

WILL MCINNES

CULTURE SHOCK



A HANDBOOK FOR
21ST CENTURY BUSINESS

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“You can forget about Tom Peters and Jim Collins. Screw Jack Welch. They’re all dinosaurs. If you want truly innovative, revolutionary ideas to make your company happier and more successful then Will McInnes is your man and *Culture Shock* is the book you need to read.

I’ve admired Will’s vision of a better way to do business and his courage to actually follow through and do it for years. I’ve also been green with envy over the cool culture and stellar results he’s championed at Nixon McInnes and this excellent book shows you exactly how you can do it yourself.”

Alex Kjerulf, Chief Happiness Officer, Woohoo Inc.

“A provocative and inspiring work that serves as a call to arms for all of us – yes ALL of us – to take responsibility and make the changes now that will make the world of work and beyond a better place. The time is past for the old external shareholder models of commerce and the push is on to find sounder, more meaningful ways of doing business. *Culture Shock* is a fun to read manual for this new world, providing sage advice and pragmatic examples of how businesses do it differently, producing better results for their employees, customers and community. Spread the love – buy five and give four away to random business contacts.”

Carole Leslie, Policy Director, Employee Ownership Association

“The world of work is changing, and changing in very fundamental ways. We are just at the start of a period of significant disruption, partly driven by the internet, partly driven by the collapse into irrelevance of old ways of working, and partly driven by the changing expectations of the workforce. This is going to be longer and more significant period of change than most realize and we will need stories to help us make sense of what is happening.

Will McInnes helps us to start thinking what these sense making stories might be and we would do well to listen.”

Euan Semple, consultant and author of *Organizations Don't Tweet, People Do*

“Our global economy desperately needs more alternatives to the conventional corporate model. If you’re starting a business or are already running one, it’s important to know that you DO have other options and that you DON’T have to follow the conventional norm. Will’s book provides us with encouragement, inspiration, and examples for the endless possibilities of doing business in a different, better, and healthier way.”

Blake Jones, President & CEO, Namasté Solar, USA

“Will McInnes has taken a subtle tack in *Culture Shock*, asking deceptively direct questions about the nature of the workplace that are secretly subversive, and introducing us to successful and inspiring companies that are more open and democratic than many will think possible.”

Stowe Boyd, author and social tools researcher

“Will McInnes has nailed it, and just when we needed it most. Inspiring and comprehensive, *Culture Shock* is aspirational future thinking with its feet firmly on the ground.”

Jemima Kiss, Digital Media correspondent, *The Guardian*

“This book is the field notes of a pioneer. In it, you’ll find the distilled insight of a man whose persistent pursuit of the open path is matched only by his robust positivity. May it guide you well.”

Dan McQuillan, Lecturer in Creative and Social Computing at Goldsmiths, University of London, and co-founder of Social Innovation Camp

CULTURE SHOCK

**A HANDBOOK
FOR 21ST CENTURY BUSINESS**

Will McInnes



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FOREWORD

I vividly recall the first time I stepped into the offices of NixonMcInnes in Brighton, England. The walls were bright blue and yellow-green. Sunshine poured in on a floor plan that was open and inviting and the kitchen area had a black-board wall where people had written pithy notes to each other. But beyond the fun bricks and mortar, there was something different in the atmosphere at NixonMcInnes.

Yes, there was the hum of great people talking about big ideas for some of the coolest clients in the UK – but there was more than that. There was a general feeling of peace in the air that you simply don't feel when you walk inside most angst-laden organizations today. Looking in people's eyes, I saw a spark there. They had been expecting our visit – my colleague Miranda Ash was with me as well – and as we talked over sandwiches and drinks, I got a deeper sense of what made the NixonMcInnes environment so remarkable. It was their steadfast commitment to doing business differently, coupled with an understanding each employee had as to how that enhanced their client work, helped them solve problems, invited them to grow personally and changed the way they engaged with their community that was making the difference.

