

## MGMT Final Exam Review

### Chapter 9: Culture Innovation Change

1. Managers Must:
  - a. Develop culture
  - b. Encourage innovation
  - c. Manage change
2. Zappos CEO: Tony Hsieh
  - a. Observational things
  - b. Relaxed/Casual Culture
  - c. How we write and talk about ourselves (values)
  - d. Core Values:
    - i. Ideas of how business is run
    - ii. What makes company special and unique
    - iii. Embrace and drive change
    - iv. Passionate and determination
3. Culture
  - a. \*\*Cultural Fit has a high impact on people leaving their jobs
  - b. Culture is Personal
    - i. System of shared beliefs/values guiding behavior (INTERNAL)
      1. "The way we do things"
    - ii. Set of signals of what is considered appropriate vs. inappropriate (EXTERNAL)
      1. Structure & Symbols: Thinking and Acting
  - c. Culture is Organizational
    - i. Core: How we write and talk about ourselves
  - d. Culture is Corporate
    - i. Shapes Attitudes
    - ii. Reinforce Beliefs
    - iii. Direct Behavior
    - iv. Set Expectations
    - v. \*Symbols to associate culture
      1. Ex: Disney cast members, nonemployees
    - vi. Ex: KPMG Merger and Acquisition
      1. Lack of attention to culture → destroys value
  - e. Culture is Global
    - i. Societal Culture or Sub-Cultures
      1. Academic
        - a. Type/level
      2. Functional
        - a. Marketing
      3. Ex: Nike= Fitness culture
      4. Examples:
        - a. Geographic
        - b. Ethnic

- c. Fitness
  - d. Style
  - e. Urban/rural
  - f. Political
  - g. Religious
  - h. Club
- f. Culture: Above and Below the Waterline
- i. Ice Berg Example
    - 1. Visible
      - a. Dress, office, symbols, slogans
    - 2. Invisible
      - a. Express values
  - ii. Observable Culture
    - 1. Core Culture: values or beliefs about right ways to behave
    - 2. Stories → Heroes → Symbols → Rights and rituals
  - iii. *Heroes*
    - 1. Cultural Benefits:
      - a. Shared knowledge of hero stories
      - b. Established or represent core value
    - 2. Intentional Culture
      - a. Sam Walton=Walmart
      - b. Ken Frazier= Merck & Co./PSU Bot
    - 3. We tell stories of leaders
      - a. Meg Whitman= CEO HP
      - b. Indra Nooyi= CEO Pepsi
      - c. Ursula Burns= CEP Xerox
  - iv. *Rights and Rituals*
    - 1. Cultural Benefits
      - a. Creates connections—People and orgs.
      - b. Builds morale and engagement
      - c. Shared hands on experiences
    - 2. Ex: random act of kindness
    - 3. Ex: Pixar and Culture
      - a. Office creativity
      - b. Activities in atrium
  - v. *Symbols*
    - 1. Cultural Benefits
      - a. Common understanding of culture
      - b. Easy to recognize (you and others)
    - 2. Ex: Tony the Tiger
    - 3. Ex: Nittany Lion
  - vi. *Stories*
    - 1. Cultural Benefits
      - a. Easily remembered and passed on
      - b. Instills deeper cultural understanding

2. Ex: stories of success and failure, stories to drive us
3. Ex: Harland Sanders: KFC Founder at age 62 (symbol)
4. Ex: Dave Thomas: Wendy's Founder

#### 4. Innovation

- a. Where performance and culture intersect
  - i. Taking a new idea and putting it into practice
  - ii. Process of translating an idea or invention into a good/service that creates value of for which customers will pay (want side)
- b. Ex: 3D Printing (some benefits and side effects)
- c. Ex: Shark Tank Innovation
  - i. Many different products
    1. New incremental innovation
  - ii. Must be a business case and a story
    1. Passion, are you in it emotionally, do you care about product?
- d. Process → Product → Business Model
  - i. Process Innovation
    1. Lean Principles = Reduction of Waste (Six sigma)
    2. Reduction in cost
    3. Increased turn around
      - a. TAKT TIME = cycle time
    4. Increase in output
    5. Better customer satisfaction
    6. Ex: Vending Machines and debit cards
      - a. Changing payment system increases purchases
      - b. Incremental ideas
  - ii. Product Innovation
    1. New product/category/extension
    2. Ex: Nick D'Aloisio age 17
      - a. Sold app to Yahoo 2013 for \$30M
    3. Investors
      - a. Marisa Mayer= CEO Yahoo
      - b. Mark Pinus= Zynga
      - c. Li Ka-Shing and Ashton Kutcher
    4. Examples:
      - a. Drones: DJI Phantom Vision Plus
        - i. Frank Wang, negative benefits
      - b. IBM Master's Gold
        - i. Condi Rice and Darla Moore= First women to play
  - iii. Business Model Innovation
    1. Something that's existing and then change it in some way
    2. Your approach to making money
    3. Ex: Dish buys Blockbuster
    4. Example: