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Abstract

The growth of a solid, knowledge-intensive firm, OutSystems—an IT company recognized in 2003 by Fortune *magazine as one of the most promising start-ups in the world—is accompanied by efforts to create a strong culture that preserves the traits that have driven OutSystems' success and that drives innovation, adaptability, high performance, and accountability. The lessons OutSystems learned from previous international experiences are presented along with its latest growth model of branded local partners.*

The case study is intended to introduce concepts related to organizational culture, traits of cultures that drive innovation, national versus organizational culture, and the challenges of globalization. It is designed to be used in Organizational Behavior classes and is appropriate for MBA- and Master's-level courses in the area of management. It is suggested as a guideline for 60- to 90-minute classes.

Participants are invited to discuss the importance of organizational cultures and their fit with the company strategy. Participants are also encouraged to brainstorm about the best approach to face OutSystems' new stage of growth, specifically the advantages and consequences of growing as a metanational company.

Finally, in the conclusion, the most relevant findings taken from the discussions proposed are revisited: The importance of an organizational culture adapted to the market needs and the potential of innovation behind metanational companies. Other considerations are made about: how the case illustrates the importance of leadership, group age, and group size in the process of building a culture; and how OutSystems' culture solves the apparent contradiction behind adaptable culture.

Acknowledgements

It is a pleasure to thank the many people who made this thesis possible.

Firstly, I would like to express my sincere gratitude to my advisor, Professor Miguel Pina e Cunha, Ph.D, for his continuous support of my thesis, precious and polite feedback, patience, motivation, enthusiasm, and immense knowledge.

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I am highly indebted to OutSystems for providing the necessary information regarding the case and for their support in completing the project.

I wish to thank all OutSystems staff members; without them the company history and culture would be very different, and this thesis would not have been possible.

I would like to express my special gratitude and thanks to OutSystems CEO Paulo Rosado and to OutSystems VPs Rui Pereira, Carlos Alves, and Antonio Melo for their time, attention, and sharing of valuable knowledge.

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I wish to thank my entire extended family for providing me a loving and supportive environment, including my sisters, my brother-in-law, my father, my father-in-law, my mother-in-law, my sister-in-law, and my nephews.

I would like to thank my children for their patience and unconditional love.

Lastly, and most important, I wish to thank my husband for acting as a facilitator, and for supporting and believing in me.

Introduction

This thesis is segmented in three sections: a case study based on the testimony of OutSystems – an IT company recognized in 2003 by *Fortune* magazine as one of the most promising start-ups in the world[1] – intended to be presented and debated in a classroom; the teaching notes with information about how to use the case study for teaching objectives; and finally, the conclusion that includes the author's considerations about the case.

Case Study

The case study starts with Paulo Rosado (OutSystems' CEO) arrival to Portugal from the US offices, where, among other activities, he had provided a cultural seminar. The new challenge that OutSystems faces involving the growth of a global network of partners is presented.

The case continues, presenting the **Company Background**, its business, and how the company grew. The introduction of the company is followed by sections that recount why and how OutSystems developed and maintained its culture.

Three Reasons to Build a Culture details the driving forces experienced by the CEO that triggered his quest to build a culture in order to preserve the traits and behaviors of an innovative, high-performing company.

Building a Culture details the initiations performed to create a strong culture, including an innovative framework, "Acid Tests of Great Management," and that culminate in the disclosure of the OutSystems culture, summed up in a set of principles: **Hire the Best, Ask Why, Deal with Problems, Be Proactive, Be Helpful, Prioritize, Be Straightforward, Be a Leader**.

Monitoring the Culture describes the mechanisms implemented to monitor the culture.

How the Principles Make the Difference explains why the culture is important for OutSystems and the link between these principles and OutSystems' key success factors.

The most recent challenge for OutSystems, **Expanding to New Geographies**, is summarized so students can explore it. Finally, brainstorming activities are provided in more detailed questions in **The Challenge** section.

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[1] http://www.outsystems.com/company/news/200X/outsystems-mit-cooperation accessed on December 20, 2012.

Teaching Notes

The teaching notes are organized into the following sections:

- A **Synopsis** of the case.

- The **Theoretical Foundation** that supports the importance of the subject of study (organizational culture) and that supports the assignment questions.

- The **Learning Objectives** that include concepts related to organizational culture, traits of cultures that drive innovation, national versus organizational culture, and the challenges of globalization.

- The **Target Audience** of the case that is designed to be used in Organizational Behavior classes and is appropriate for MBA- and Master's-level courses in the area of management.

- The **Teaching Approach and Strategy** designed for a 60- to 90-minute class.

- The resolution of the Assignment:

    - 1 - What are the reasons to build a strong culture and the benefits that are sought? Refer to the reasons presented in the case and others that you consider relevant.

    - 2 - How do you classify the IT industry environment in terms of uncertainty? How do you classify the company's organizational culture according to Deshpandé et al.: Clan, Adhocracy, Hierarchy, or Market? Is the company culture appropriate for this industry? If the environment was less uncertain, should the company promote another type of organizational culture?

    - 3 – Solve the Case Challenge addressing the raised questions.

Conclusion

In the conclusion, the most relevant findings taken from the assignment proposed to students are revisited: The importance of organizational culture and its adaptation to the market needs and the potential of innovation behind metanational companies. Other considerations are made about the content of the case that reflect the importance of leadership , group age, and size in the process of building a culture and the apparent contradiction behind **adaptable culture**.

Case Study

Ask Why: A culture for growth at OutSystems

Paulo Rosado, CEO of OutSystems, had just arrived at his office in Linda-a-Velha after a long intercontinental flight from the US to Portugal. Among other activities, during his last stay in the US, he provided a seminar about OutSystems' culture.

Paulo's trip to the US closed a cycle among the US offices that was meant to promote and ensure that culture was in place. In February 2012, OutSystems opened the Atlanta office, reinforcing its US expansion; in several months, the office doubled its employee base from four to eight collaborators. Paulo Rosado followed the changes very closely, being extremely careful in selecting the US Operations Manager, mixing personnel incorporated in the Linda-a-Velha office with local Americans, and promoting specific behaviors. Paulo Rosado knew that fostering local traits that enhance relationships was as important as guaranteeing a performing culture.

In 2012, at the same time the US office was expanding, OutSystems embraced a new and thrilling quest. OutSystems opened its first branded offices through partnerships with local trusted entrepreneurs, and planned to open more of such offices around the world. The quest presented great challenges in several dimensions, with cultural diversity possibly among the biggest. How could OutSystems foster cultural diversity and at the same time guarantee a culture of performance, flexibility, innovation, and quality? How closely should and could OutSystems follow the cultural traits from branded foreign offices?

Company Background

I have always dreamed of a work environment where I wanted to go back every morning. An environment full of smart people, where your mind is valued, and where you are rewarded for having cool ideas and doing a great job. Where people say what they mean and do what they say. And above all, a place that is not boring. That is what we have at OutSystems.

Paulo Rosado

When Paulo Rosado, OutSystems CEO, initiated his career at Oracle (Silicon Valley), he had already decided to create a company of his own. In 2001, he joined with Rui Pereira, Irene Montenegro, Lúcio Ferrão, and Rodrigo Coutinho and founded OutSystems[2].

Rui Pereira, who today serves as OutSystems vice president of Solutions Delivery, had in common with Paulo Rosado the professional experience at Oracle in the US and shared with him the values and the work ethic of the American culture. Rui Pereira recalls OutSystems' first year:

Each of us had to cover several areas; we were mainly focused on building something minimum to get funded and to get the first customers. While Rodrigo, Lúcio, and Irene were focused on building the prototype, Paulo and me were focused on getting funded and getting the first customer.

The funding necessary to build the OutSystems platform was obtained in September 2001 from a Dutch venture capital. In March 2002, the first version of the platform was deployed at Optimus[3], OutSystems' first customer.

António Melo, currently the vice president of Engineering, joined the OutSystems team on the 2nd of January 2002. He met the startup team in mid-2001, when the company was "literally installed in a garage turned into small office rooms", António said with a smile. When António joined the team, OutSystems had nine employees. António recalls his first year at OutSystems and the environment at that time:

OutSystems had amazing people; very creative, intelligent, and passionate about the product being built. The code base was growing like hell, turning lots of ideas into working code. It was very motivating to work in a team like that, but it was also scary, like an orchestra without a conductor; it actually worked due to people's geniality and passion. The most

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[2] http://dossiers.publico.clix.pt/noticia.aspx?idCanal=1307&id=1193168 accessed on February 27, 2012.
[3] Optimus is a Portuguese mobile telecommunications operator.

frantic period, for me, happened during the first year. The milestones were very aggressive, and we were creating the first version of the platform and at the same time doing the solution on top of the platform for Optimus. It was a crucial period.