Put the words “democracy” and “workplace” together and many people – particularly business leaders – can't envision how that's possible. We generally accept political democracy as the right way to go, but suggest applying it to the business world and eyebrows go up. We've been entrenched in command and control behaviors for too long to see another way. Most businesses look and behave just like businesses did in the 1950s!

However, this pattern is shifting. A new wave of disruptive organizations – many featured in the following chapters – are doing business differently. Change in the workplace isn't some far-off prophecy – indeed, for the past 15 years I've had a front-row seat watching the rising trends towards purpose before profits, towards more enlightened leadership, organizational democracy, and the intelligent use of technology to help people collaborate and move faster. Now is the time for change.

In 1997, I founded a membership and certification organization called WorldBlu, which is now the largest global network of organizations committed to democracy in the workplace. We have over a quarter of a million members in nearly 80 countries worldwide. WorldBlu-certified democratic workplaces include some of the most well-respected brands in the world – Zappos, the WD-40 Company, DaVita, HCL Technologies and NixonMcInnes.

My goal is to see one billion people working in free and democratic workplaces. NixonMcInnes is one of those organizations contributing to this goal, and Culture Shock will show you how to join the movement and start building your own progressive workplace. I hope you will enjoy this forward-thinking, action-packed and remarkably creative book by Will McInnes, co-founder and Managing Director of NixonMcInnes. I know I did.

Traci Fenton
Founder and CEO, WorldBlu
2012

INTRODUCTION

‘Another world is not only possible, she is on her way. On a quiet day, if you listen carefully, you can hear her breathing.’

Arundhati Roy

People say business is broken. You know what? I agree. Screw how that kind of business is: the 20th century rapacious school of business that ruined its people, corrupted its environment and lumbered like an eyeless, earless giant from room to room, smashing plates, breaking doors down and filling its pockets with gold coins. We’ve had enough. We, the people. We, the workers, the shareholders, the managers, the community members, the entrepreneurs and the everyday folk.

So what do we do? Do we give up? Do we throw out everything of business, and patiently wait for some new kind of thing to emerge that can solve the problems that need solving? I cannot.

I cannot leave the future to the lumbering eyeless giants any more than I can leave it to the short-term-ist politicians, or the stretched and challenged not-for-profits. And I cannot patiently wait – the warning lights are blinking urgently, there are problems that cannot be left any longer. And to hate is not enough, because to sit back and criticize business and bonuses and bankers and ‘the way things just are’ will not make the slightest difference.

What we have to do is to change business. ‘We’ is you and me, and your colleagues, and mine. And them over there. If we really decide to do this, we can. This is the opportunity of a lifetime.

We have to start operating our businesses in new ways. Because what good business has to give is so, so needed. In

this book, we look at the good businesses, the progressive companies who do things differently, the crazy ones.

In this book you will find out how different companies are doing things better, right now. Not theories, but real-world realities. The benefits of these new progressive business practices are substantial and broad – from improved financial measures like lower costs, higher customer lifetime value, through to the less measurable but more meaningful, like providing purpose and satisfaction to people and helping the world become more sustainable.

To help you both learn and then take action we have chapters on Purpose and Meaning, Democracy and Empowerment, Progressive People, Conscious Leadership, Organizational Openness, Change Velocity, Tech DNA and Fair Finances. The first four chapters deal mainly with the human aspects of 21st century business, whilst the next-four chapters deal mainly with the organizational characteristics of 21st century business, although many themes repeat.

As you read, I hope that you will see and then take heart from the knowledge that we are not alone. We are part of something bigger. Our numbers grow! Giant Indian software companies with multi-billion dollar revenues, ripping up business-as-usual management practices. Loosely connected networks of hacktivists, working collaboratively to bring down their common enemy. Fast-growing American solar energy companies, entirely owned by their workforce. Independent, rebellious Scottish brewers, raising funds from their fans.

This is a movement. My hope is that you will join the movement and make a difference in your organization. That is my purpose in this. You. We need you. Come and change the world.

