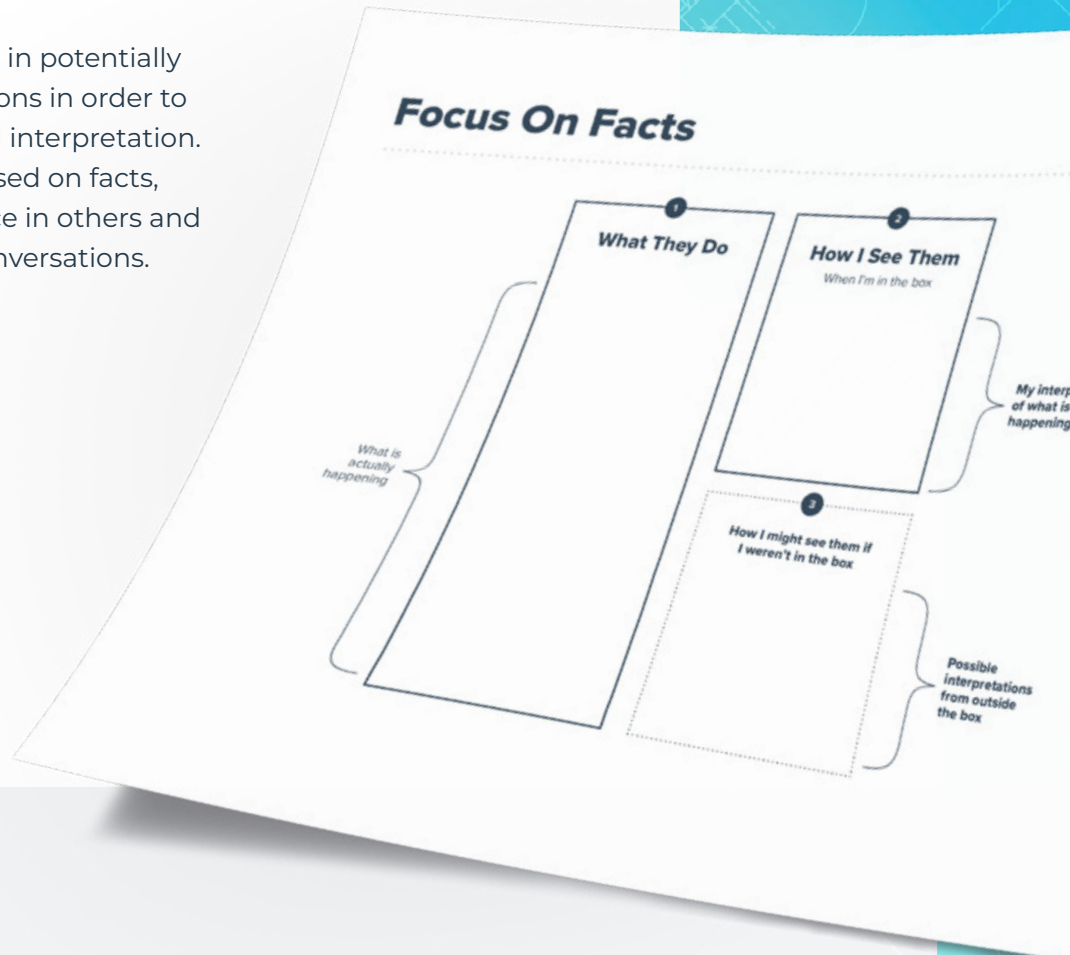
✐ **TRY THIS:**

Focus on Facts tool

Use this tool before engaging in potentially highly charged communications in order to separate reality from personal interpretation. This will help you to stay focused on facts, which will invite less resistance in others and promote more productive conversations.

Download fillable form template

[Download]

Focus On Facts

① What They Do
What is actually happening

② How I See Them
When I'm in the box
My interpretation of what is happening

③ How I might see them if I weren't in the box
Possible interpretations from outside the box

How to use it

1 List things the other person does that bother you—things you wish they would quit doing. (Make sure you are only listing things they are doing and are not expressing judgments about them.)

2 Identify how you see the other person when they are doing these things. (These ideas you've listed are interpretations—your own views of another's actions.)