OutSystems was created as a product company from the very beginning. Its product, the Agile Platform, was initially directed for the telecommunications industry and targeted the mobile applications market. Today, the Agile Platform is a unified solution that addresses the full life-cycle of delivering and managing web business applications. It is currently installed in companies within more than 22 industries.

Besides developing and selling its product to companies—directly and through partners—OutSystems also develops solutions on top of the Agile Platform, which are built for specific customers. In this way, it now acts as both a product and a services company.

OutSystems' vision and purpose—to solve the fundamental problem of IT inside any enterprise—have deserved the attention and recognition of analysts, software industry experts, customers, and partners. This recognition was accompanied by the company growth (see **Exhibit 1**).

Although OutSystems has developed solutions for specific customers since its earliest days, it was only in late 2005/early 2006, after realizing the extent of the services that could be developed on top of the platform, that the company decided to grow the services area (named internally as Solutions Delivery) on a larger scale and in a more professional manner. Rui Pereira, responsible for the services area (currently and before 2006), explained that prior to March 2006[4]:

The services were always responsible for a large amount of our revenue. At first, the services area worked pretty much ad hoc, with a bunch of very competent guys working to solve clients' technical and business problems. In late 2005/early 2006, we realized that we had to move from an ad hoc services organization to a professional services organization, and we hired someone just to manage that department. We changed to an organization where we have efficient processes, process innovation, and human resource management, making the business efficient both from a process and from a human resource allocation perspective.

The international expansion started, after the first version of the platform was launched. To leverage the fact that OutSystems was partially owned by a Dutch VC, NesBIC, the board decided to expand to the Netherlands. Carlos Alves, current vice president of International Operations, explains:

It is not that the VC has brought us a significant sales pipeline. But considering that we had to present ourselves as a foreign company, in the Netherlands we could at least state that we

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[4] Frederico Ferreira was hired for the vice president position of Solution Delivery in March 2006.

had a Dutch shareholder. That helped introduce us to customers. Out of that simple fact, we started building relationships, and we gathered three customers before opening local operations there.

The decision to expand to the US was based on the excellent market conditions and on cultural affinity. The affinity came from the founders—both Paulo Rosado and Rui Pereira had worked in the US. The evaluation of the market conditions was based on US growth and IT expenditures, which remain the largest in the world. Furthermore, in theory, it would be easier to address the American market than the European market given that it has just one language and similar legislation among the states.

Both expansions started with sales executed by the management team through travel to the target locations. This was followed by setting up the first two or three clients and only afterwards opening local operations. The US office opened in 2004 and the Dutch office in 2005. Carlos explained the lessons learned from those first foreign experiences:

We did not believe that we were going to send Portuguese people trained in the main office all over the world and that we were going to be successful, because we were going to miss the local culture's capabilities to interrelate and drive relationships at a high level. Moreover, being a new company and being unknown makes it is very difficult to attract talent. We have made mistakes in the past: we sent Portuguese people to the US, and they did an excellent job. But alone, they were not able to be as successful as we needed. In the Netherlands, we did it the other way around: we started by hiring a local country manager, but because the culture was completely different and the core values of OutSystems culture were not there, it also didn't work.

Currently, the Dutch office is supervised from Portugal and is staffed with local Dutch citizens. In the US, the country manager is an American, and there are both American and Portuguese people among the staff.

Although present in several countries, the majority of OutSystems employees are still Portuguese. Most of them are software engineers, and the mean age is 35 years old. In January 2012, OutSystems had 144 employees and its growth has not yet stopped (see **Exhibit 2**). Its workforce is distributed among departments with delivery, engineering, marketing, and sales responsibilities (see **Exhibit 3**).

The offices outside Portugal do not have product engineering development responsibilities but have all the departments necessary for field operations. This includes solutions delivery and field

marketing. At the very beginning of 2012, OutSystems had offices in Linda-a-Velha (Portugal), Maarssen (Netherlands), and San Ramon, CA (USA).

Three Reasons for a Strong Culture

In 2009, Rian van Heur, a strong advocate of Agile Development, posted in a magazine the following words of Mathias Preuter, a software engineer at Oxxio:

> *"It is difficult to hear a bad word about the Portuguese software company OutSystems at the first international user meeting. Believe me, we have also been looking hard," laughs Matthias Preuter, software engineer at Oxxio[5]. "The question is how friendly the company continues to be if the growth continues"[6].*

The words of Mathias Preuter reveal the challenge of keeping OutSystems' traits, a challenge that had been presented years before and that triggered the urge to build a strong culture. Paulo Rosado revealed three reasons that drove his quest for building a strong culture.

In 2005, in a very short amount of time, OutSystems doubled its employee base, and Paulo Rosado started encountering new traits and behaviors that did not exist before and that embodied Paulo's first reason as he explains:

> *The culture at OutSystems, like in all companies, was built from day one without people realizing it. The realization that the culture is important occurs when suddenly you notice that something is being threatened. This happened when we went from 30 employees to 60. In a very short amount of time, we doubled our employee base and we hired a lot of people that were not filtered through a formal hiring process; we hired too fast. I started feeling a lot of visible behaviors that we did not have before. We hired a lot of people with seniority, experience, and behaviors from previous companies.*

The second reason was the increase of the hierarchical levels due to the growth in the number of employees. The company could no longer operate in with a two-layer architecture, and a management team that exhibited OutSystems traits needed to be formed.

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[5] Oxxio is an electricity and natural gas utility located in the Netherlands.

[6] Computable article: http://www.computable.nl/artikel/achtergrond/development/2932258/1277180/outsystems-prediker-van-agileontwikkeling.html#ixzz1nrTfTMoU, OutSystems: Preacher of agile development, posted on April 22, 2009 by Rian van Heur; accessed translation to English on April 7, 2012.

Finally, Paulo Rosado had a third strong reason to pay significant attention to culture. It involved a sociological phenomenon that he had observed in several organizations:

If you take a sample of 100 people, 5% to 10% of them will perform well in any type of environment. There are about 20% who will perform badly in any type of environment. And, there is a very large majority—70% or plus—who will perform either badly or well depending on the environment. If the environment is good, they will attach themselves to the 5-10% good performers, but if the culture is bad, they will very quickly attach themselves to the mediocre.

For Paulo Rosado, it was impossible to believe that, when one enters a company such as OutSystems, all of its people are selected from that 5%. In the same way, it was also impossible to believe that when one enters a badly performing company, all of its people are mediocre. The difference, for Paulo Rosado, is in the culture. The culture transforms the same set of people into mediocre, underperforming people or into highly performing people, and that transformable set is the majority of the workforce, about 70%.

Thus, it became strategic for Paulo Rosado to build a senior management team to embody the attitudes and behaviors that were behind OutSystems' success. Moreover, Paulo established another goal. He had to develop a strong culture, a culture capable of sustaining a productive environment in which people understood the strategy and where they had the opportunity to contribute to a company that was no longer small and was expected to continue to grow.

Building the Culture

> *Well, the culture of a company comes from the top. It is the deliberate actions and the unconscious behavior of the CEO and senior executives that reinforce or kill a company's culture traits.[7]*

Paulo Rosado

In 2009 and during the first quarter of 2010, Paulo Rosado posted several articles on his blog related to culture and ethics at work. His quest was to actively improve behaviors and attitudes, especially those of senior and middle management, and to orient people toward the practices that best served the company, investors, clients, partners, and collaborators.

In April 2009, Paulo Rosado posted "The Acid Tests of Great Management" (see **Exhibit 4**). These tests were written initially for Paulo's direct reports, so that the employees could understand what was expected of them. Afterwards, the tests were distributed throughout OutSystems for middle and senior management coaching purposes. By 2012, Paulo Rosado had built more than 30 tests.

The tests were created to be used in coaching sessions; in a way, they could direct and spot crucial, finer points in a manager's attitudes and behaviors. The story behind the Acid Tests is a story of behavioral change. Upon looking into the Acid Tests, one sees that all of them stem from Paulo Rosado's recognition of behaviors that did not contribute to the well-being of the company. Paulo Rosado provides the following explanation:

> *For instance, the "Manage your Money Test" was introduced when we started hiring sales people in the US. Sales people in the US tend to use the company for personal expenses or to over expend. This behavior is considered normal in the US. Moreover, some managers, mainly in sales, when they want to compensate people, the first solution is to raise salaries. So, this test was a simple way of changing this type of behavior, making it clear that this behavior was not acceptable by asking "Would you do this if the money was yours?" With this simple question, suddenly people realized, "I would not. And to go forward, I need to change this behavior." The tests were created as a way of making people aware that they were failing them and to help people evolve.*

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[7] Paulo Rosado's blog can be found at http://www.paulorosado.com/2009/07/culture-from-the-top.html, The entry is named "Culture from the top," and was accessed on February 25, 2012.

