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Why Culture Matters to the Visionary Board



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Transcript

Jan: Okay, leadership strategy, what does that mean? How do you flesh that out? It really drove us to culture and from culture to innovation. I think both of those things have been driven a lot by what we see going on in the world around us.

Aalap, you made a really good point earlier in the day around how you've got some very high profile examples of late: Takata, VW, Uber, where culture is playing such a big role in how the market views those companies. That leadership development, and succession planning, and all of that talent management stuff clearly morphs into a discussion around a company culture and what that means.

Aalap: I would think, just take the Uber example because it's very current, you now have Uber having established a special committee to investigate some of the allegations. If the board was more proactive and had tapped into the culture of the organization at the core rather than just probably focusing on the culture at the senior leadership team and management team, I think some of those issues that were there would have already been flushed out and potentially dealt with.

Melissa: I think that's the key too, is that as a senior leader—even as a board member, is to understand that there can be a culture at the top of the house, but it may not be the same culture in the middle and lower within the organization. As a result of that, you can be an organization driving in this direction, but the rest of the organization is going in this direction.

I think about Wells Fargo and I remember having conversations with other directors about ... Not necessarily directors from Wells Fargo specifically about what happened, but other directors kind of thinking back and reflecting on that and knowing some of the

players and the CEO. They were saying, "I know the culture and the mission, and the values of the senior leadership team would have never allowed for that to happen had they known." I think it's a real ah-ha for board to then learn and understand and maybe even think back to when they were leaders themselves, to say that just because it's one way at the top, doesn't mean it's the same way in the middle. That's, I think, the key to making sure they're aligned.

About the Authors

Jan brings 30+ years of executive compensation and governance experience, advising boards and management on strategic human capital decisions tied to long-term value creation.

Aalap specializes in executive compensation strategy—governance, pay-for-performance, and incentives—helping companies align business, people, and compensation strategy for effective programs.

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