3 If you weren't angry, frustrated, or upset, how might you see this person differently?

4 When communicating, recognize that the items you've listed in Step 2 are merely your own interpretations. Stay focused on the items you've listed in Step 1, and stay open to alternative interpretations you might have if you were looking at the situation from the outside.

Build relationships

When we think about high-performing teams, things like long hours, hustle culture, and pressure cooker environments typically come to mind. But a true high-performing team puts a premium on authenticity and interpersonal relationships, knowing that building strong connections with others is the key to achieving goals together.
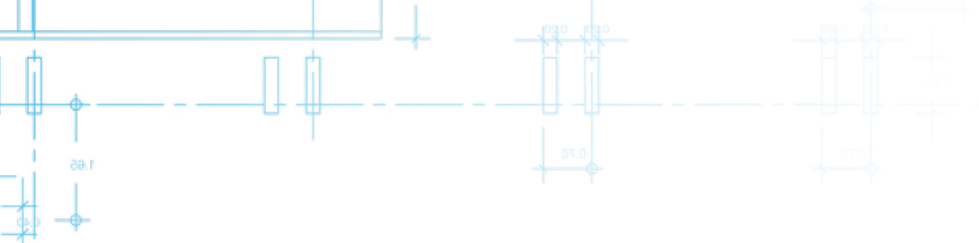
Rather than clocking overtime and burning out, positive relationships can help us maximize the time we have at work to make us significantly more productive.

Think back about how all of the previous sections have been laying the groundwork for this important step. Building relationships is a lot easier when you have the right attitudes and tools to do so.

Ways to enhance relationships at work

Express appreciation

The act of expressing appreciation has an incredible impact on workplace relationships, nurturing a culture of mutual respect and camaraderie. When teammates regularly acknowledge and value each other's contributions, it naturally enhances collaboration and cooperation between colleagues. Studies show that 78% of employees who feel recognized by their peers are more motivated to work harder, underlining the role that appreciation plays in collaboration.

✎ **TRY THIS:**

List a colleague's five best qualities. Ask: What might I do to express appreciation for these qualities? Is there a way to show I notice them and appreciate them? Is there anything I could do right now or in the next day or so?

Make a colleague's day easier

Going out of our way to make someone's job easier not only fosters a true sense of teamwork, but also builds a foundation of trust and support. When colleagues collaborate and offer assistance to others, it helps feed into a culture of reciprocity and shared success. Small acts of kindness can enhance communication, boost morale, and contribute to a more harmonious work environment.

✎ **TRY THIS:**

Try this activity: Identify a colleague's three biggest pressures. Ask: What might I do to help relieve some of those pressures? What might I stop doing? Is there anything I could do right now or in the next day or so?

Ways to enhance relationships at work

Hold yourself accountable

Holding oneself accountable at work demonstrates integrity, reliability, and a commitment to shared goals. When people take responsibility for their actions and commitments, it fosters an environment of trust and credibility. Trust in accountable individuals stems from the consistent alignment between their words and actions, showcasing their reliability and dedication.

TRY THIS:

Try this activity: Identify how we betray ourselves towards a colleague. Ask: Are there ways I don't really do my best? How do I justify myself when I fail in this way? What would I do differently if I weren't betraying myself and blaming? What could I do today or in the next day or so?

When people take responsibility for their actions and commitments, it fosters an environment of trust and credibility.

Accelerated collaboration through workplace culture

Founded in 2010 by Samo and Iza Login, **Outfit7** aimed to bring enjoyment to all through its software development. The company's workplace culture prioritized fun, respect, and collaboration, showcased by their successful app Talking Tom launched in June 2010, bringing in an impressive 300 million downloads within 19 months. By early 2013, Outfit7 expanded from 8 to 45 employees across global offices, driven by the success of Talking Tom and the "Talking Friends" franchise. However, this growth posed a challenge to maintaining their unique culture. Samo and Iza aimed to preserve their distinct culture as they continued to expand, though articulating this vision for scalability was proving difficult.

Outfit7 brought in an Arbinger facilitator to conduct training with its leadership team. Many members of the team were initially skeptical about the need to work differently. However, the session helped them realize ways their mindset was contributing to the growing cracks within the company culture. During the training, several team members were able to resolve lingering disagreements, thereby laying the groundwork for more collaborative work going forward.