Carlos Alves explains his experience with the framework "The Acid Tests of Great Management" as follows:

> *It not only helped me while structuring my own self appraisal better on a daily basis, but it also helped me coach a lot of the staff I work with, mainly managers. I still use them every year, and I look at them systematically. It is very easy, by having this framework, to recognize misbehaviors and to point them out. "Remember the Judge versus Persecutor test. You just failed it." As everyone knows the idea, you do not have to explain details; you just have to say "Remember…."*

In April 2009, Paulo Rosado posted about how OutSystems had established an excellence culture that permeated all customer-touching units (see **Exhibit 5**). In February 2010, Paulo Rosado posted seven best practices for 2010 (see **Exhibit 6**). These two posts include behavioral guidelines for OutSystems staff, outlined as follows:

- Focus on the ultimate goal: Simple descriptions of objectives and challenges we need to focus on when we are doing something.
- Use effective, candid communication: Be transparent and be candid; too much and exaggerated politeness is not well accepted when it hides issues and increases miscommunication. Temper customer satisfaction with fairness.
- Be Fast: Tackle a problem immediately, decide fast.
- Pay attention to process and improve it continuously: The Company is constantly improving practices and evolving processes; the great minds we have in the company are being challenged at creating new, more efficient ways of delivering projects.
- Choose smart, accountable, high-energy people to work with.

Alexandra Monteiro, People Operations Manager, joined the OutSystems team in January 2011. In the following comment, Alexandra recalls how, in 2012, she started working on OutSystems' cultural principles:

> *In a meeting with Paulo Rosado, we started talking about how the company enhanced great behaviors, how people were compelled to have initiative and to be proactive, and how the company was great in appreciating merit. After this conversation, Paulo sent me a paper titled "What We Are and Why We Like It Like That," with his considerations about OutSystems behaviors.*

Soon after the meeting with Paulo Rosado, Alexandra Monteiro assumed responsibility for disclosing OutSystems' cultural principles. The disclosure of the principles had two purposes:

1. Promote OutSystems behaviors while the company grows by helping newcomers understand and fit into the environment and for coaching purposes.
2. Enhance OutSystems' branding as a cool place to work, showing OutSystems' great environment. This would not only attract talented people to work at OutSystems but also motivate current workers by highlighting the positive traits of the culture. These were traits that internal staff members often take for granted.

With this incumbency in her hand, Alexandra Monteiro went to talk with the marketing department. They suggested creating a booklet that could be distributed both to existing employees and potential candidates. For practical reasons, it was assumed that the booklet should have four pages. As such, the principles had to be summed up in four pages.

In June 2012, the booklet was prepared, and the cultural principles were summarized as follows (see **Exhibit 7**):

- Hire the Best: This principle includes hiring individuals with an excellent capacity to do the job, energetic people with curiosity about the world, smart individuals with a capacity for strategic thinking, and those who can be accountable with great work ethics.
- Create a Great Work Environment: This includes asking "why," dealing with problems, being proactive and helpful, prioritizing, and being straightforward.
- Be a Leader: This principle is clear: "OutSystems leaders demonstrate great drive, ambition, initiative, capacity to learn, and strategic mindsets."

How the Principles Make the Difference

During the summer of 2012, OutSystems' culture was promoted actively through the booklet with OutSystems' principles and through other initiatives. At the 2012 OutSystems' summer event, Paulo Rosado spoke at length about culture and sweatshirts with OutSystems' cultural traits were distributed.

In August of the same year, Paulo Rosado traveled to the US. Among other things, he conducted an internal seminar about OutSystems culture.

Paulo Rosado knows that the principles of **Ask Why**, **Deal with problems**, **Be proactive**, **Be helpful**, **Prioritize**, and **Be straightforward**, are state-of-the-art concepts in 2012. He also knows, however, that the principles can change because that is fundamentally part of the culture. Furthermore, Paulo Rosado believes that OutSystems' culture promotes quality, empirical creativity, and innovation. He explains:

> *This set of principles result in an organization that is listening to the signals and has a vision that acts as a spinal cord, around which the organization bounces. The organization is under constant pressure to adapt itself, with mechanisms of feedback going up and validating decisions.*

According to Paulo Rosado, in the seven principles there are two that are *very* important and five that are important, but not as important. **Deal with problems while they are small** and **Ask Why** are the two most important.

Ask Why is related to another concept, **The Ultimate Goal**. At OutSystems, the ultimate goal has to be clear and the reasons must be explained. **The Ultimate Goal** is everywhere—in emails, in meetings, in conversations, at every initiative launch, and project start. Paulo Rosado explains:

> ***Ask Why** is the key for Innovation; Innovation is driven by people being able, allowed, and compelled to ask questions and to understand the big picture. The **Ask Why** creates a control mechanism. If managers say something very prescribed that forces reports to act in a certain way, reports feel they can **Ask Why**. This pulls the problem back to the manager and forces the manager to create the fundamental reason. This involves actually distilling the problem from the solution and finding the essence of why something has to be done; that is, **The Ultimate Goal**. This back and forth creates a control.*

"Responsibility was present at OutSystems since its beginning", said Carlos Alves. "As a small company, you cannot afford to have people underperforming. Since the beginning, there was a lot of self-imposed responsibility, which was key for building the current culture."

Paulo Rosado explains that **Deal with problems while they are small** is related with OutSystems' sense of responsibility:

> *Deal with problems while they are small. This is a very simple notion: Instilling a sense of responsibility for detecting symptoms of potential crisis. A company can go out of business in three years because it was unable to spot small symptoms. Big crises happen because managers are isolated from the field; if the culture does not allow people to talk about, isolate, and understand the small symptoms that give an indication that there is an ongoing crisis, then the crisis cannot be detected. So, this principle is related with the first, **Ask Why**, because to detect that something is a crisis or not it is necessary to understand the context, the big picture.*

Be proactive is related to responsibility and autonomy. OutSystems hires intelligent people and expects autonomy and responsibility. As Rui Pereira explained, "We expect autonomy from people; if a person is not autonomous, we have a problem. People have to act. We do not expect people to say 'I have warned you about this'."

The **Prioritize** principle has its origins in the OutSystems' agile culture and is related with the 80-20 rule[8]. The 80-20 rule states that if you lay out all the steps of your solution, and if you prioritize them by impact, 20% of the first priorities will solve 80% of your problem. Paulo Rosado commented:

> *There is a myth especially in the Portuguese culture that you need a big solution; this reasoning is probably behind the typical Portuguese comment "This is very complicated". But a big problem can be dealt with through a very small solution. There is an inherent asymmetry between cause and effect driven by the 80-20 rule.*

Again, the **Ask Why** principle is extremely relevant. Paulo Rosado explained:

> *Without asking why you cannot prioritize; without understanding the context (the "big picture") you cannot prioritize. Everything will look important. An order of importance can only be created by understanding the context you are working on and the goal.*

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[8] The 80–20 rule, also known as Pareto principle, is the law of the vital few. The principle of factor sparsity states that, for many events, roughly 80% of the effects come from 20% of the causes.

At OutSystems, most things are done in iterations, which are the base of an agile[9] culture. The iteration is the corollary of constantly applying the **Prioritize** principle. At OutSystems, nothing is done with a big bang. In order to solve a problem, first the problem is broken down into pieces, and employees discuss what piece should be addressed first and ask which piece solves most of the problem. This results in smaller tasks, small iterations that last a week, two weeks, a month, or three months at maximum. At the end of the iteration, the process is reevaluated; indeed, everything is reevaluated. The problem is also reevaluated to see if it still exists. Sometimes the ultimate goal changes so that the problem ends up by being irrelevant; in such cases, the project is abandoned or changed. If the project is still relevant, the next set of tasks with the maximum impact is chosen, a new iteration starts, and a goal is set. One of the advantages in this methodology relates to failure: with small iterations, failure happens more quickly and is less expensive.

Principles enforce characteristics that are not enforced sufficiently by the surrounding culture. The culture takes into account the different national cultures that are represented and that the large majority of OutSystems employees are Portuguese. According to Paulo Rosado:

> *Ask Why and Be helpful are much easier to achieve in the Portuguese culture than in the American, while Prioritize and Be straightforward are a problem for the Portuguese people. Be straightforward, communicating to be understood, is something that Americans do well. If the company had mostly American employees this principle would not, probably, have been isolated, because it would be embedded in the surrounding culture. When Americans talk they are organized. They first give you the context and then they evolve.*

> *For instance, in a class when someone asks the teacher a question, the Portuguese are terrible; they start with the end, and then they realize no one understood what they were saying. Then they stutter, and they move to the beginning, and they do not stop talking. The Americans are perfect. They'll say: "Some minutes ago, sir, you mentioned the fact that the observed orbital of planets are….I am not sure if this is true for galaxies that are closer." Now the Portuguese would not do that. The Portuguese would say "What about closer Galaxies? Because you said…."*

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[9] Agile methodology is an approach to project management, typically used in software development. It helps teams respond to the unpredictability of building software through incremental, iterative work cadences, known as sprints. http://agilemanifesto.org accessed on April 9, 2012.

The recognition that the culture is working comes from external people that contact OutSystems. Paulo Rosado commented on impressions collected from recently hired employees:

The first impression, collected from OutSystems' recent hires is that everyone is moving like a swarm of bees. Things are moving and people are extremely helpful and open about what they are doing. People explain what they are doing. Moreover, the quality of everything—the quality of the people, the quality of the product—quality is almost like a commodity and it comes from the 80-20 rule "Do the 20% that gives you 80% return. Do it excellently."

Monitoring the Culture

Source: OutSystems Website,
http://www.outsystems.com/company/careers/, visited on
December 13, 2012.

Today, the culture still evolves, like everything at OutSystems, but the fundamental work has been done. The culture has been and remains a crucial aspect for OutSystems growth. Paulo Rosado commented:

> Now that OutSystems is reaching 150 people, it is passing what is called the Dunbar's number (a number between 100 and 230). This number represents the maximum number of people with whom it is possible to maintain a stable social relation. With a number of employees' higher than the Dunbar's number, it is impossible for an employee to know all the others. Some people are going to be isolated, information and knowledge is not going to be spread by simple osmosis and context. In this case, not only a strong culture, but also other mechanisms to spread and monitor that culture have to be in place.

The Acid Tests continue to be used, but their usefulness has decreased dramatically at the management level. This is because the leadership machine is working and OutSystems has not been hiring seniors from outside the organization. This means that people hired very quickly adopt the correct type of behaviors, or they are hired already with the desired set of behaviors. The tests are just used so people can realize that they are more or less there. Everyone follows the tests intrinsically, and the culture pushes everyone to do so.

During 2012, the Solutions Delivery department adapted the tests for the roles required for a project (such as programmer, delivery manager, engagement manager). Each role had ten acid tests.
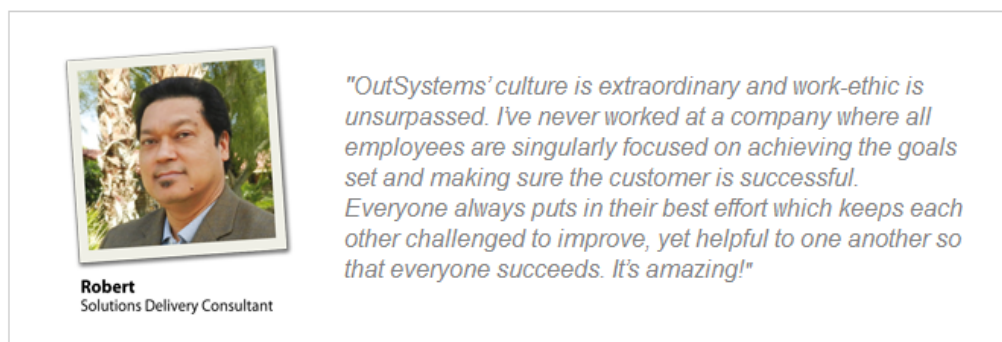
When OutSystems hires for a senior position and no time is available to coach or teach, the behavioral traits the candidate exhibits and their match with OutSystems' culture, are a relevant element of evaluation. In addition, OutSystems requires three behavioral characteristics that are considered very difficult to be change: all potential employees must be smart, energetic, and

accountable. This is stated in the principle Hire the Best; if candidates have these characteristics, the remaining traits that are part of the culture are considered easy to assimilate.

OutSystems also controls growth rates. If the company as a whole or some departments or offices grows at a ratio of 50% or more, the natural mechanism of behavioral osmosis will not work as effectively as desired. As such, OutSystems monitors these situations. Behaviors are monitored, and when the proper behaviors are instilled, the culture is promoted and explained through training sessions and seminars.

Moreover, managers monitor the culture constantly through a formal, bi-annual 360° appraisal and less formally with their behaviors. "Managers have a tremendous influence", says Paulo," The way management acts influences others a lot, and people adapt to management behaviors by repeating them, by reacting against them, and so on."

Finally, the culture is promoted internally and probably the best control of the culture is done using the culture itself.

"OutSystems' culture is extraordinary and work-ethic is unsurpassed. I've never worked at a company where all employees are singularly focused on achieving the goals set and making sure the customer is successful.
Everyone always puts in their best effort which keeps each other challenged to improve, yet helpful to one another so that everyone succeeds. It's amazing!"

Robert
Solutions Delivery Consultant

Source: OutSystems Website, http://www.outsystems.com/company/careers/, visited on December 13, 2012.

The culture at OutSystems is a critical asset. Its culture is about speed, the quality of the delivery, rigor, energy, seeking what is different, leveraging that difference, and responsibility. The consistency of communication helped OutSystems create this culture.

The cultural values are in the air and, in the last several years, OutSystems has developed tools and artifacts to support the culture; tools such as the acid tests and the principles that guide employees and support high-level decisions.

Expanding to new geographies

In April 2012, OutSystems entered the Brazilian market, and in June 2012, it entered the South African market. In both cases, OutSystems partnered with companies with experience and know-how in the local markets. The Brazilian and South African partners are master resellers that use the OutSystems brand and represent OutSystems in their regions. They are responsible for the distribution of the OutSystems product, sell the product directly to clients, and develop a network of local partners.

At this early stage of these new partnerships, OutSystems is sending people from the office in Portugal, mainly from the Solutions Delivery Department, to these new geographies. The main objective of these interactions is to help with delivering solutions to final clients, while the partners are building their own delivery teams.

Brazil and South Africa were chosen to be the first regions to be OutSystems' master resellers based on information gathered and analyzed by OutSystems. Such information included the origin of OutSystems' website visitors and the origin of leads. OutSystems aims to open other resellers and extend a network of master resellers into other parts of the world.

OutSystems' previous international experience in the US and in the Netherlands undoubtedly will be very useful in this new challenge. OutSystems recognizes the importance of the local culture driving relationships and attracting talent. At the same time, there is a need for a culture of performance, responsibility, adaptability, and innovation.

Thinking in an "OutSystems Way," the challenge is explained in an "Ultimate Goal" format. The ultimate goal of becoming a global company is to foster the **mass adoption** of OutSystems technology in a **scalable** way, through a network of partners that represent OutSystems in their locations and that will both resell OutSystems technology and develop their own regional partner's network.

The cultural perspective of the initiative requires the following:

- Regional offices must foster cultural variability, which is necessary to drive relationships and enhance other potential advantages.
- Regional offices must guarantee performance, quality, and adaptability in order to respect the brand and scale the adoption of the technology.
- The solution must be scalable so that it can be reproduced across different geographies.

The Challenge

Paulo Rosado had just arrived from the US, where he had done a seminar about OutSystems' culture, and he sat down in his office at Linda-a-Velha reflecting on this new stage of growth.

Paulo knew that OutSystems' previous experiences in the US and the Netherlands were going to be useful. Paulo also trusted OutSystems' capability to change and adapt to new situations. But as in any interesting challenge, in the beginning, the doubts were many, and there were many decisions to be made, such as the following:

Is there other information, besides the website analytics, that should be taken into consideration when choosing the new geographies? How can OutSystems deal with so much information? Which should be the criteria to choose the next countries having master resellers? How should OutSystems manage the relationship with the foreign offices? What functions should be done centrally, and what should be done locally? Should local offices only have solutions delivery and field marketing, like the offices in the US and in the Netherlands? Behind all of these questions, there are more general choices that have to be made. Should OutSystems grow to become a multinational or a metanational company?
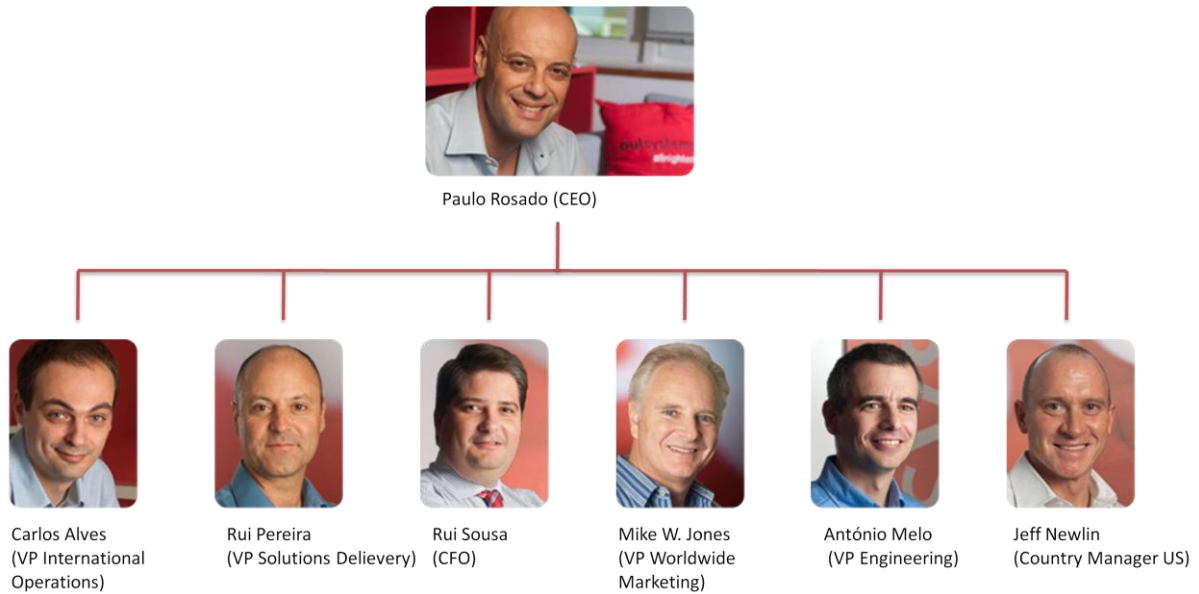
Exhibit 1 - Chronology

Source: OutSystems Website, http://www.OutSystems.com/company/news/, visited on April 7, 2012.

