

Building a Culture of Accountability:

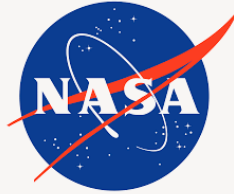
Setting Clear Goals and Metrics for Data-driven Success

Justin Yu





WPI



JUSTIN YU

Strategy & Operations
Data, Analytics, & AI





356 fatalities
\$20 B fines
\$60 B canceled orders



800 jobs lost
\$700 MM lost (investors)
780k faulty blood tests



\$5 B fines
16 MM accounts defrauded

> \$125 B



730 jobs lost
\$27.8 B share value lost
\$4.3 B fines



\$70 MM fines
\$10 B lawsuit

**1500+
jobs
lost**



Today's Topics





ac·count·a·bil·i·ty

ə-ˌkaʊn-tə-ˈbi-lə-tē

the fact or condition of being
required or expected to
justify actions or decisions

Benefits of Accountability



Stay Out of Trouble!

Financial Performance

- Build trust
- Ensure company is on-track for success
- Enables informed decisions

Employee Performance

- More productive and creative
- **2.5x** more likely to be engaged¹
- **40%** of employees feel their manager holds them accountable for their performance goals²

**How do we build a culture
of accountability?**



cul·ture

'kəl-chər

the set of shared norms,
attitudes, values, goals, and
practices that characterizes
an institution or organization

cul·ture

'kəl-čər



“a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems”

Edgar Schein

Professor Emeritus, MIT Sloan School of Management

a pattern of **shared basic assumptions** learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems

- “Happy employees are more productive”
- “Innovation is valued above all else”
- “Hard work is always rewarded”
- “Open communication is key to success”
- “Customer satisfaction is the top priority”
- “Taking risks is essential for growth”
- “Employees should wear many hats”
- “Individual accountability is more important than team collaboration”
- “Decision-making should be hierarchical”

a pattern of shared basic assumptions **learned by a group as it solved its problems of external** • **adaptation** and internal integration, which has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems

External Adaption: How do we cope with and survive in this environment?
(challenges and pressures from the market, competitors, investors, etc.)

Main Challenges:

- 1) Mission and Strategy
- 2) Goals
- 3) Means (to reach those goals)
- 4) Measurement (of progress)
- 5) Correction (if goals not being met)

a pattern of shared basic assumptions **learned by a group as it solved its problems of** external adaptation and **internal integration**, which has worked well enough to be considered valid, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems

Internal Integration: How will we coexist and work cohesively together towards our shared mission, strategy, and goals?

Main Challenges:

- 1) Creating a common language
- 2) Defining group boundaries
- 3) Distributing power, authority, and status
- 4) Developing norms of trust, intimacy, friendship, and love
- 5) Defining awards and punishment
- 6) Explaining the unexplainable

a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, **which has worked well enough to be considered valid**, and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems

If these assumptions helped us deal with our challenges, then surely they must be good!

a pattern of shared basic assumptions learned by a group as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid, **and therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems**

This is why culture is self-perpetuating.

Culture is like an iceberg

Observables

Can see, hear, taste, smell, and touch

Values and Social Norms

Right / wrong, how to think / behave

Assumptions

Deeply ingrained beliefs



**Culture is a learned way of
working that “solves” our
internal and external
problems**



ac·count·a·bil·i·ty

ə-ˌkaʊn-tə-ˈbi-lə-tē

the fact or condition of being
required or expected to
justify actions or decisions



ac·count·a·bil·i·ty

implies that there will be

CONSEQUENCES

...for your actions and decisions

...for failing to meet goals

...for missing deadlines

Consequences



For **missing** goals



Rewards



For **meeting** goals

Good systems of accountability span the full chain of decision-making



Managers



**CEO +
Senior Leaders**



**Board of
Directors**



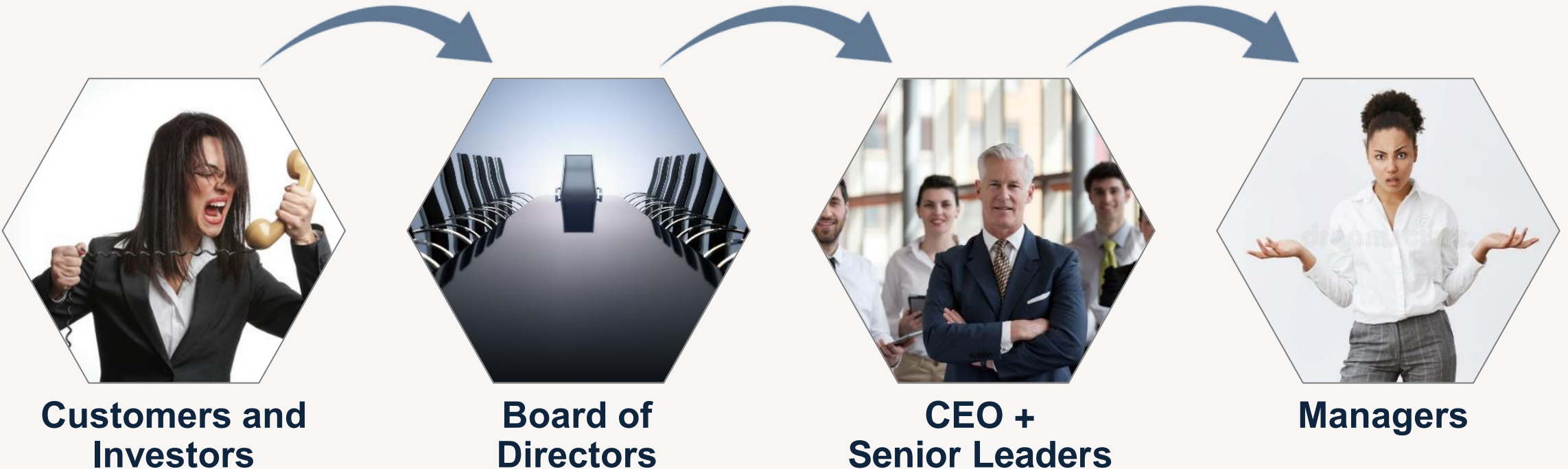
**Customers and
Investors**

What are some accountability mechanisms?

- Stock price
- Choice to be a customer
- Shareholder meetings

- Incentive comp.
- Goals
- Monthly reviews

- Defining values
- Goals
- Business reviews
- Performance reviews



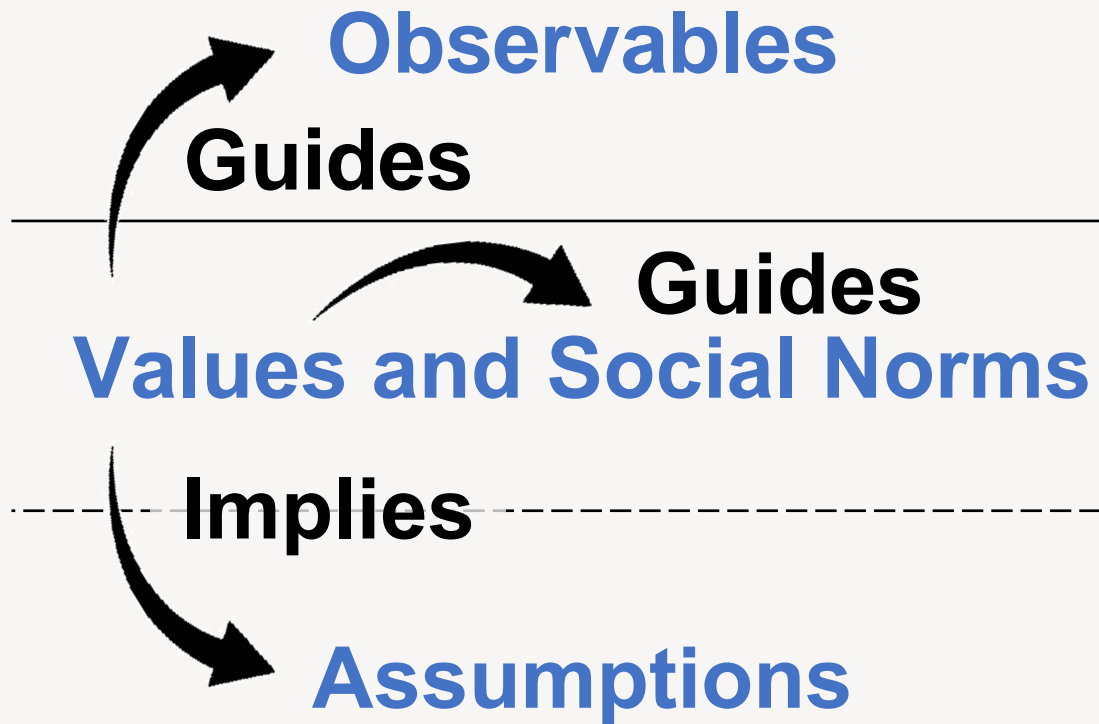
**Culture is typically shaped
and reinforced top-down**



Write Down Your Values... ...and **build accountability** in

- Sets the tone for all employees
- Is not foolproof, but it's a start
- How you reinforce it (or not) matters

Writing Values is a Shortcut



Set **FAST** Goals...
...not ~~SMART~~ ones



What are FAST goals?



Frequently Discussed

Goals embedded in discussion to...

- Review progress
- Allocate resources
- Prioritize initiatives
- Provide feedback



Ambitious

Goals should be difficult, but not impossible



Specific

- Concrete metrics
- Clear milestones



Transparent

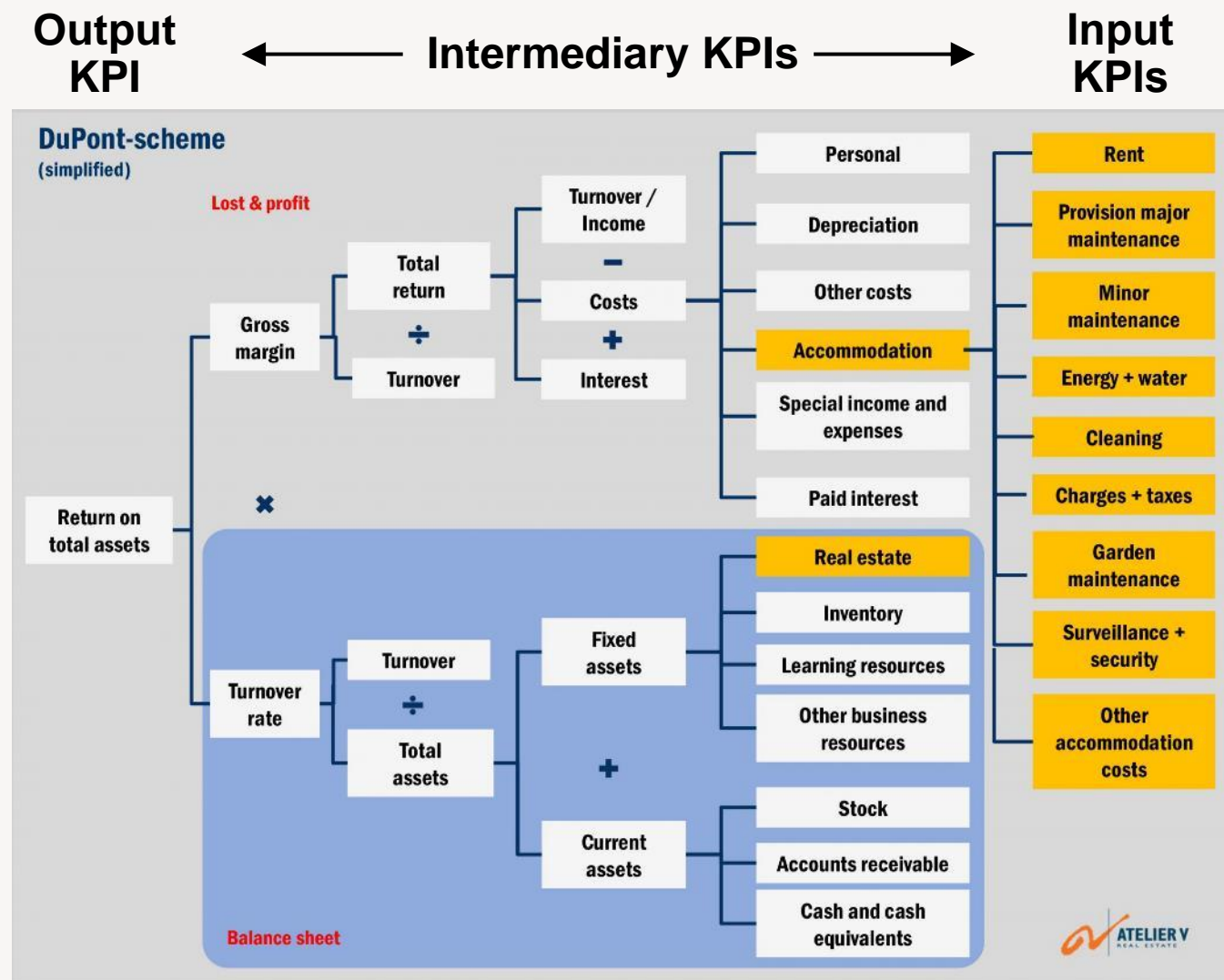
Make goals and current performance public for all employees to see



POLL

**Raise your
hand if you're
using OKRs**

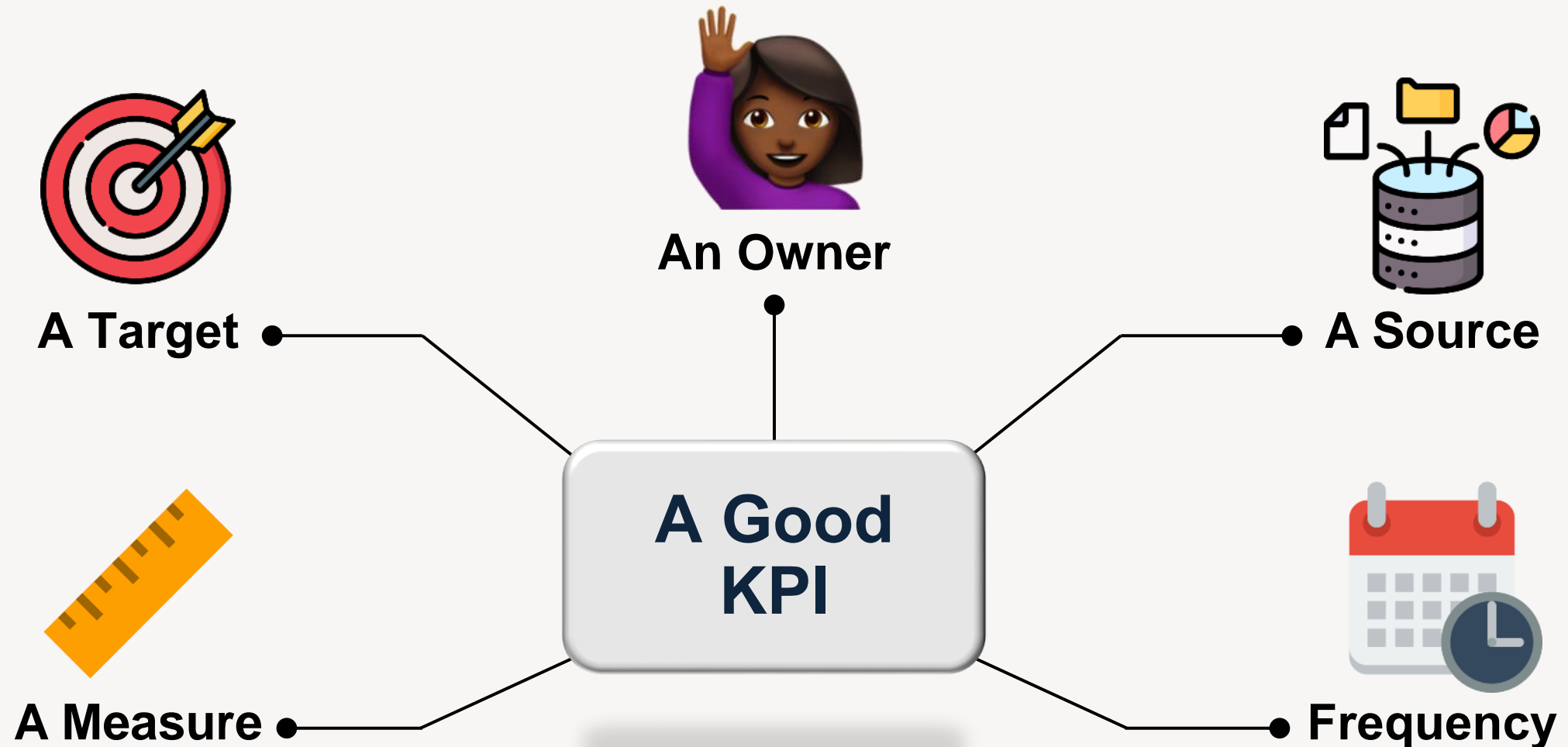
What KPIs need goals?