As a result of the training, Outfit7's leaders report having an increased capacity to listen to one another more objectively. They are more willing to reevaluate their perceptions and conclusions, which allows them to see issues differently, overcome their differences with each other, and focus on results.

According to Iza, Outfit7 employees previously tended to focus solely on their own tasks and didn't think about how their work was affecting others. However, after working with Arbinger to shift their focus to others, employees across the company regularly look for opportunities to help their colleagues.

Recruit and retain top talent

Your organization's people are the heart of its success. They are the driving force behind the realization of your mission. Having the right people in your corner is crucial to achieving the results you desire—but attaining and retaining them is something that's easier said than done.

Ways to improve employee retention

We know that compensation, work-life balance, and flexible environments are obvious ways for employers to stay competitive. Outside of those, here are five ways you can improve retention at your organization:

1 Foster self awareness

Cultivating an attrition-proof culture starts with empowering employees to find a new awareness of themselves and others. When employees have a deeper understanding of their strengths, areas for development, and alignment with your organization's values and goals, they can better identify their own career aspirations and how these fit within the organization's trajectory. This clarity not only promotes a sense of purpose, but also opens up the floor to conversations between employees and their managers about growth opportunities and skill development. Self-aware employees proactively address challenges, seek personalized development paths, and are more likely to find fulfillment within their roles, leading to higher job satisfaction and a stronger commitment to staying with your organization.

2 Provide effective manager training

You've heard it before: employees don't quit jobs, they quit their bosses. In fact, managers account for at least 70% of the variance in employee engagement. A manager can make or break an employee's experience at your organization, so it's important to make sure your people leaders are well-equipped to handle challenges, motivate employees, and achieve goals.

Ways to improve employee retention

Create an inclusive work environment

An inclusive culture encourages diverse perspectives, which in turn drives innovation and creative problem-solving. Employees who feel they can express themselves authentically and contribute without fear of bias are more likely to build long-term relationships with the organization. In other words, you want employees to feel psychologically safe. By ensuring that every employee's voice is heard and their unique contributions acknowledged, an inclusive and psychologically safe work environment promotes a deepened connection to the company's mission, values, and fellow colleagues, ultimately reducing turnover and enhancing overall retention rates.

3

Show employees how their work impacts others

When individuals understand the broader impact of their contributions on colleagues, clients, and the organization as a whole, it nurtures a deeper connection to their work. This connection, rooted in a sense of meaning and value, enhances job satisfaction and motivation. Employees who can tangibly see the positive effects of their efforts are more likely to develop a stronger commitment to their roles and the organization, ultimately reducing the likelihood of turnover.

4

Accelerated collaboration through workplace culture

Dr. Reddy's Foundation, committed to supporting India's underprivileged youth in achieving sustainable livelihoods, implemented a transformative strategy to enhance enrollment and retention through organizational culture change. The foundation's LABS program initially faced limitations due to financial constraints, but to meet escalating demand, it transitioned to a sustainable model where participants contributed a nominal fee.

However, facing internal friction and diminishing program quality, the foundation struggled with enrollment. To address this, the foundation invested heavily in recruitment, at the expense of program quality. Instructors faced pressure to meet enrollment quotas, leading to compromised standards. This approach, coupled with poor communication and student grievances, further deteriorated enrollment and retention rates.

The solution involved instilling a mindset shift across the organization to improve team performance. The foundation worked with Arbinger consultants to facilitate leadership alignment, self-awareness, and self-management. A paradigm shift occurred, focusing on accountability, stakeholder-centered objectives, and an open dialogue framework.

By addressing interpersonal dynamics, redefining goals, and enhancing feedback loops, the foundation transformed its approach. Consequently, interdepartmental conflicts diminished, complaints decreased, and enrollment and retention dramatically improved. The organization's capacity to make bold decisions increased, exemplified by reduced enrollment fees and enhanced operational efficiency. The case underscores how nurturing a culture of accountability, empathy, and a mindset focused on others can facilitate enrollment and retention while enabling an organization's sustainable growth.

DR. REDDY'S FOUNDATION

Take corrective action

Taking corrective action ensures that cultural transformation isn't just aspirational, it makes sure that all steps highlighted in this guide are tangibly realized in your employees' everyday interactions. Corrections aren't a punishment, they demonstrate your organization's commitment to upholding a standard, which in turn influences employee behavior and attitudes.