Exhibit 2 – Company Size Growth
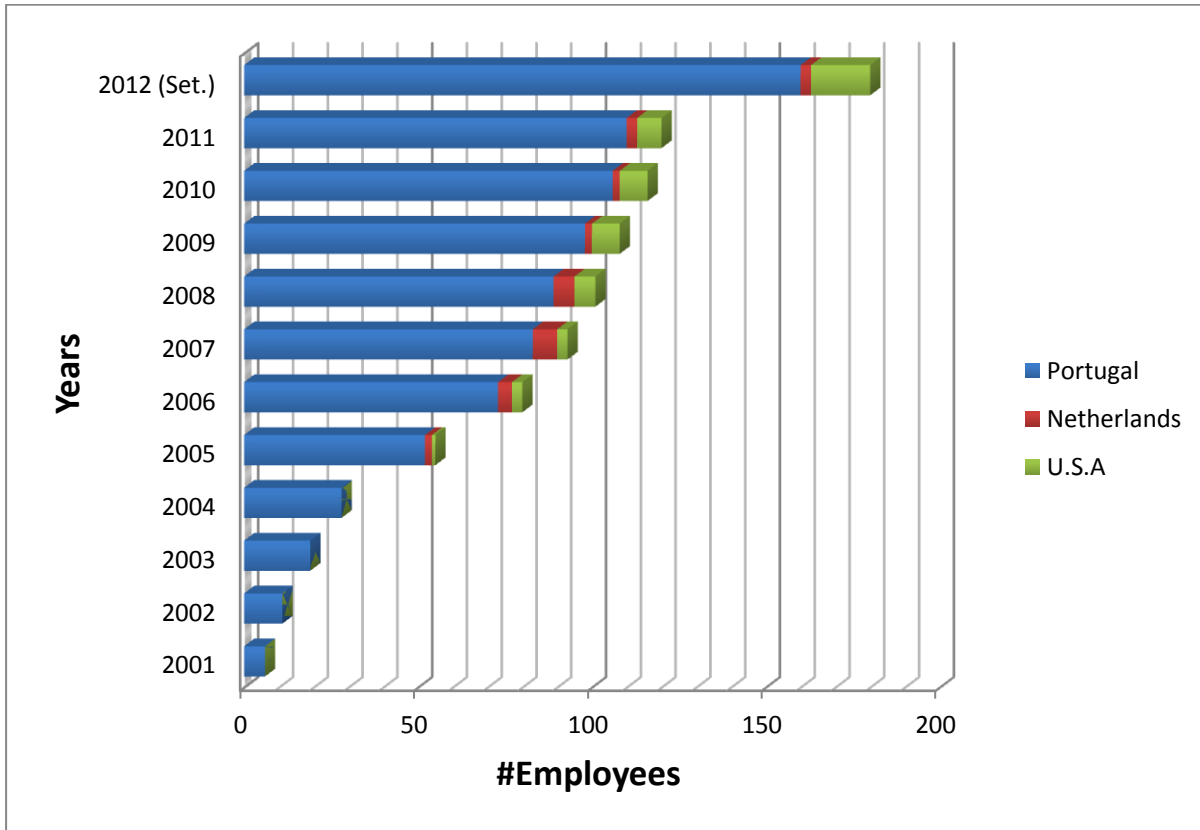
Source: Information kindly supplied by OutSystems.

Exhibit 3 – OutSystems Organizational Chart, Jan 2012

Source: OutSystems Website, http://www.outsystems.com/company/management-team/, visited on December 11, 2012.

Exhibit 4 - Acid Tests

The "Get the Job Done" Test

This is the fundamental test. Does he get the Job done?

The Worry Test

Does he worry more than his manager?

Does the team below him worries more than him?

Or has he established a chain of people who do not worry and therefore do not tackle the problems when they are small?

The "Problem Spotter" Test

Does he detect unforeseen problems when they are small?

Does His team spots these problems when they are small?

The "Problem Solver" Test

Can he think out-of-the-box to come up with solutions for emerging problems?

Can he harness the power of the team to solve these problems?

The Deep Digger Test

Does he dig deep when a problem occurs and becomes part of the solution?

Or is he content to just sit back and continue managing from the top and let others do the (hypothetical) digging?

The Ultimate Goal Test

Does he always keep the fundamental end goals/objectives in mind when making a decision?

Does he always stress the end goal to His reports?

Or does he give unclear goals, constantly bugs the reports with extra unrelated stuff and generally screws up focus for everyone?

The "Fast Decision" Test

Does he make fast, good decisions?

Or does he take ages to make up His mind?

The Transparency Test

Can he focus on the important drivers and provide visibility to management above on how these drivers are doing?

The On Top of Things Test

When you ask him on a detail does he have the answer at his fingertips?

Or does he always fumble and stutter?

The Strategic Test

Does he think strategically?

When a broad, high-level question is asked does he get the big Picture and contributes?

Or does he takes solace in detail and procedures, freezes and says nothing at all?

The Process Test

Does he always come up with ways to make things better even when not needed?

Or does he need to be pushed to implement recurrent, long term processes?

The "Manage your Money" Test

Does the manager treat expenditures inside the company as if they are being paid with his own money?

Or does he always come up with expensive solutions as a way to make his life easier?

The General Test

Is he the General that rides in front of the army?

Or is he a General that stays in the back?

The Ballsy Test

Does he take over problems straightly being at the front of performing the unpleasant, required tasks?

Or does he pass responsibility to the team below or the manager above to handle the unpleasant stuff for him?

The Freezing Test

Does he come out and immediately address the problem(s)?

Or does he freeze and recoil in himself when there is a tough problem?

The "Judge vs. Prosecutor" Test

Can he exercise and unbiased stance towards a conflict between his team and other and act as an arbitrator?

Or is he typically in a defensive position and acts to always defend his side?

The "B hires C" Test

Is he an A-type person that hires A+ people, smarter than him?

Or is he an insecure B type person that hires an even less competent C type person?

The "Pied Piper of Hamelin" Test

Does he have a list of great people that would follow him to his next Job?

Can he convince these people to come to your company?

The Staffing Test

 Does he understand the minimum level of resources and skill set needed?

Does he relentlessly focus on staffing and budgeting?

Or does he fall into the trap of taking the work himself and forgetting to pursue hiring?

The "Team Building" Test

Is he going to be able to perform without the manager?

Has he left great practices, a senior replacement?

Or has he kept the team as a bunch of dependent juniors who will not function without him?

The Nesting Test

Is his area a good source of trained seniors to the rest of the company?

Is the area able to tackle internal growth through internal promotion?

Or is the team untrained, stagnant and only growing out of pure trial and error?

The Kingdom Builder Test

Does he get the job done with the smallest possible team?

Or does he need a big team to be successful?

Is he driven by having a lot of people report to him?

The Evangelist Test

Can he transmit unabashed confidence on the product and company and make others share that vision?

Can he make others incredibly excited about the product or company?

The Communication Test

Does he communicate well with the team below?

Does he communicate extra well with peers and manager?

Is he proactive in searching for that communication?

The Candor Test

Does he express himself with frankness?

Does he demand and reward that frankness from his reports?

Or does he withhold comments or criticism, avoid conflict and sugarcoats bad news?

The "Happy Face" Test

Are the problems not easily reflected in his demeanor?

Or will his reports see a grumpy or worried manager reflecting the daily problems?

The "Fetch the Mail" Test

Does the manager takes over unscheduled, job-unrelated, menial tasks?

Or he feels it is beneath of him to do certain things?

The Hammer Test

Does he balance praise with criticism?

Or does he exclusively concentrate on criticizing?

The "Control Freak" Test

Does he encourage people in his team to interact with peers in other teams?

Or does he instruct the team that all interactions with people from the outside must go thru him?

THE ACID TESTS OF JUNIOR MANAGEMENT

The "Team vs. Individual" Test

Does the manager understand that his success depends on others?

Or does he continue to see himself as an individual contributor?

The "Max Performance" Test

Does the manager use his reports to their full potential?

Or has he given up on some of his reports because he cannot make anything out of them?

The Coaching Test

Does the manager take the time to coach and guide when asked for help?

Or does he prefer to do the work himself or postpone the help for "when there is time"?

The "No Delegation" Test

Does the manager break the plan of action in sizable parts and delegate to his reports?

Or does he end up by covering up a bad relation with a report by doing the work himself or shoveling the work to someone else?

The "Blind Delegation" Test

Does the manager exercise the right level of control on the work that was delegated?

Or does he delegate and then forget to monitor and control the work being done?

Source: Information kindly supplied by OutSystems

Exhibit 5 - OutSystems 5 steps towards building a customer focused culture

In April 2009, Paulo Rosado posted OutSystems 5 steps towards building a customer focused culture:

Put the customer above everything. This means customer satisfaction is above profits, revenues, and even employee satisfaction. KPIs, Bonus, etc. need to make this direction clear. Management behavior needs to make this clear.

Temper customer satisfaction with fairness. A lot of times our obsession with customer satisfaction drives a misguided customer to take advantage of us. This does not go far. We are very tough on ourselves when we make a mistake but we want the same transparency from the customer when they screw up. Fair is fair. Paradoxically, customers end up by respecting and trusting us more.

Tackle a problem immediately. Speed is of the essence. Act immediately to address any issue with a sense of urgency. Tell your people they have an open direct escalation lines to management to fix any problem.

Solve endemic issues with process. Constant fire fighting does not scale. Our people are trained to spot recurrent problems and deploy permanent solutions that prevent the issue from happening again. The company is constantly tuning practices and evolving processes.

Hire smart, accountable, high-energy people. We can only address new issues fast through accountable, high energy people. We can only solve problems permanently with innovative solutions through smart people. This is why we invest so much in the recruitment process and in creating an environment where this class of people can thrive.

Source: Paulo Rosado's Blog, http://www.paulorosado.com/2009/04/OutSystems-5-steps-towards-building-a-customer-focused-culture.html, OutSystems 5 steps towards building a customer focused culture, by Paulo Rosado, visited on February 24, 2012.

Exhibit 6 - 7 best practices for 2010

In February 2010 Paulo posted, 7 best practices for 2010:

Do everything with the Ultimate Goal in mind - Ultimate Goals are simple descriptions of objectives and challenges we need to focus on when we are doing something. Coming up with an Ultimate Goal is hard work. It needs to be devoid as much as possible of the "solution" or "the way it is going to be addressed". And it needs to be accompanied by enough context so that people can understand the goal in its essence. This combination has produced inside OutSystems a culture of bottom-up innovation where solutions are devised by the teams instead of enforced by management, fostering creativity and innovation at all levels of the company.

Be transparent. Be candid - This mantra popularized by Jack Welch at GE is obviously a great practice but easily trampled. In a company where more than 50% employees are Portuguese, the nice, polite nature of the Portuguese surface everywhere in the culture. The drawback is a certain resistance to direct, straight talking, an exaggerated excusing of failure, and a bit of beating around the bush. At OutSystems we try to practice candor every day. Exaggerated politeness is not well accepted when it hides issues and increases miscommunication.

Communicate extensively with everyone - OutSystems moves fast, constantly improving processes and trying out new ideas. The company is also dispersed geographically in 4 locations making knowledge sharing a real challenge. It is easy for a collaborator in the US to get seriously outdated on what is going in the Lisbon office in the space of 3 months. Technology in the form of video meetings, forums, wikis and the likes do help but it all starts at ingraining the habit of sharing knowledge and communicating into everyone.

Decide fast - Some people say that the only bad decision is not deciding at all, and in a way, that is the absolute truth. So speed and urgency are crucial elements for a good decision making process. At OutSystems we believe to make good decisions you fundamentally need experience. Experience comes from making mistakes. Mistakes are due to bad decisions. There is really no way around it. When we have to decide we might as well do it fast.

Reward experimentation - OutSystems is an "agile" company. This means that we never do anything in a big bang and go about every new project or initiative in increments, learning in the process and creating check points where we make constant go/no-go decisions. At these decision points we acknowledge that we have either failed (and we try to learn with the process and fail softly), cutting our losses fast or we decide we should continue investing and carry on to the next iteration.

Innovation in Product. Innovation in Process - The practice of product innovation is deeply ingrained in the DNA of OutSystems but as we grow and scale the focus of our creativity and innovation has increasingly been directed at both product and process innovation. The great minds we have in the company are being channeled at creating new more efficient ways of delivering projects, training our ecosystem of partners, customers and fans and selling faster, better and with less overhead.

Look for talent everywhere - OutSystems is a knowledge company relying heavily on great talent. This talent needs to be spotted, recruited and nurtured. I get excited about a lot of things but very few compare with the joy of recruiting someone smarter and more experienced than I am or having a glimpse at the untapped potential of a fresh graduate. This practice we try to foster at all levels of the company.

Source: Paulo Rosado's Blog: http://www.paulorosado.com/2010/02/7-best-practices-for-2010.html, 7 best practices for 2010, by Paulo Rosado, visited on April 7, 2012.

Exhibit 7 – OutSystems Principles

1. **Hire the Best!**

We look for individuals with an excellent capacity to do the job and evaluate the technical capability and accumulated experience of each candidate for the role. But we search for more than that. We believe there are important intrinsic characteristics that cannot be taught and that have a huge impact on the way we work and on results produced.

Energetic people with curiosity about the world, smart individuals with capacity for strategic thinking, and accountability with great work ethics. That's what we are looking for.

2. **Create a Great Work Environment!**

We don't follow a lot of rules because we value independent thinking. But we do follow some. Here are some top examples.

Ask why	Be proactive	Prioritize
You are entitled to know why you are doing something.	Challenge the status quo.	Do the 20% that give you 80% return. Do it excellently.
Deal with problems	**Be helpful**	**Be straightforward**
While they are small. It causes less stress.	Coach other people on how to become autonomous.	Communicate to be understood.

3. **Be a Leader!**

OutSystems prepares you to be great leader. Experience shows that the way to grow professionally is to have a job that constantly exposes you to new experiences, challenges, and learning opportunities. Because of our unique environment that praises the constant pursuit of Excellence and the constant pushing of one's limits, OutSystems leaders demonstrate great drive, ambition, initiative, capacity to learn, and strategic mindsets.

Source: Working at OutSystems, documentation produced by OutSystems in 2012.

Further Readings

Cunha, M.P. (2002) "The Best Place To Be" Managing Control and Employee Loyalty in a Knowledge-Intensive Company. Journal of Applied Behavioral Science, 38(4), 481-495

Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational, Boston: HBS Press.

Gupta, V.,Hanges,P.J. & Dorfman, P. (2002) Cultural clusters: Methodology and findings Journal of World Business, 37(1),11-15

Hofstede, G. (1991) Cultures and organizations: Software for the mind. London: McGraw-Hill.

Quinn, J. B. (1992) Intelligent Enterprise: a knowledge and service based paradigm for industry, New York: The Free Press.

Assignment

1 - Identify the reasons to build a strong culture and the benefits that are sought. Refer the reasons presented in the case and others that you consider relevant.

2 - How do you classify the IT industry environment in terms of uncertainty? How do you classify the company organizational culture according to Deshpandé et al.: Clan, Adhocracy, Hierarchy or Market? Is the company culture correct for this industry? If the environment was less uncertain, should the company promote another type of organizational culture?

3 – Solve the Case Challenge addressing the raised questions.

Teaching Notes

Synopsis

The growth of OutSystems, a knowledge-intensive IT company headquartered in Portugal with offices in the US and in the Netherlands, is accompanied by efforts to create a strong culture, one that preserves the traits that have driven its success, such as innovation, adaptability, high performance, and accountability; *Fortune* magazine recognized these traits, and in 2003, it elected OutSystems as one of the most promising start-ups in the world.

In a quest to build a strong culture, OutSystems took several initiatives: It designed a framework — "The Acid Tests of Great Management"— that led managers to evolve; it adopted constant and consistent communication of behavioral guidelines; and finally, it disclosed the OutSystems culture, which it summed up in a set of principles.

Mechanisms to monitor the culture were put in place while the culture was being built: growth and hiring control, the "Acid Tests," a 360° feedback appraisal system, promotion of the culture through seminars and booklets, and control of the culture using the culture itself.

This case presents the lessons OutSystems learned from previous international experiences and its latest growth model through local partners. Participants are invited to discuss the importance of organizational cultures that drive innovation and flexibility and their fit with the company strategy. Participants are also encouraged to brainstorm about the challenges that organizations face when interacting with several national cultures, so that they can advise OutSystems on how to address those challenges.