DuPont Analysis:

- Originally for RoE
- Can be applied to decompose any output KPI into its inputs
- Helps you understand your business levers better
- Can identify your input KPIs
- Enables you to drive **accountability** by assigning names to each key input

Anatomy of a Good KPI



KPI Pitfalls



Ignoring External Factors

Industry trends, market conditions, seasonality



Incentive Misalignment

Don't encourage gaming



Overemphasis on Short-term Results

Focus on long-term sustainability and growth



Infrequent Review or Adjustment

KPI definitions may need to evolve with the business



Neglecting Qualitative Measures

CSAT, employee engagement



Overlooking Interdependencies

KPIs can negatively impact others



Lack of Context

Include benchmarks or historical data



Complexity Bias

Don't underestimate the power of simple metrics

Holding Individuals and Teams Accountable



Implement regular check-ins and progress reviews



Provide timely and constructive feedback



Recognize and reward achievement of goals

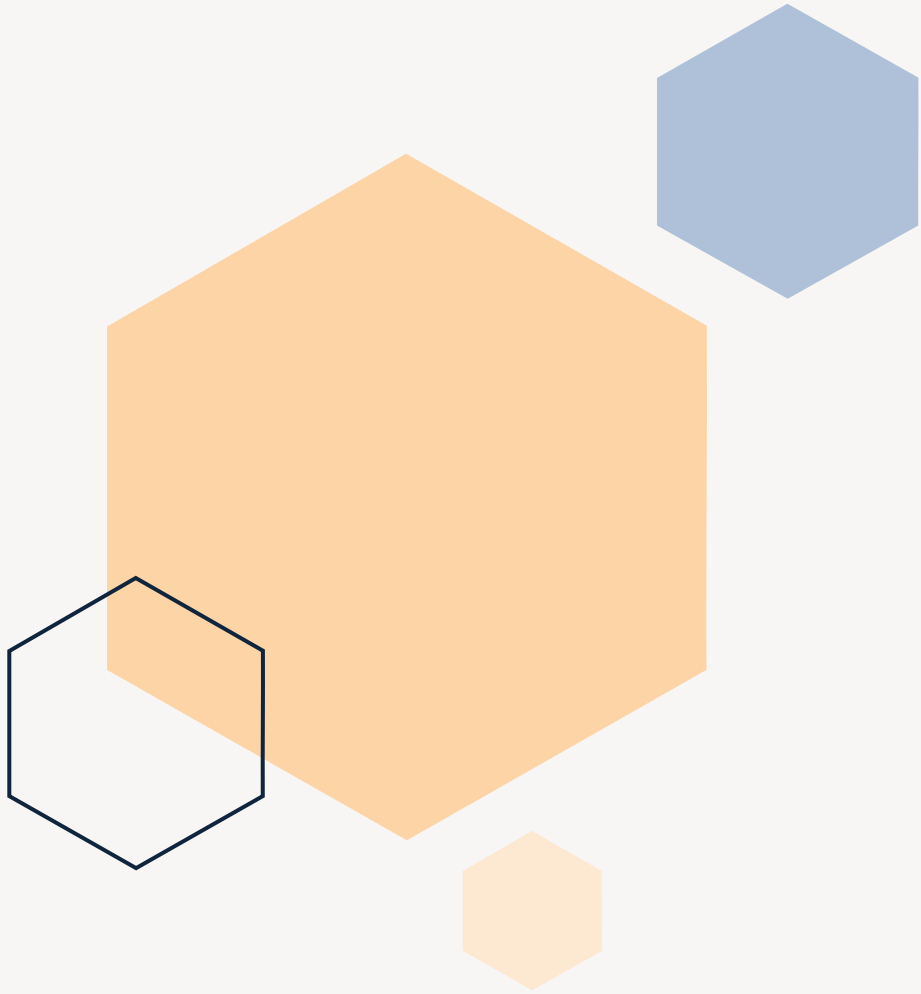


Address underperformance promptly and fairly

Holding Individuals and Teams Accountable

- ✓ Implement regular check-ins and progress reviews
- ✓ Provide timely and constructive feedback
- ✓ Recognize and reward achievement of goals
- ✓ Address underperformance promptly and fairly

