

## Chapter 9

Managers must - Big 3:

- Develop culture
- encourage innovation
- manage change

Cultural fit - lack = highest impact of leaving a job

Zappos, Disney, and Pixar videos

- Observable and core cultures

3 definitions of culture

- System of shared beliefs/ values guiding behavior (internal)
- The way we do things around here
- Set of signals of what is consider appropriate vs. inappropriate (external)

Every major culture has a subculture

Culture is personal

PSU exercise - Culture is organizational, global, and corporate

- It can be written & speaking (saying), and/ or visual

4 elements of culture (Will have a question)

- shapes attitudes
- reinforces beliefs
- directs behavior
- sets expectations

Disney traditions with Mickey Mouse

- Cast Members = Employee
  - designed to shape behavior

KPMG study - Where does culture come into play

- 83% of mergers fail to produce any benefit due to culture conflict

Observational vs. Core cultures

- Iceberg (visible vs. invisible)
- Observable Culture = Stories, Heroes, Symbols, Rites & Rituals
- Core Culture = Values or beliefs about right ways to behave

Heroes: shared knowledge of hero-stories; establish or represents core values

- Employees, customers or leaders that do something extraordinary
- Most famous heroes are leaders
- The 6 MUST KNOW people that are heroes:
  - Sam Walton (Walmart)

- o Ken Frazier (Merk Pharmaceuticals)
- o Walt Disney
- o Meg Whitman (HP)
- o Indra Nooyi (Pepsico)
- o Ursula Burns (Xerox)

Rites & Rituals: Creates connections with people & organization; Builds morale and engagement; shared hands on experiences

- Pixar Video
  - o Atrium is used to collaborate and connect
  - o Office design to create and customize
    - "Love Lounge" = brings CEOs who must sign their names

Symbols: Common understanding of culture; easy to recognize

- Company logos are examples
- Tony the Tiger & PSU Nittany Lion

Stories: Easily remembered & passed on; Instills deeper cultural understanding

Where Performance and Culture intersect is where companies make the most money

Innovation Definitions:

- Taking a new idea and putting it into practice
- The process of translating an idea or invention into a good or service that creates value or for which customers will pay

3-D Printing example:

- Comes from Star Trek Replicators
- Can print anything (can be customized) = benefit
- Can print guns = negative

4 forms of innovation (3+1):

- Process
- Product
- Business Model
- Sustainability

Process innovation

- Reduction cost
- increased turn around (cycle time)
- increase in output
- better customer satisfaction
- Gulf Stream:
  - o Lean principles = reduction of waste
- Six Sigma = Process improvement
- Vending Machines:

- o Cash & credit/debit can be used
- o Innovation in payment
  - easier transactions
- Nick D'Aloisio - Innovator
  - o Sold App to Yahoo for \$30 billion
  - o Summly - For phones
    - Summarizes content/texts in a different way to understand
- Changing a process can mean big changes with a lot of benefit to the business

#### Product innovation:

- Predator Drone Example
  - o Frank Way - Phantom Vision Plus
  - o Military, weaponized Drones
  - o remote control with birds eye view, gpa enabled, hovers & fly's, camera, shoots full HD footage while stabilizing the camera
  - o Called Drone Tech (new product innovation)

#### Business Model: Ways you currently make money based on how the world is going

- Instagram Video:
  - o Business Model innovation for FB and Insta
  - o 3 ways
    - Filters
    - Speed
    - Distribution (past to many networks at once)
- Blockbuster & Dish Network examples:
  - o Business model changes in video/TV world

#### Sustainability Innovation: use resources to meet needs without compromising the ability of future generations to meet theirs.

- Toyota & Subaru = have zero waste manufacturing
- Terra Cycle = Turns any type of garbage into new products
  - o Mixed worm poop with soil to make fertilizer
  - o recycles almost anything
    - eliminate idea of waste
  - o \$0 marketing budget
  - o Negative cost marketing

#### Commercialization: Selling innovation

- Post-it Notes
  - o Called another name then changed it - business took off
- Super Soaker - Lonnie Johnson
- Terra Cycle:
  - o limit profits to 1% revenue
  - o waste turned into products
  - o waste comes in
  - o can be refurbished
  - o science department evaluates before marketed