Theoretical foundation

The case is intended to introduce concepts related to organizational culture, traits of cultures that drive innovation, national versus organizational culture, and the challenges of globalization. To meet these aims, a real case scenario is presented. The case describes how a strong organizational culture is implemented, a culture that drives innovation and flexibility in a company that aims to consolidate and further expand its global presence.

Several studies have debated the importance of culture. Evidence shows that mass service companies proactively create effective cultures and value systems[10] in order to sustain performance; otherwise, culture is lost in the growth process. Strong organizational cultures with an effective set of values that fit the context and the strategy and that incorporate adaptability are also positively related with high performance[11].

Organizational culture is also a powerful invisible mechanism of control[12]. Cultures can adapt more or less to the external environment, but by definition, culture gives stability and identity to the group to which it belongs. When we say something is cultural, it is because it is shared, stable, and identifies the group. Positive identification with the group can be used inside the organization to enhance talent retention[13] and externally as a marketing tool. Finally, the stability and performance that an adequate organizational culture assures makes it a secure asset that adds value to business ("… they will pay more for an enterprise whose performance and integrity they can rely on. They are to a large extent buying the continuity that inculcated values ensure…")[14].

The organizational culture presented in the case has a strong match with an adhocratic [15] adaptive culture[16].

The debate regarding how multinationals adapt to cultural diversity is a very recent discussion and is strongly supported by the studies of Geert Hofstedes[17] and the GLOBE project[18]. The new concept of metanational[19] companies is extremely relevant for this purpose. Metanational firms in opposition to multinationals do not gain a competitive advantage based on their headquarters solely; they see

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[10] Quinn, J. B. (1992). Intelligent Enterprise: A knowledge- and service-based paradigm for industry. New York: The Free Press, p. 316.

[11] Kotter, J.P. & Heskett J.P. (1992), Corporate culture and performance. New York: The Free Press, p. 11

[12] Mintzberg, H. (1983). Structure in Fives: Designing Effective Organizations. Englewood Cliffs, NJ: Prentice-Hall, p.34-35

[13] Cunha, M.P. (2002). "The Best Place To Be" Managing Control and Employee Loyalty in a Knowledge-Intensive Company. *Journal of Applied Behavioral Science*, 38(4), 481-495.

[14] Quinn, J. B. (1992) Intelligent Enterprise: A knowledge and service based paradigm for industry, New York: The Free Press, p.317

[15] Mintzberg, H. (1983). Structure in Fives: Designing Effective Organizations. Englewood Cliffs, NJ: Prentice-Hall

[16] Desphandé, R., Farley, J.U. & Webster, F.E. (1993). Corporate culture, customer orientation, and innovativeness in Japanese firms: A quadrad analysis, Jounal of Marketing, 57(1), 23-37.

[17] Hofstede, G. (2001) Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations, London: Sage

[18] House, R.J.; Hanges, P.J.' Javidan, M.; Dorfman, P.W.; Gupta, V. (2004) Culture, Leadership, and Organizations, The Globe Study of 62 Societies, Thousand Oaks: Sage.

[19] Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational, Boston: HBS Press.

all of their subsidiaries as potential differentiate knowledge suppliers. They bet on innovation brought from all over the world to override their competitors.

Learning Objectives

The case is intended to introduce concepts related to organizational culture, traits of cultures that are driven to innovation, national versus organizational cultures, and the challenges of globalization. The learning objectives of the case are as follows:

- To present reasons for building an organizational culture and present one way of building it.
- To challenge participants to think critically about the benefits of organizational cultures.
- To introduce different cultural typologies and to concretely present an adaptive/adhocratic culture.
- To highlight the importance of the fit between organizational culture and the company strategy.
- To probe and deepen the understanding of how national cultures affect organizations and how cultures can foster innovation.
- To introduce Hofstede and the GLOBE project studies as well as the concept of metanational versus multinational.
- By presenting OutSystems' most recent growth model, which is very similar to a franchise, students are encouraged to brainstorm about the challenges that international companies face in order to foster cultural variability, performance, and scalability.

Target Audience

This case study is appropriate for MBA- and Master's-level courses in the area of management. The case is designed to be used in Organizational Behavior; nevertheless, it might also be used in courses focusing on Leadership, Human Resource Management, and Entrepreneurship.

Teaching Approach and Strategy

This section presents suggested guidelines for a 60- to 90-minute class. By no means should this suggestion limit any other approach the lecturer finds useful or appropriate.

- Encourage students to read the case study before class and prepare the case assignment in advance. The assignment is designed to be solved in group.
- Present the teaching objectives.

- Start a class discussion by inviting students to share their own experiences and views. The following is a set of trigger questions:
    - Is it desirable for a company to have a strong organizational culture?
    - Can a strong organizational culture be harmful?
    - How can companies benefit from having strong cultural values?
        - Have students worked for companies that proclaimed to have strong cultural values?
        - As consumers, have students ever preferred products of ethical companies over products of less ethical companies?
    - What influences organizational culture?
    - How does the national culture affect organizational culture?
    - Can leaders influence organizational culture? How?
    - How does growth affect organizational culture?
    - Have students worked on multinationals? How does culture at the headquarters affect local cultures?
- The assignment resolution is presented in the Teaching Notes below. The discussion for the first two tasks should take about 10 to 15 minutes of class time; the discussion of the third task (the case challenge) should take 30 minutes of class time.
- Conclusion (5 minutes). The lecturer should present the following:
    - Closing the case
        - A summary of what was discussed.
        - The main takeaways from the class.

Assignment

1 - Identify the reasons to build a strong culture and the benefits that are sought. Refer the reasons presented in the case and others that you consider relevant.

2 - How do you classify the IT industry environment in terms of uncertainty? How do you classify the company organizational culture according to Deshpandé et al.: Clan, Adhocracy, Hierarchy or Market? Is the company culture correct for this industry? If the environment was less uncertain, should the company promote another type of organizational culture?

3 – Solve the Case Challenge: debate and brainstorm about the questions raised.

The answers below are examples only.

1 - Identify the reasons to build a strong culture and the benefits that are sought. Refer to the reasons presented in the case and others that you consider relevant.

Culture as a behavioral control mechanism

The reasons presented explicitly on page 13 are related to the necessity for behavioral control; these reasons are congruent with Mintzberg's identified need for the formalization of behavior: "Organizations formalize behavior to reduce its variability, ultimately to predict and control it... to coordinate activities... to ensure the machine-like consistency that leads to efficient production... [and] to ensure fairness to clients...." [20]

The necessity of behavioral control was triggered by the following:

- New employees exhibiting behaviors that were not appropriate at OutSystems.

- The appearance of middle management employees who required training.

- Paulo's belief that 70% of the staff members are influenced by the cultural environment.

The case presents more evidence of the need for the formalization of behavior on page 17, since all six principles represent control mechanisms that indicate the correct attitudes. In some cases, such as in Ask Why and in Prioritize, the principles indicate the best approach for a given problem/situation.

 "The basic values of a multinational business organization are determined by the nationality and personality of its founder(s) and later significant leaders. Multinationals with a dominant home culture have a clearer set of home values and therefore are easier to run." [21]

Adding value to the national culture to better serve the company's purpose

Most of the company's employees are Portuguese. Yet, OutSystems' founders (who have the most influence over OutSystems' culture) are strongly influenced by American culture, which has proven to be successful in the IT industry. The founders' cultural values were embedded in the culture since the beginning, which caused OutSystems to adapt to a culture that had proven to be successful. The passages bellow support this statement:

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[20] Mintzberg, H. (1983). Structure in Fives: Designing Effective Organizations. Englewood Cliffs, NJ: Prentice-Hall, p.34-35

[21] Hofstede, G. (1991). Cultures and organizations: Software for the mind. London:McGraw-Hill, p. 402, Kindle Edition.

Rui Pereira, who today serves as OutSystems vice president of Solutions Delivery, had in common with Paulo Rosado the professional experience at Oracle in the US and shared with him the values and the work ethic of the American culture. (Page 10)

The affinity came from the founders—both Paulo Rosado and Rui Pereira had worked in the US.(Page 12)

Although present in several countries, the majority of OutSystems employees are still Portuguese. (Page 12)

Principles enforce characteristics that are not enforced sufficiently by the surrounding culture. The culture takes into account the different national cultures that are represented and that the large majority of OutSystems employees are Portuguese. (Page 20)

By enhancing behavioral control, organizational culture enables positive business outcomes, such as the following:

- Consistency in the behaviors that fit the correct strategy enables performance, customer satisfaction, and positive recognition by the market.

- Culture generates culture, and new hires acquire correct behaviors by osmosis; as such, business growth is sustained.

