

**Your Organizational Culture:
How to Map It,
Model It, and
Mend It**

ASTD ICE 2011

Session W218

Presenters:

Alex Lamb

Cindy Ventrice

People resist change. It's a fact of organizational life. Yet we're asked to facilitate change: specifically, we're often asked to change behaviors and, in the process, change the culture. Whether it's gaining compliance for a new policy, getting managers to do a better job recognizing employees, or improving communication throughout the organization, the same problems appear:

- We encounter active resistance to change.
- People agree in theory but don't follow through.
- Others give change a try and then fall back into comfortable old habits.

To change culture, we need to change the forces that maintain it. This requires that understand what causes people to hold on to embrace certain behaviors and reject others. We need to start asking questions about motivation. Questions such as:

- What are the payoffs that our people receive from behaving as they do now?
- How can we keep the positive, constructive payoffs we have now, while helping people let go of the ones that are getting in the way of organizational effectiveness?
- What payoffs can we add that will improve performance?

These are the behavioral economics of culture change. The approach discussed here is called Tokenomics.

What is Tokenomics?

tōk-ə-nom-iks: the analysis of social behavior
by modeling the cognitive validation
that individuals derive from their actions

Tokenomics is a new model for analyzing human motivation and group behavior. It presents a synthesis of research drawn from behavioral economics, motivation theory, and neuroscience, and seeks to provide a set of tools by which positive cultural changes can be implemented in organizations and communities. Tokenomics works by examining the emotional payoffs that people derive when their expectations about the world are fulfilled.

The core ideas of the Tokenomics model are that:

- People measure their successes by matching their achievements against their expectations. This is referred to as goal matching. The successful matching of goals results in behavior reinforcement.
- People have patterns of behavior that they use for self-validation. These can be as simple as saying a polite hello to a neighbor each morning, or as complex as finishing a symphony. Broadly speaking, these patterns reflect to a person's self-perceived social value. Eg: 'I'm well mannered', or 'I'm creative'.
- Single episodes of social behavior reinforcement can be usefully modeled as **tokens**. Tokens are units of subjective personal currency. The tokens that organizations most value and reward shape the culture of the organization.
- Group behavior can be modeled in terms of these token transactions.

How Does Tokenomics Work?

The following example uses Tokenomics to analyze workplace interactions.

A manager, Alan, is working late in the office on a project that must be finished that night. He has two employees helping out: Bill and Charlie. Alan's concentration is flagging, but he knows he can't simply delegate the work and walk out. He asks Bill to go down to the vending machine to get him a drink, and provides money for a drink for all three of them to get a drink if they want one. Bill and Charlie go down to the vending machine together, but come back with only two cans--one for Alan and one for Charlie.

"Where's yours?" asks Alan.

"Oh, I didn't want one so I just kept the money," Bill responds.

Alan starts shouting.

Why is Alan angry?

Traditional economics would say that Alan is being irrational, as the money for the drink has already been offered and how it's used is irrelevant. Traditional behavioral science suggests that Bill's behavior feels wrong because he has transgressed a 'social norm' (a rule that a society uses to determine appropriate responses). However, from the perspective of improving group behavior, neither of these statements is particularly useful. What's needed is a model that explains *why* Alan reacts the way he does.

Tokenomics suggests that Alan has constructed a *goal*: that Bill and Charlie will get themselves drinks and be grateful. If that goal is matched, Alan gets to reinforce his self-perception as a fair and generous boss. If the goal *doesn't* get matched, Alan doesn't get to reinforce his self-image. Alan's self-image is dependent on the reactions of others and he expects Bill and Charlie to play their part. "You'll have what I want you to have and you'll like it!"

It doesn't matter that Alan's gift was gratefully accepted by both of them, because the way in which the gift was received didn't match expectations. As far as our subconscious is concerned, it's whether things turn out the way we imagine that counts, not what's actually achieved. When our expectations don't pan out, our rational mind doesn't have a good idea of what to do next. Control is automatically shunted to our 'lizard brain', that ancient part of ourselves that's been designed to deal with unpredictable situations through fight or flight responses. Our EQ goes down. Alan not getting the expected self-validation, therefore he's also far more likely to respond irrationally.

Modeling what happens to Alan in terms of expectations gives us clues as to the kinds of value system he responds to. We know he wants to think of himself as a 'fair and generous boss', and someone who understands the needs of his employees. We can use this knowledge to help guide Alan's behavior in the future by framing positive actions he could take in terms of the kind of personal value he collects. For instance, let's say we'd like Alan to volunteer for a training course that would help smooth some of his workplace behavior. We might invite him by suggesting that 'managers committed to creating a fair work environment will receive useful new tools and opportunities to share their wisdom and personal experiences.' By saying yes to the course, Alan receives immediate self-validation.

Tokenomics allows us to build models of workplace culture, and develop tools to improve it. No two people ever respond to exactly the same pattern of validation cues. However, in groups, common value transactions and interpersonal habits invariably appear. Those transactions reflect the kind of social value that the organization tends to prize most, whether they're aware of it or not. Similarly, changing the kinds of value transactions that people engage in can change how people think about the organization.

Core Concepts

Tokenomics gathers insights from a range of behavioral research fields and presents them in a unified framework. Here we've gathered the core ideas you'll need to know.

A Taxonomy of Tokens

In any given culture, certain kinds of token will end up being more highly prized than others. Among academics, for instance, 'I'm intelligent' tokens tend to have more value than 'I'm an athletic achiever'. This doesn't mean that academics can't also be athletic achievers, but it does mean that they're more likely to be valued within that community for their intellectual output.

The same is true in all organizations, though sometimes it can be hard to see. Habits that get ingrained when an organization is young, along with the impacts of powerful personalities, can produce a persistent cultural flavor that can persist for generations. Certain kinds of token become dominant and stay that way, even if other aspects of the the organization change dramatically.

Which of the following would you say are the most prevalent tokens within your organization?

Intelligence – Eg: "I'm smart." "I don't make stupid mistakes." "We can find the solution to anything." "We understand how business really works."

Learning - Eg. "I am always growing and developing." "I'm a quick study." "We provide challenges that allow people to learn from experience." "My coworkers can learn a lot from me."

Effectiveness – Eg: "I'm pragmatic." "I get things done." "We don't pay people to play, we pay them to get things done!" "Mistakes don't happen here." "We make realistic decisions, and don't waste time or money on things that don't make solid sense."

For more sample tokens visit: www.techneq.com/Tokenomics

Token Exchanges

People collect tokens because they need a way of assessing their value to the group they belong to. Tokens encourage us to be useful, and to develop skills that others need. However, this has side-effects, and in modern, complex societies our natural tendencies can sometimes become destructive. Specialized societies comprised of people all trying to demonstrate the same kind of skills can become competitive and aggressive.

This is because in conjunction with a natural tendency to collect tokens, we also perceive them as being in finite supply. We're programmed to believe that for our own social value to increase, someone else's value must go down. We refer to this as the 'I win/you lose' principle. This effect manifests in many forms. It can be as overt as outright jealousy over the achievements of others, or as subtle as small conversational habits in which new ideas are criticized by reflex.

While, of course, the acquisition of tokens is a purely subjective process, 'I win/you lose' can be hard to avoid--particularly when many people are trying to acquire the same tokens, and when circumstances in the organization are making them hard to attain. Furthermore, organizations in which aggressive tactics are used to acquire tokens tend to stay aggressive, as once trust is removed, it can be hard to regain. This means that organizations tend to have dominant mechanisms by which social value is obtained, as well as dominant kinds of social value.

Broadly speaking, there are four ways to acquire tokens. You can award them to yourself, you can receive them from others, you can force others to provide them, or you can deny them to others and thus gain via *I win/you lose*.

Here are examples of what the four mechanisms look like:

Self-awarded: "I won that contract, I'm excellent at sales."

Socially-awarded: "You won that contract, Dave. You're our number one sales guy."

Coerced: "Did you hear that I won that big contract?"

Comparatively acquired: "Nice contract Dave, it's almost as big as the one I landed."

Note that in this example, the kind of social value being acquired is good for the organization, but depending on how validation is obtained, the consequences can still be destructive.

We can characterize cultures as belonging to one of two groups, based on how tokens are acquired, regardless of what that organization values itself for. Those culture groups are what we refer to as 'abundance cultures' and 'scarcity cultures'. In 'scarcity cultures,' people are more likely to hand tokens to themselves, and engage in behaviors that deny them to others. In 'abundance cultures' it's much more common for people to give value to each other and to expect to receive it in return.

Many culture problems arise from the perception that tokens are scarce even when the organization is not under stress. While people may rationally understand that the achievements of others do not automatically represent losses for themselves, it's often hard to translate this into changes in behavior. This is because most token-acquisition behaviors are subconsciously driven and extremely robust. Tokenomics seeks to make it clear that in complex modern societies, the intuitive wisdom is usually dead wrong. It's much more likely that *I lose/you lose* holds, along with *I win/you win*.

Matching Types

Not everyone collects tokens the same way. Some people define the social payoffs they need a lot more tightly than others, and feel the need to exercise a lot more control over obtaining them. Broadly speaking, there are two kinds of behaviors:

Loose Goal Matchers: See potential value everywhere. Require only loose constraints to find direction. Have a fuzzy definition of what a completed task looks like. Prone to making assumptions.

Tight Goal Matchers: Prefer very clear input. Make meticulous decisions. Have a precise definition of what a completed task looks like. Prone to micromanagement.

Different kinds of work tend to reward different kinds of goal matching, simply because of the requirements of the tasks involved. For example: software development encourages tight matching as people with narrow definitions for task completion will identify far more bugs than those with a broad idea of success. As a bad bug can sink a product overnight, those who match goals tightly are far more likely to be perceived as 'competent' in this arena.

Loose matching roles: Advertising, Sales, Customer Service, Upper Management.

Tight matching roles: Accounting & Finance, Law, IT, Scientists, Engineers.

Style of goal matching has consequences both for how employees in those communities talk to each other, and also what the kind of management that they require. It's important to note that communities with different matching-traits will often identify their goals very differently, even though they may hold

the same organizational values.

The personality types that tight and loose matching behaviors pick out have features in common with those we see in other, more familiar kinds of personality test. For instance, in the DISC profile the horizontal axis tends to reflect a preference for self-awarded vs. socially-awarded value, while the vertical axis reflects loose vs. tight goal matching. While such parallels should be employed with caution, they mean that we can apply organizational knowledge that may already have been gained in order to help us understand how our cultures function.

Tribal Thinking

Who we choose to exchange tokens with, and how much effort we make to create repeating transactions, depends strongly on who we consider part of our 'tribe'. By 'tribe' we mean the set of other people we consider to be like us, in any given situation. Tribe can be determined by department, team, seniority, eating or smoking habits, or any other criterion. A person can have many tribes at once, and in modern organizations this is the norm.

The notion of tribe is important in culture modeling as the human mind has a tendency to auto-classify people into two groups: those who're in our tribe, and those who're not. For those in our tribe, we attempt to maximize the richness of the mental model we build of that person, and to learn more about them. This is because those who're 'like us' are going to be the people we use to value ourselves against, and therefore most likely to want to both assist and impress.

People tend to take their cues as to what standards of professionalism and morality they exhibit by referencing their tribes. They're also likely to try to differentiate their behavior from those outside their tribe, and attempt to reinforce tribal norms in the process.

From the point of view of culture modeling, our task is to identify the self-identifying 'tribal' groups within our organizations and what their norms are. People self-award tokens for their membership of groups, and usually draw the lines of those groups based on subconscious reasoning. As leaders, we are often called on to re-draw the cultural map so that those who see themselves as belonging to distinct tribes can recognize that they're part of a functioning whole.

Mapping Your Culture

The first step to improving your workplace culture is mapping what's really going on. We need to ask what we believe to be true about ourselves and others. Where are we getting our personal sense of value from? We do this by *identifying the transactions by which personal validation is transmitted*. The steps in this process are outlined below.

Using Business Wisdom

Mapping the organization entails pooling all the data you have about how your culture works,-Many organizations accumulate bodies of wisdom about their own habits and rituals, but it's often expressed using a mixture of terms and methodologies. Furthermore, a lot of that understanding about how a company works is often locked up in the heads of its leaders and trainers.

We recommend integrating all of this information into a single framework. Fortunately, Tokenomics evolved out of the intensive study of a variety of other interpersonal business tools, from coaching techniques to influence psychology. Much of the wisdom about how organizations function can easily be represented in token terms. To read about the parallels visit www.techneq.com/Tokenomics/parallels

Tools for Mapping

Every organization has lots of information that will provide insights into the culture's Tokenomics. Survey data and comments, results of group DiSC analysis, newsletters, previous training and how it was received, and the results of past initiatives both successful and failed will all provide valuable information for mapping your culture.

You can also learn a great deal from observing current behavior. Notice where people congregate and who they gravitate towards, what questions are repeatedly asked in meetings, who attends events and who avoids them. Effective culture watchers ask themselves what's being revealed by every mundane habit their organization supports. Imagine that each activity your staff engage in is an experiment that reveals something about them, and then attempt to clarify exactly what's being revealed.

As you review the information and observe behavior ask yourself:

- What do people value?
- Are they being rewarded for what they value?
- Are people meeting the standards established by these values?
- Where is there scarcity/abundance?
- What are the tribes?
- Where do the tight/loose matchers reside in the organization?
- What patterns or correlations do you see between groups?
- Are there common themes?
- Who is receiving reinforcement?
- What is being reinforced?
- Who are the social hubs?

Sometimes, passive data collection is not enough, and culture watchers need to be explicit about their need for organizational dialog. This is where active interactions become useful. They can either take the form of lighthearted training events or discreet, directed data collection exercises. The best active interactions often embed the important questions after topics likely to foster dialog, and before others that will end the interaction on a positive note.

For more, visit www.techeq.com/Tokenomics/tools

Tips for Mapping

- Take your expectations out of the picture as much as possible.
- Be ready for uncomfortable discoveries--behind the management speak, everybody's human.
- Don't just watch who collects what tokens, watch for how much they get, and who they talk to.

The aim of the mapping phase is to have a picture of how self-value flows through an organization and what forms it takes.

Mapping Checklist

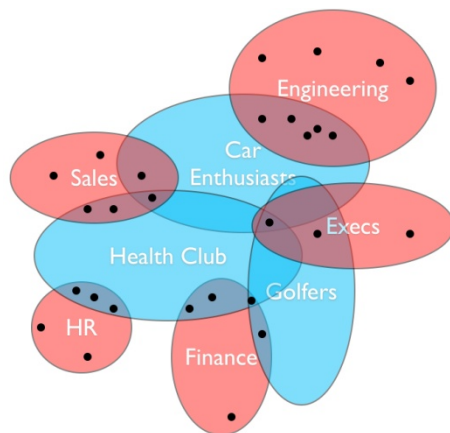
At the end of your mapping process, you should have a good understanding of your environment, workplace rituals, social networks, interpersonal awareness levels, autonomy balance, institutional leadership style, sharing patterns, and common tokens. For questions to help you in the mapping process visit www.techneq.com/Tokenomics/mappingquestions

Model It

The modeling process comprises the organizing and investigation of the culture data you've acquired. The aim of the process is to identify as specifically as possible what it is in your culture that needs to change for it to improve.

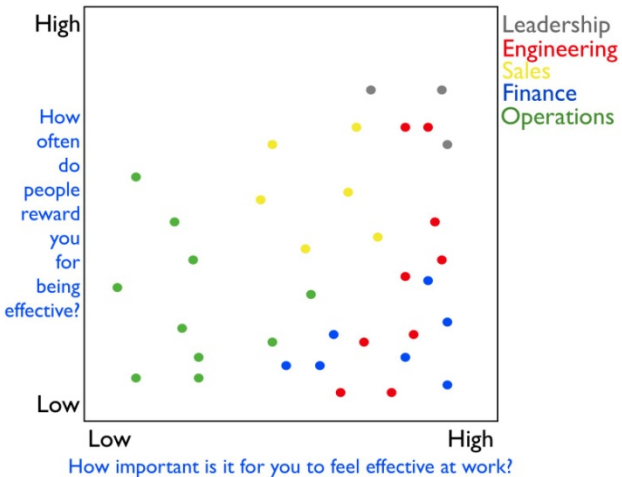
Organizing Your Data

Some people think visually, others symbolically. This means that there's no one right tool that will help everyone interpret their organization. Given that cultural problems are often subtle, and very hard to see from inside the organization itself, we recommend trying a broad range of different data representation tools, and looking for the ones that make the problem you're trying to solve stand out clearest. To give you a better sense of the tools on offer for modeling your culture, here are some examples.



Tribe Diagrams

Identifying the tribes in an organization, and producing a Venn diagram that shows their intersection, can illustrate interesting information about commonalities and information channels. In the above example, members of a fictional organization are asked about which social activities they engage in that feature people they know from work. We shade tribes defined through work activity one color, and groups defined by leisure activity another to reveal how shared activities are informing tribal identity. The black dots indicate the individuals polled. Diagrams like this can help identify social hubs--the people who can have a strong influence on behavior change.



Token Scatter Plots

Scatter plots from token evaluations can reveal importance and scarcity/abundance of tokens among various groups. Useful question axes often plot the value associated with a given token against the significance of acquiring it. Other axis choices are shown below.

- How much does [TOKEN] matter to you?/How much do you feel [TOKEN] matters to others?
- How much support do you get from [GROUP]?/How much does [GROUP]'s support mean to you?
- How often do you interact with [GROUP]?/How much interaction would you like to have with [GROUP]?

A *token* in this context can refer to any of the value systems we've already discussed, but can be revealed by asking a less direct question. For instance, asking about the importance of 'workplace honesty' will give you a reflection of 'ethical' token collection. A *group* in this context could be a department, leadership level, separate office location, or any other culturally distinguishable segment.

For more examples of visual representation of your data visit: www.techneq.com/diagrams

Software Modeling

Some of our most exciting Tokenomics modeling research has arisen through the use of agent-based software simulations. In this approach, we simulate an organization by generating a large number of interacting software agents that communicate through simulated token transactions. (See http://en.wikipedia.org/wiki/Agent-based_model for more details.)

Token transactions are ideal for software modeling because:

- They relate directly to the way in which people build and follow through on social expectations.
- They provide a way of abstracting away from the specifics of complex individual behaviors without losing track of human motivation.
- They represent simple exchanges of value that can be scaled up to experiments on very large groups.

With simulations, it's possible to experiment with the impact of different team arrangements and training strategies before applying the choices to staff. Research is ongoing on how to tune a population of software agents to mimic the behaviors of a specific working group closely enough to determine how that group will respond in real life.

Mend It

Once we've identified the token transactions that are helping or hindering the kind of culture we'd like to build, we can determine which behavioral interventions will generate the most momentum.

Starting Questions

Like any kind of behavior change program, the Tokenomics approach requires a careful hand in implementation. In selecting the right tools, here are some general questions to ask:

How fast does your organization need to change?

An organization that needs to change fast has to be ready to take on more risks. This means that you may need to bring more powerful tools to bear at the start of your campaign in order to achieve the results you seek. Subtle, environmental and process-driven measures are easy to implement, but may not yield the fastest changes. Direct intervention is more likely to make a difference, but comes with its own risks.

What are the reversible steps you could take?

Cultures are complicated things. This means that quite often, the first change measures you try won't work out as expected. By taking easily reversible steps first, you can test the water. Such changes include alterations to the environment, such as moving people into different groups for the duration of a single project to see how things work out, and retaining the change afterwards if it's working. Identifying reversible steps is particularly important, as sometimes the only way to gather data about how your workplace culture really works is by trying to change it.

What does your intended change look like through the lens of cynicism?

Most cultures exhibit a kind of 'immune system' that fights unanticipated changes in order to maintain the existing status-quo. This applies to Tokenomics as well. It's usually easier for people to maintain an existing channel for acquiring tokens than invest energy in creating a better one. Anything that appears to jeopardize a behavior pattern that provides tokens is likely to provide a spontaneous irrational response, *unless* it's perceived as adding some other kind of value. This means that once one employee manages to find a way to be cynical about your change measure, that attitude may spread unless you're ready to take steps to address it. Asking yourself the cynical questions up front prepares you to be more effective later.

