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Culture is often praised for organizational success or blamed for failure, but culture evolves and devolves, subject to the vagaries of internal and external factors. A deeper driver of culture can help keep it on track and explain both successes and failures.

Introduction

What causes one organization to retain a strong and positive culture, sometimes for a century or more, and another equally venerable one to devolve and fail? It was a question that intrigued my colleague Mike Wilberding and me, particularly after details of the first Boeing 737 Max 8 crash in October 2018 came to light, followed by another barely five months later. Boeing's issues weren't limited to the 737 Max 8, either. Equally concerning problems – “nonconforming parts,” tools and ladders left inside newly-delivered airplanes, noncompliance with FAA quality improvement directives, reports of assembly teams' quality concerns being overridden by supervisors – suggested Boeing's culture had fundamentally gone wrong. The learnings from Boeing's failures, documented elsewhere (<https://hbr.org/2020/01/the-x-factor-of-great-corporate-cultures>), suggest that Boeing's problem wasn't the culture per se; it was what lay beneath.

If culture is "the way we do things around here," the question is "but why do you do things the way you do around here?"

Culture is not an eternal verity. It can evolve and grow stronger or waver and drift, leading to losses in reputation, share value, sales, recruitment and retention, and ultimately demise. No culture is perfect, of course, and even the most positive corporate environment can't ensure against bad actors or damaging errors. But what research suggests is that issues ostensibly arising from culture, good or bad, often have roots elsewhere. That's true for organizations with perceptibly damaged cultures, like Boeing, Wells Fargo, and Volkswagen, and equally for those whose cultures are highly regarded, as Patagonia, the Mayo Clinic, and Starbucks. That underlying element, even more fundamental than the beliefs and values posited by Edgar Schein, is what we call whatness or *quiddity*.

Quiddity is a set of principles typically first articulated by the founders or early leadership teams which serves as an anchor to help keep the culture from drifting and devolving, while at the same time powerfully attracting and retaining employees who resonate to those principles and find meaning in being associated with the organization. Organizations which have a quiddity, DNA that ultimately comprises and shapes the culture – and importantly, continue to articulate and celebrate it – tend to be not only highly regarded but demonstrate sustained success.

Quiddity So Powerful it Defines the Brand

A committed outdoorsman at age 8, Yvon Chouinard became a proficient mountaineer who taught himself blacksmithing so he could produce pitons better than those commercially available. Demand for those \$1.50 pitons ultimately led to his founding Patagonia, which manufactures and retails high quality clothing and gear under a philosophy that respect for staff members' personal lives and concern for the environment were more central than the profit motive. "Concern for the environment" isn't just a branding platform for Patagonia, but a fundamental commitment:

- 1 percent of annual sales is donated to preservation and restoration of the environment
- 70 percent of its products are made from recyclable materials
- Status as a Benefit Corporation (B Corps), legally sustains its social and environmental commitment
- A buy-back and refurbishment program, Worn Wear, reduces Patagonia's environmental footprint
- Discouraging imprudent purchasing, as in their "Don't Buy This Jacket" ad.



patagonia
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COMMON THREADS INITIATIVE

REDUCE
WE make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR
WE help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE
WE help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE
WE will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE
TOGETHER we reimagine a world where we take
only what nature can replace

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Chouinard's own love for outdoor recreation defines the Patagonia culture, which allows employee time off for outdoor activities, a practice detailed in his book *Let My People Go Surfing*. Results? The \$1 billion company remains highly successful, Chouinard is himself a billionaire, and pre-pandemic employee turnover was an extraordinary 4 percent annually.