Will McInnes

@willmcinnes

<http://www.nixonmcinnes.co.uk/>

<http://willmcinnes.com/>

CHAPTER ONE

PURPOSE AND MEANING

Last century we in the world of business lost sight of higher meaning, of purpose beyond simply profits. People – many of us – went to work every day without a sense of a more meaningful contribution beyond the monthly pay packet, the sense of responsibility, slaving away working for the man, for anonymous, financially-driven shareholders, in businesses large and small. The trudge, the wear and tear of everyday business and the bad behaviour of many corporations turned business into a dirty word.

So what do we do now?

This is the opportunity we have before us: to guide our organizations, our teams, our projects towards higher meaning. To be part of the movement that demands a greater contribution from business than just profits. To discover and share real purpose.

A Purpose of Significance

An organization designed to thrive in this radically different century before us has a very clear purpose, which creates meaning way beyond financial results. A purpose that solves big, meaningful challenges and opportunities in society. Something that really makes sense. This is a Purpose of Significance.

Why Does a Purpose of Significance Matter?

The simple truth is that, today, the accepted wisdom is that the purpose of a business is to increase shareholder value. Purely and simply. This is what is ingrained in business schools and boardrooms, in the minds of so many of us - it is very hard for any of us to stray from this path.

And, as Peter Drucker said, 'What's measured improves' and, in business, this is what has been measured and has 'improved': the purpose of business has narrowly and determinedly fixed on growing the wealth of its shareholders. Significant to a few, but not to the wider world. Some improvement.

Increasingly, we're realizing that this destination isn't such a pretty place. As the inspiring economist, Umayr Haque, tweeted: 'Making shareholder enrichment the basis of an economy is probably an idea that belongs up there with Cheez Whiz and Donald Trump's hair'.

Zooming out, when we look at the macro picture, it is clear to all of us in the Western developed world that we are in an even worse hole. The collective efforts of a whole global economic model based on output, and measured in dollars, euros and pounds, has left the most developed nations with thriving but horribly volatile businesses and a society that is fat, debt-ridden and unhappy. (By the way, these are challenges of real significance; and huge positive business opportunities, if addressed in the right way with the right intentions.)

Politicians and Normal People Too

When politicians, such as former French President Sarkozy and British Prime Minister Cameron, start to look seriously at how to include measurements of happiness in policy, we business people should pay attention. This is a massive change in purpose, an attempt to reinject significance and meaning; and, what's more, led by government who we are used to haranguing for being out of date and late to the party. Wake up, progressive business people!

People are changing too. Whether you call them customers, consumers or citizens, attitudes are shifting. Expectations are changing – think about what you expect from a business, what you demand, and what is actually delivered. What would be amazing?

People like you, whose basic needs have been well met, are increasingly seeking out experiences, services and products with a narrative that is authentic and sustainable; stuff which has provenance. You want great service. You want the basics, done excellently. You want a personal interface to the organization – an ability to get a handle on it when you need to. And, increasingly, you demand a higher-order contribution beyond all of that. See the growth in sales of organic food, the rise of the micro-brewery, the niche bicycle design company, the resistance towards powerful supermarkets in small towns and villages, the Buy Local movement, the gastro pub, the return of the handmade. This is not to say that small is the only way, but it is a powerful clue as to how attitudes and expectations are changing.

In this ultra-competitive business landscape, our organizations desperately need a higher purpose. A story of meaning. A mission that inspires. A cause to get behind and a movement to belong to.

Why Will a Purpose of Significance Make a Difference?

So what's the prize? What's the impetus that we can use to cajole others? Why should our colleagues pay attention to creating purpose?

In practical terms a clear purpose helps in the following ways:

- Attracting and then retaining the very best talent in your workforce (see Chapter Three, *Progressive People*).
- Unlocking the highest levels of engagement (also in Chapter Three).
- Acquiring and retaining customers in an environment of ruthless competition and the ever-present threat of commoditization.
- Providing both a compass and a motivation for innovation.
- Gaining competitive advantage from very diverse (and often otherwise disruptive) stakeholders by framing the organization in a context that truly matters and contributes to society.

What Does A Purpose of Significance Look Like?