Features of Strong Change Measures

Here's a checklist of some common features of effective culture change measures:

Specific: The best culture change measures focus tightly on the behavior they want to alter. By targeting your energies on a particular toxic token exchange you're witnessing, or a particular division in your workforce, you stand a much higher chance of success than if you attempt to change several features of your culture at once.

Simple: Powerful cultural effects don't necessarily require complex implementation. A few, well-chosen steps can often produce powerfully positive results.

Quiet: Many good change measures don't announce themselves as such. In most cases, the 'cultural immune system' mentioned earlier tends to activate if people feel their workplace habits are being externally affected.

There are many highly effective procedural tools available for running meetings, improving collaboration, etc. Selecting a common, standardized approach can work well, so long as the Tokenomic implications of the choice are understood in advance.

Self-sustaining: Good change measures come with token payoffs built in. Once implemented, they naturally take hold in the community they're designed to help. This often means that the changes are reinterpreted by the community, and that the messages you meant to deliver begin to alter on their own. So long as those reinterpretations still have a beneficial effect, it's best to let the community retain ownership of the ideas, rather than trying to step in and adjust matters a second time. Your goal is to allow positive value transactions to persist independently of influence--the mutation of ideas is an inevitable part of that process.

Playful:

Behavioral science has revealed that laughter changes group dynamics and allows us to take greater risks. Group norms can't change without people trying out new behaviors, so the opportunity to try things out without the cost of failing is often of paramount importance. New token transaction possibilities can't be explored unless their failed application comes without risk.

Furthermore, group laughter generates increased group trust and a sense of tribal affiliation. Incorporating humor into change will minimize the effort you have to put in to dissolve tribal boundaries. This also means that shared humor will reduce the likelihood of a cynical response to your changes.

Example Techniques

There are a number of techniques that promote positive token exchange posted online at www.techneq.com/Tokenomics/mending

To read about the Tokenomics analysis of the FASTER meeting go to: www.techneq.com/Tokenomics/FASTER

Tokenomics in Practice

As with all of the content we've shared about Tokenomics, it's best applied consciously and compassionately. Organizational cultures that are cared for by self-aware individuals thrive better, and serve their members better, than those that aren't. The act of culture watching presents us with difficult choices and continual challenges, but can also be enormously rewarding, and present us with unparalleled opportunities to help those we work with.

About the Presenters



Alex Lamb: Alex's background spans both business and science. He started his career as an Artificial Intelligence researcher at Edinburgh University before becoming a business consultant with Arthur Andersen. He has worked on the trading floors of international finance, crafted the next generation of man-machine interfaces, and has been a machine learning researcher on three continents.

He's also known for his pioneering approach to improvisational theater, and his achievements in providing a rational analysis of the concepts and their application in understanding human dynamics. Over the last three years, he has worked with a team at UC Santa Cruz to explore exactly why improvisational techniques are so effective. This groundbreaking research has yielded results that explain improvisation in terms of learning theory, psychology, and behavioral economics, as well as unlocking a host of new techniques.

Over the past nine years he has founded three theater companies and pioneered stage techniques now in use from London to San Francisco. As a trainer, he has worked with everyone from CEOs to astrophysicists to world-class athletes. His clients have included Cisco Systems, UC Berkeley, British Telecom, Insight Experience, and University of Norwich Business School.



Cindy Ventrice: An internationally-recognized management consultant and workshop leader, Cindy has been quoted in The New York Times, Globe and Mail, Wirtschafts Blatt, and Inc. Magazine. Interviews on her work with Alex Lamb using improvisational exercises to teach leadership have been featured in Business Week (Improve Employee Performance with Improv) and Harvard Business Update (Learning to Act Like a Leader).

She is the author of a best-selling book for managers. [*Make Their Day!*](#) *Employee Recognition That Works* shows managers and supervisors how to create a motivating work environment and is continually updating her research on what motivates workers and what leaders can do to boost performance long-term.

Cindy has worked with managers from around the world. Past clients include: MIT, Cisco, Bell Canada, Wells Fargo, Polycom, United Nations, Purdue, and Stanford.