Quiddity Evolving into Marketplace Differentiation: The Mayo Clinic

In 1864, Dr. William Mayo established a private practice in Rochester, Minnesota. His philosophy, “the needs of the patient come first,” was hardly unique in medicine, but after his two physician sons joined him, the Mayo Clinic shaped that philosophy and Mayo's founding principles into a quiddity that today accounts for its leadership among all US academic medical centers. Those principles include:

- Team-based medicine that brings practitioners of all relevant disciplines to pool knowledge for the patient's benefit and ensures the soundest possible treatment
- Patient-appropriate decisions regardless of cost (with the Clinic absorbing non-reimbursable expenses)
- “Boundarylessness,” which allows medical staff to electronically pool knowledge for both the patient's benefit and their own professional improvement
- Culture-based hiring, which goes beyond skills and experience to determine, via self-selection, that a prospect's values are consistent with Mayo's patient-centric culture
- Shared governance and physician compensation in salary only, with no financial incentive for unnecessary treatment

The Mayo Clinic's quiddity doesn't immunize it from issues – nurses were upset with workload during the pandemic and there's frequent concern over CEO pay – but turnover for all staff remains very low and it retains its apex ranking. Why? Because healthcare professionals who truly believe that “the needs of the patient come first” find that the Mayo Clinic's quiddity is more of a pure play than any other institution.

When Quiddity Devolves

If eternal vigilance is the price of liberty, regular storytelling and celebration of an organization's quiddity is the price of its being sustainable. And when leadership teams are distracted by financial pressures, mergers or acquisitions, shareholder issues, legal and ethical challenges, and other problems, it's hardly surprising that a focus on culture and quiddity is lost.

That's what happened to Boeing under several CEOs, leading up to the tumultuous tenure of Dennis Muilenberg. That's also what happened to Wells Fargo, once holder of a storied history and highly admired culture among the US's leading banks. Yet after multiple glitches and scandals – most notably, having bank employees create more than 2 million fake accounts without customers' knowledge – the company earned the lowest score in the Harris Poll's reputation history, fired more than 5000 employees, and continues to experience financial and reputational fallout. What makes the Wells Fargo story so fascinating isn't the malfeasance itself – former CEO John Stumpf claimed only a few bad actors were involved – but how a culture based on customer service and security since 1852 managed to drift so totally from those principles. In Wells Fargo's case, it wasn't the culture itself but the fact that its quiddity anchor had become unattached, uncelebrated, and unremembered.

Does Quiddity Require Founding Principles or Vision?

While the superficial top layer of culture is what's most apparent to the public – beer bashes and 24x7 snacks for some startups or IBM's iconic white dress shirts – organizations that have thrived for decades

tend to have a set of principles or values, a quiddity, that informs their culture. For IBM, it wasn't the white shirts but Tom Watson Jr.'s codification of his father's philosophy, encapsulated as respect for the individual, customer service, and excellence. For Hewlett and Packard, it was "the HP way," articulated by Bill Hewlett and Dave Packard, and defined before they'd ever developed a product:

- We have trust and respect for individuals.
- We focus on a high level of achievement and contribution.
- We conduct our business with uncompromising integrity.
- We achieve our common objectives through teamwork.
- We encourage flexibility and innovation.

For Starbucks, it wasn't coffee, but Howard Schultz's memory of his father, severely injured on the job and minus any kind of workman's compensation or financial support, that motivated him to build an organization that made caring for its staff a hallmark (after Schultz's retirement and Covid, the culture declined and necessitated Schultz's recent and temporary return to the helm).

Like IBM, McKinsey didn't have a quiddity at its founding; that was later instilled by a brilliant managing director, Marvin Bower, who shaped not only the firm but helped define the field of management consulting.

Many organizations, especially newer ones, tend not to have a quiddity underlying their culture. That's perfectly fine, at least unless the culture drifts or runs into problems, Facebook (now Meta) being a prime example. Strangely, current political parties both in the UK and US, which one would expect to have a set of underlying principles, instead manifest cultures driven by personalities and policies more reflecting constituents' changing opinions than a deep-seated quiddity.

Conclusion: Can a Quiddity be Acquired?

For older organizations, a visit to the company archives may yield insights on the founder's original principles and values; often they exist but have been ignored and unarticulated for decades. Organizations can also develop their own quiddity by simply asking "why do we do things the way we do around here," an exercise legitimately part of an HR executive's portfolio. If the answer is more fulfilling and more engaging than "to make money," congratulations: You've just identified your quiddity.

Traverse Bay Strategy Group is a research and planning firm, organized to help clients understand, manage, and market reputation - as the primary driver of competitive selection and sustainable growth.