The following are some situations that call for corrective action, and how to handle them.

When people fail to do their best

Sometimes people understand the performance standard but fail to meet it. You might take the following approach in such situations:

> *"You're good at many things. In particular, as you know, I appreciate your work in _____. But lately you haven't been as good at _____. Is there something I don't know about that's creating a problem?" (Discuss this as appropriate and, if necessary, take action to help.) Then say: "I'd like to meet with you next _____ and have you tell me how you will correct this going forward. Will that work for you?"*

New or mild conduct problems

When unacceptable behavior (such as uncooperativeness or disrespectful treatment) appears for the first time, or when it is relatively mild in form, we can help people hold themselves accountable simply by reminding them of what is required. A simple non-blaming statement is usually sufficient.

> *"We can't have that kind of behavior. We need you to do better. Do you understand why?"*

When people don't know the standard

When people are first learning the expectations of their job or our specific expectations as their leader, sometimes it's sufficient simply to inform them that they haven't met those expectations. Depending on the situation, you might say something like the following:

> *"If we're going to achieve our team result, your personal performance with your customers needs to improve. Specifically, it needs to be different in this way: _____. Do you understand why? Will you be able to do it that way from now on?" (Or: "Would you be able to redo it this way by next Thursday?")*

OR

> *"In order to achieve what we need to in this meeting, it's important for everyone to be on time. Crises can make you late, of course, but in the absence of those, we all need to be on time. Is everyone on board with that? Thanks."*

Persistent conduct problems

When unacceptable behavior is ongoing (for example, when appropriate reminders have not been sufficient), we must (1) get people's clear attention, and (2) give them the responsibility to solve the problem. Meet with the person and say something like this:

"In terms of what we're trying to accomplish in everyone's ability to work together, you're not progressing fast enough. I want you to carefully identify the problems you're creating and what you're going to do about them. When you feel that you're fully prepared to discuss that, schedule a time to meet with me. Then we'll go from there. Will that work for you?"

Hard and soft behaviors

As a leader, one primary responsibility is to help team members grow. In fact, if we truly honor our team members and see them as people, we naturally want to help them evolve and progress. This requires a combination of hard and soft behaviors.

Figure 3 can help us to discern the two.

FIGURE 3: Hard & Soft Behaviors

Soft behaviors

- Seeking staff involvement in important decisions
- Giving praise
- Giving someone a good grade
- Being flexible
- Compromising
- Saying "yes"
- Avoiding telling truths that might hurt others' feelings

vs.

Hard behaviors

- Focusing only on the task at hand
- Rejecting a request
- Firing someone
- Giving someone a poor grade
- Setting and expecting high standards
- Not compromising
- "Telling it like it is"

If we only exhibit soft behaviors toward our team members, we could be doing more harm than good. We may fail to give necessary feedback. We may fail to set challenging goals that could help them develop their skills.

In fact, growth and development within our teams often require hard behaviors from leadership. Setting challenging goals, demanding high standards, and even giving difficult feedback are often just what our teams need to step outside their comfort zones. As we exercise these hard behaviors, we help our team members develop to their full potential.

Apply the Influence Pyramid tool

Use this tool as a structure to organize all of your leadership efforts. This tool is particularly helpful whenever you would like to influence change in another person or group.

While filling out the pyramid:

Work bottom up: Most time and effort should be spent at the lower levels of the pyramid.

When stuck, go lower: The solution to a problem at one level of the pyramid is always below that level.

Mindset matters most: Ultimately, your effectiveness at each level of the pyramid depends on the lowest level of the pyramid—your mindset.

Download fillable form template [Download]

How to use it

1 Identify a situation in which you'd like to improve your influence to advance change.

2 Identify the levels of the pyramid at which you have been weakest in this situation.

3 Brainstorm things you might do in these and the other levels of the pyramid to improve the situation. Circle the things you will do in the next 30 days.

MEASURING SUCCESS:

The metrics that matter

Leadership training programs are valuable investments for organizations that want to develop their talent, improve their performance, and enhance their culture.

Measuring the impact of your work allows you to see how far you've come. It also helps you focus on the work that still remains to be done.