The idea that Purpose really makes a difference in business is not new. In their excellent work, which led to *Built to Last* and *Good to Great* (a personal favourite), Jim Collins and Jerry Porras established the idea that visionary companies have a Big Hairy Audacious Goal, a 'BHAG' at their core. 'A

true BHAG is clear and compelling, serves as a unifying focal point of effort, and acts as a clear catalyst for team spirit.' So the notion of having a big purpose is well-established. It is not new or radical.

Indeed, most CEOs and entrepreneurs know that it is their responsibility to ensure that there is a clear and compelling vision and mission for the organization. Most internal comms teams and brand people have worked good and hard at 'cascading' the big message, and plastered the accompanying values across the headquarter's reception area and on meeting room walls.

So, what is different with this movement of 21st century businesses? How does this differ from the good ol' purpose we used to know and trust in the last century? Today, it is the Significance bit.

We can put a man on the moon, we can invent better mousetraps and sell a bajillion plastic bottles of mineral water. To be 'compelling' in today's world, we must work towards the urgent, the difficult, the pressing problems of our time.

The enlightened shareholders, employees, partners and consumers of the 21st century demand a Purpose of Significance.

A Purpose of Significance: the Checklist

Here is how to think about how to design a purpose that fits your organization:

- Does our Purpose address a fundamental problem that is caused or exacerbated by this businesses industry?
- Does our Purpose lead to decisions which can suppress or limit short-term financial gains for longer-term

achievements?

- Does our Purpose inspire a community to develop?
- Does our Purpose address a fundamental injustice in the world?
- Does our Purpose disrupt and positively revolutionize a whole marketplace?
- Does our Purpose fundamentally make the world a better place?

This is our job. This is how to make business better. This is how business can help to solve the big problems of our time.

Who is Leading the Way?

Let's look at some examples of pioneering businesses to get under the skin of what is really possible here.

Patagonia, California, USA

Patagonia, the manufacturer of outdoor equipment with a particular heritage in climbing, is a wonderful business. You may have read *Let My People Go Surfing* by Patagonia founder Yvon Chouinard (if you haven't, do!). The company has a long track record in zigging when other businesses zag, and having a conscience that goes beyond box ticking. Back in 1985, Patagonia was one of the two original creators of the '1% for the Planet' initiative, a global movement of over a thousand companies that donates 1% of sales to a network of environmental organizations worldwide.

In its most recent and perhaps most inspiring and jaw-dropping move, the company has formed an alliance with eBay to actively promote and encourage existing owners of Patagonia equipment and apparel to sell their stuff in a branded shop within eBay called the Common Threads Initiative. It is actively encouraging potential customers to

buy second-hand Patagonia goods. And not just inside eBay: items listed for sale in the Common Threads Initiative are also promoted on the 'Used Clothing & Gear' section on Patagonia.com. In conventional thinking, this is plain STUPID! This will, you'd think, negatively impact short-term profits, limit growth, generally not be a good thing to do.

Businesses in the 20th century went out of their way to encourage as many new sales as possible. But, driven by a higher purpose and with a clear sense of itself and what it stands for, Patagonia intends to address tangibly the issues of global sustainability. This not only focuses on one of the greatest challenges our society faces, but also leads from the front: I recently met with one of Patagonia's biggest competitors and he told me, smiling with admiration, that this move 'changes the game, changes everything'. Brilliant!

This is truly a Purpose of Significance in action. As Chounaird is quoted in a *BusinessWeek* article from 2006: 'Every time we do the right thing, our profits go up'. Smart business; 21st century business.

Patagonia in 2005: \$260 m revenues; 1,250 employees.

Noma and The New Nordic Cuisine, Copenhagen, Denmark

Have you heard of Noma? If you're a foodie the answer is, of course, yes. Noma was ranked as best restaurant in the world by *Restaurant* magazine in 2010 and 2011. Noma isn't in New York City, Tuscany, the hills of Catalunya, Paris, London or Tokyo. Noma - famous for dishes and flavours that celebrate the very best of Nordic/Scandinavian produce - is in Copenhagen, the gorgeous capital of Denmark. When you start to look into the story behind Noma there's a fabulous and inspiring account of how purpose and meaning