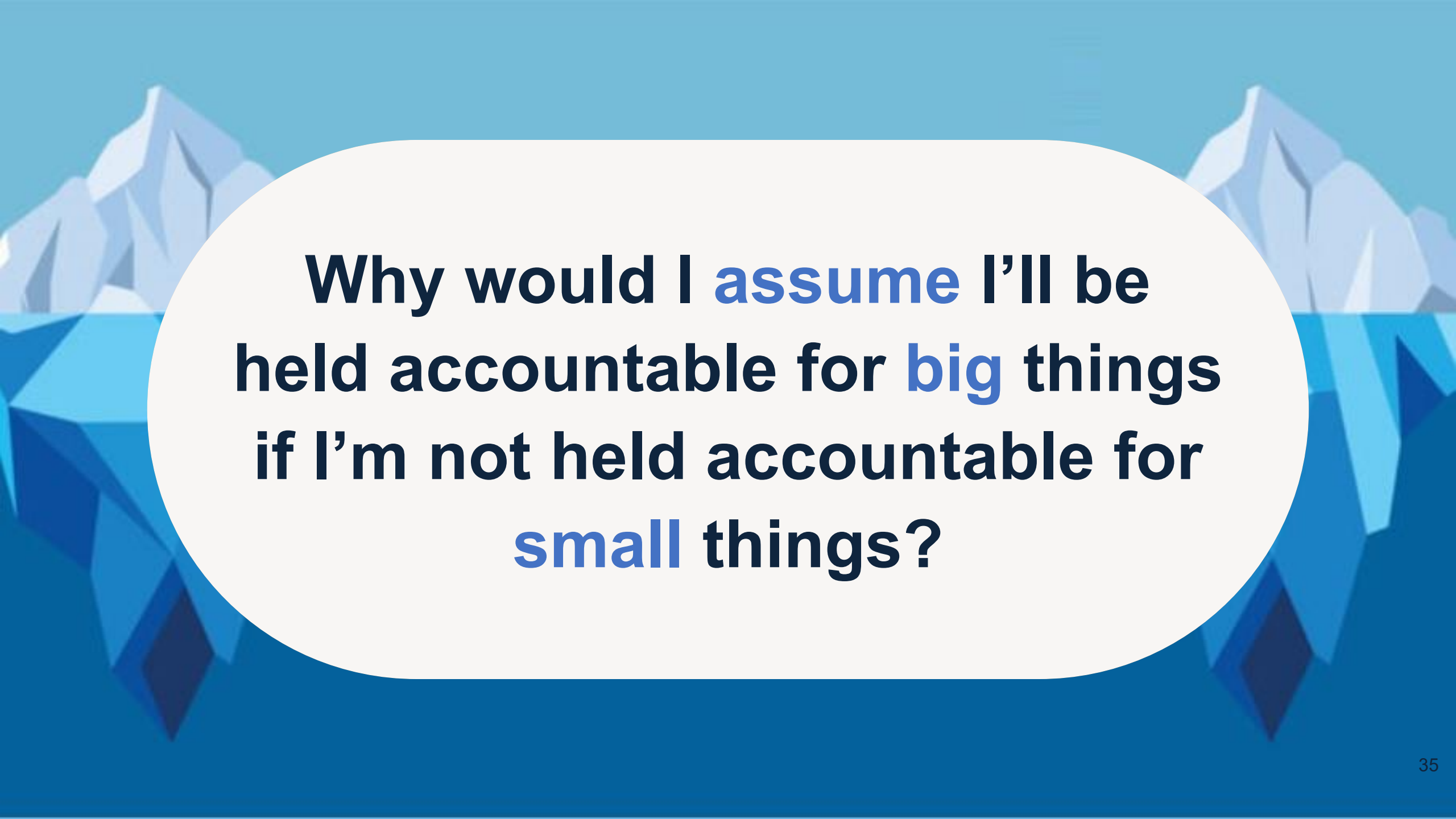
NOT NEW OR INTERESTING



You can...

- Set all the right goals
- Define all the right KPIs
- Have regular check-ins

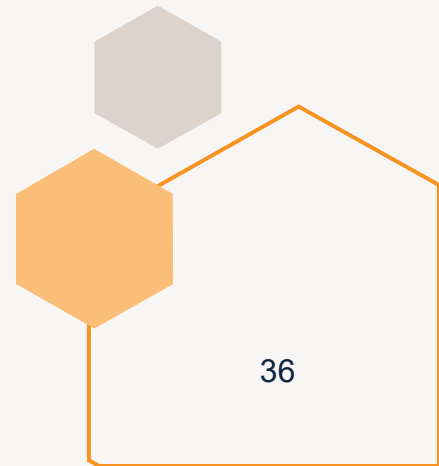
...and *still* not have a culture of accountability



Why would I **assume I'll be
held accountable for **big** things
if I'm not held accountable for
small things?**

What does it signal about your culture if there's no consequences for consistently...

- Showing up late to meetings
- Not circling back on something
- Not sending that email as promised
- Not pre-reading the doc as all agreed
- Not completing action items on time
- Delivering sub-par work



**Accountability
is a **muscle** that
gets stronger
with practice**



**Ask yourself how your
actions are shaping
people's assumptions
about accountability in
your organization.**

Recap



- Accountability matters across all levels
- Culture is a pattern of shared assumptions learned through external adaptation and internal integration
- Culture is self-perpetuating, taught by one generation to the next
- Write down your values to shape assumptions and behaviors
- Set FAST goals, not ~~SMART~~ ones
- Design robust KPIs to cover your inputs, mapped to your outputs
- Practice accountability on the small things to build towards the big things



“The culture of any organization is shaped by the worst behavior the leader is willing to tolerate.”

Steve Gruenert and Todd Whitaker
Authors of “School Culture Rewired”



Q&A



**Find me on
LinkedIn**