As you invest in leadership development it is important to build a success plan to connect training to strategic goals. The goals and priorities in leadership development tend to shift based on the needs of the business so it is critical that you're measuring the impact and ROI (return on investment) of these programs to ensure that they are aligned with your strategic goals and needs. If you can't measure the impact of your work, then you won't know how far you've come and the work that remains.

Success metrics vary by industry, but here are some general guidelines for measuring both organizational health metrics and the KPIs (key performance indicators) that track the success of your efforts:

On the right you'll find questions to consider that will help you understand the impact of change on the organization. **These metrics are typically obtained through periodic surveys and individual or group interviews.** We recommend getting a pulse check before, during, and after implementing the steps in this guide for a true indicator of change.

Organizational health metrics you can measure

Trust
How much confidence do employees have in the actions of the organization, its leaders, and their peers?

Collaboration
Do leaders collaborate and promote collaboration or are there silos, separate or redundant efforts, and stagnancy?

Alignment
Does your executive team share a common goal? Do differences of opinion paralyze growth?

Communications
How do leaders promote inter- and intradepartmental communications? How well-informed and connected are people across the organization?

Key performance indicators

KPIs are quantifiable measures used to evaluate the success of an organization, employee, or team in meeting objectives for performance. While some KPIs like job satisfaction or psychological safety apply to all roles and industries,

We've compiled this list of possible KPIs you might like to start tracking in order to evaluate your transformation efforts. All of these outcomes are tied to your organizational culture.

Select the ones outlined in your success plan that apply to your organization and create a spreadsheet to keep record of them on a regular cadence.

There is a huge benefit to investing in the development of your leaders and it's important you understand how to measure the impact of that investment on organizational growth.

KPIs to consider tracking

Revenue growth

Operating income margins

Capital efficiency

Operational efficiency

Inventory levels

Working capital levels

Input costs (related to vendor relationships)

Budget reduction

Job satisfaction

Variance vs. budget for implementation of new systems

Variance vs. timeline for implementation of new systems

Turnover and talent retention

Employee engagement and satisfaction score

Employee trust in leadership

Liability claims filed

Regulatory investigations

Quality of care measures

Returning elective treatment patients

Sick days taken by employees

Weapons seizures

Drug seizures

Specific attitudinal measures

Psychological safety

Affective organizational commitment

Satisfaction with empowerment

Perceived management

Support/advocacy

Other objective orientation

Perspective taking

Affect (mood)

Calculating the ROI of your leadership training program is simple. The KPIs you're measuring the program against have a monetary value attached such as increased productivity, performance, retention, or customer satisfaction. You must compare the monetary value of the KPIs to the expenses that the program incurred, such as training, workshops, materials, travel, or time.

To calculate the ROI, you can use this formula:

ROI = (KPI value - expenses) / expenses x 100%.

For example, if your program cost $25,000 and generated $75,000 in benefits, your ROI would be 200%.

There is a huge benefit to investing in the development of your leaders and it's important you understand how to measure the impact of that investment on organizational growth.

Conclusion

The journey to culture transformation isn't necessarily a short or easy one, but it's the best investment you can make for your employees and your organization as a whole. Simple shifts in mindset can completely alter the way teams work together and serve your customers and communities.

When you commit to making the investment in your leaders and equip them with the right tools you'll see the transformation take place.

Just as negative behaviors and attitudes can spread throughout your organization, the same is true for helpful behaviors and outward-focused mindsets. Particularly when they start with leadership and ripple throughout the organization.

While it may seem like there's a lot of work to do, there's no better time to start than today. When you commit to making the investment in your leaders and equip them with the right tools and mindset you'll see the transformation take place. Without fail, we've seen this investment result in the cultivation of leaders who know how to bring out the best in others and build highly-engaged and productive teams. Remember that sustainable change is an ongoing initiative—and not something that happens overnight. In order to create lasting impact, we must make gold standard leadership a daily practice.

Start working through the steps in this guide and create a sustainment plan that your entire leadership team is bought into. After all, culture transformation starts at the top.
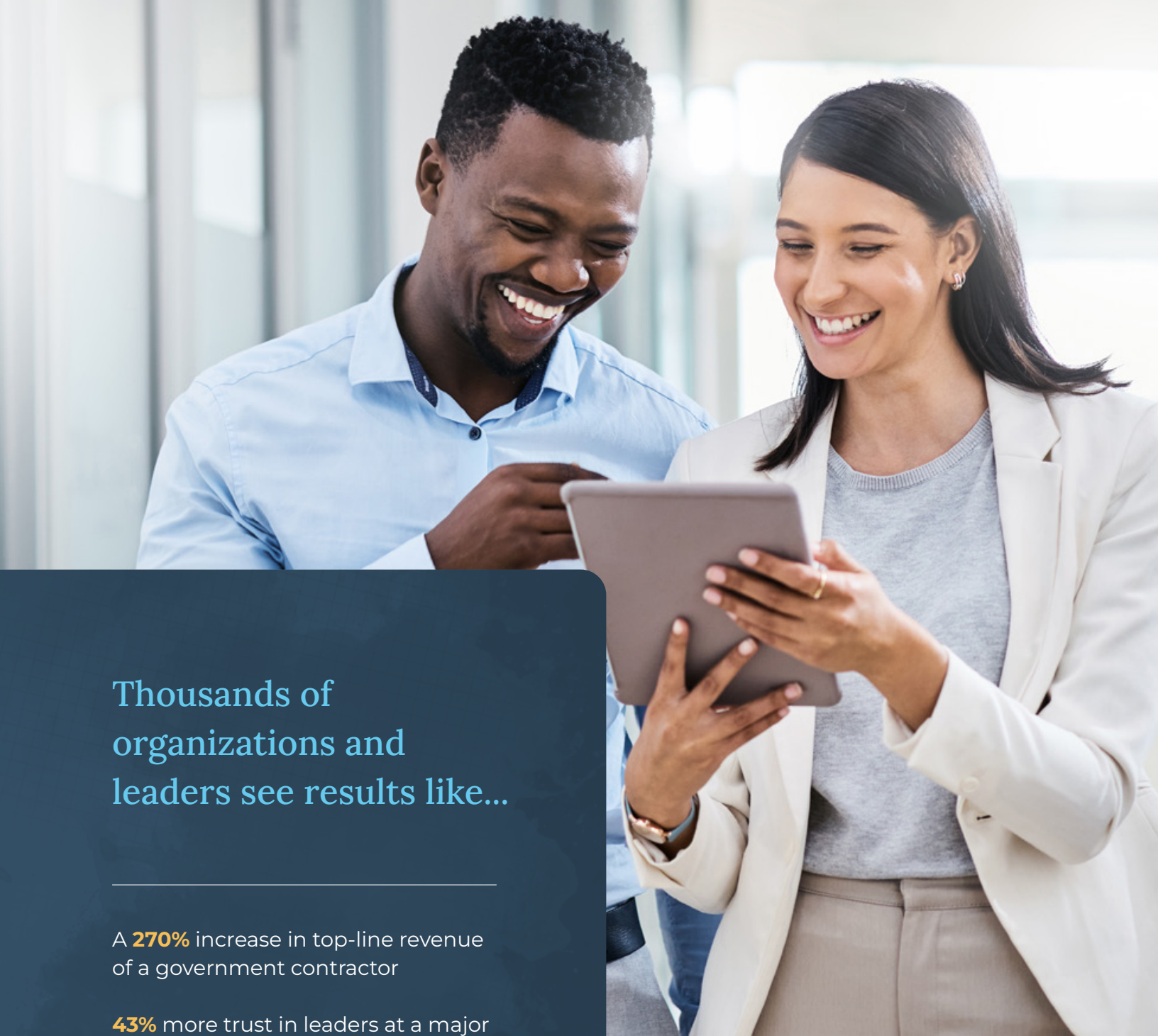
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A **270%** increase in top-line revenue of a government contractor

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65% more product shipped by a large medical supplier during 6 months (with no increase in staffing)

The steps in this guide are inspired by Arbinger's *Outward Leadership* solution.

Want to learn more about working with Arbinger?

Book a consultation

About
Arbinger

The Arbinger Institute helps leaders transform their cultures by enabling the shift in mindset that leads to exceptional results. Whether you're interested in leadership development, building a high-performing team, or transforming your entire organization, we'll show you how to create the mindset transformation that is the key to driving lasting change.