Building a company to last: guaranteeing continuity and creating value for shareholders

Culture preserves itself through the natural mechanism of osmosis, mentioned on page 23. Moreover, if it is true that the culture must be monitored to guarantee that the right values are in place, it is also true that a strong culture is quite a perdurable asset as mentioned by Quinn: "Ultimately, when shareholders purchase a service-based company's stock (or acquirers seek to buy into the company), they will pay more for an enterprise whose performance and integrity they can rely on. They are to a large extent buying the continuity that inculcated values ensure…."[22]

Fundamentally, shareholders value strong, well-adapted cultures because of the following benefits:

- A good culture well adapted to the market is difficult to create.

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[22] Quinn, J. B. (1992) Intelligent Enterprise: A knowledge and service based paradigm for industry, New York: The Free Press, p. 317

- Cultures are stable, guaranteeing lasting results and continuity; new leaders in companies with strong cultures have an easier job in maintaining the company's previous performance.

Promoting the identification of individuals with the company

The positive identification of individuals with the company has a subsequent positive effect on talent retention (individuals within the company are not compelled to leave) and talent attraction (obtaining better and more candidates)[23]. This reason is identified on page 17 when Alexandra Monteiro indicates the reasons for the disclosure of the culture.

A company's perceived culture also affects its relationship with external entities. For example:

- The positive identification of consumers with a company increases the consumers' predisposition to buy the company's products.

- In the case of a product company, one very important asset is the community of users — a community developed for knowledge sharing. Thus, positive identification of the users with the community culture enhances community growth.

- Growth of a network of partners also benefits from the positive identification of the partners with the company.

2 - How do you classify the IT industry environment in terms of uncertainty? How do you classify the company's organizational culture according to Deshpandé et al.: Clan, Adhocracy, Hierarchy or Market? Is the company culture correct for this industry? If the environment was less uncertain, should the company promote another type of organizational culture?

How do you classify the IT industry environment in terms of uncertainty?

Exploration of the first part of this question requires some investigation or previous knowledge of the IT industry.

Many characterize the IT industry as chaotic[24] due to the uncertainty caused by fast changes in the environment; technological shifts and new rivals are entering the market every day.

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[23] Cunha, M.P. (2002). "The Best Place To Be" Managing Control and Employee Loyalty in a Knowledge-Intensive Company. *Journal of Applied Behavioral Science*, 38(4), 481-495.

[24] Collins, C. & Hansen, T.H.. (2011). Great by Choice: Uncertainty, Chaos, and Luck—Why Some Thrive Despite Them All, New York: HarperCollins

It is also a high-rivalry industry. All sorts of competitors are focused on this market, including long-lasting international firms such as Cap Gemini and Accenture that act as system integrators; giants such as Microsoft, Oracle, and SAP that act as software tools vendors; local small- and medium-sized firms; and emerging companies that pop up as startups.

How do you classify the company organizational culture according to Deshpandé et al.: Clan, Adhocracy, Hierarchy, or Market?

OutSystems has an "adaptive culture" or "adhocratic culture," one that favors flexible organizations focused on the external environment. This type of organization is known for valuing creativity, experimentation, risk-taking, autonomy, and responsiveness. None of the principles in and of itself is enough, but it is the blend of all of them that creates an adaptive culture. Some of them, however, provide more weight in the equation, such as the Ask Why principle. There is plenty of information in the case that supports this statement, most of which can be found in the following places:

- In section "How the Principles Make the Difference" (Page 18)

- In Exhibit 7 (Page 38).

- Evidence of creativity and experimentation

  Ask Why is the key for Innovation; Innovation is driven by people being able, allowed, and compelled to ask questions and to understand the big picture. (Page 18)

- Evidences of autonomy and responsiveness

  Deal with problems while they are small. This is a very simple notion: Instilling a sense of responsibility for detecting symptoms of potential *crisis.* (Page 19)

  Be proactive is related to responsibility and autonomy. OutSystems hires intelligent people and expects autonomy and responsibility. As Rui Pereira explained, "We expect autonomy from people; if a person is not autonomous, we have a problem. People have to act. We do not expect people to say 'I have warned you about this'."(Page 19)

  Be helpful, Exhibit 7 (Page 38)

  Deal with problems, Exhibit 7 (Page 38)

- Evidences of risk-taking

  In order to solve a problem, first the problem is broken down into pieces, and employees discuss what piece should be addressed first and ask which piece solves most of the problem.(Page 20)

  One of the advantages in this methodology relates to failure: with small iterations, failure happens more quickly and is less expensive. (page 20)

  Be proactive, Exhibit 7 (Page 38)

Is the company's culture correct for this industry?

Yes it is. This type of organizational culture drives innovation, creativity, risk taking, flexibility, and change and is focused on the external environment. These characteristics not only enable fast reactions to industry changes but also promote the driving of those changes.[25]

If the environment was less uncertain, should the company have another type of organizational culture?

This question aims to highlight the importance of having a culture adapted to the industry environment and coordinated with the company strategy. At this point, it would be also interesting to notice several aspects. First, we are living in fast-paced times, and most industries today are uncertain. Second, even companies that are not operating in uncertain environments but that want to drive innovation should choose an "adaptive culture" or "adhocratic culture." So, the answer to this last question is thus: It depends on the company strategy.

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[25] Daft, R. L. (2004). Organizational theory and design. Mason, OH: Sowth Western, p. 367-370.

3 – Solve the Case Challenge addressing the raised questions.

At the end of the case study, students are challenged to debate and brainstorm about the best approach to face OutSystems' new stage of growth and about the advantages and disadvantages of growing as a metanational company or as a multinational one. This section includes useful information for the debate.

> Is there other information, besides the website analytics, that should be taken into consideration when choosing the new geographies? How can OutSystems deal with so much information? Which should be the criteria to choose the next countries having master resellers? How should OutSystems manage the relationship with the foreign offices? What functions should be done centrally, and what should be done locally? Should local offices only have solutions delivery and field marketing, like the offices in the US and in the Netherlands? Behind all of these questions, there are more general choices that have to be made. Should OutSystems grow to become a multinational or a metanational company?(Page 25)

Carlos Alves, VP of international operations, provides an explanation of the lessons learned by OutSystems that provide clues to this puzzle (see Page 12) as well as the ultimate goal requirements (Page 24).

Ignoring national cultural traits is not an option for OutSystems, because national cultures foster key capabilities for the success of a service's company, including capabilities such as driving relationships and attracting talent. On the other hand, when OutSystems entered a foreign country and the regional culture did not have the key values of the service professional's company, OutSystems faced difficulties. For practical reasons, accompanying very closely a wide range of offices is extremely difficult and expensive. Furthermore, a partner's space must be respected. Forcing of cultural traits is invasive.

Dealing with a wide range of different cultures can be a difficult task and OutSystems must be prepared for.

Should OutSystems grow to become a multinational or a metanational company?

The ultimate goal is stated in a way that induces readers to understand that OutSystems' growth is designed to gain scale by pushing its technology onto others. However, OutSystems can also gain scale by pushing and pulling technology and knowledge to and from dispersed regions. SAP is an example of a company that learned from different regions, accumulating know-how regarding regional differences, and that used that knowledge to further expand its sales.

Based on the metanational concept and from the IT industry, the following is known:

- Metanational companies gain advantage over other companies by learning dispersed knowledge and accommodating variability in their services/products. Growing as a metanational company enhances innovation and differentiation.

- Innovation and adaptation, as it was shown in the case, are key success factors in the IT industry.

Having reflected on the stated considerations, the advice given to OutSystems is that the possibility of becoming a metanational company should not be blocked by wrong assumptions and incorrect values, independent of how growth will happen. OutSystems may grow to become a multinational company and afterwards a metanational company or it may grow immediately to become a metanational company.

OutSystems faces great benefit by gaining scale and increasing its product sales; the scale will enable further investments in platform innovation and will increase OutSystems' potential to gain competitive advantage over its competitors. However, product sales will depend on the acceptance of the platform by the companies that supply the services over the platform and by the end clients. The applications and services delivered using the platform have to be accepted by the end clients. Thus, OutSystems has to attract good partners and has to ensure good quality of services built on the platform. If the platform by itself is enough to ensure quality, OutSystems can grow as a Global Projector company (Chart 1); otherwise, growth will require more local adaptation, and OutSystems can grow as a multidomestic company. In either scenario, growth is seen in a traditional perspective. The metanational perspective goes beyond these scenarios, eliminating barriers such as the following[26]:

- The primacy of the home base
- The idea that "weight equals voice"
- The assumption that local adaptation is relevant only locally.

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[26] Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational,Boston: HBS Press p.49-51

Global Integration		Low	High
	High	**Global projector ("export model")** Emphasize global efficiency and coordination. E.g.: MacDonalds, Siemens, and CNN	**Transnational** More sophisticated than Global projectors, transnational companies are still projectors as they project competitive advantage as lead subsidiaries as well as from headquarters.
	Low		**Multidomestic ("multilocal")** Emphasize local responsiveness, adaptation to local preferences. E.g.: Unilever, Nestlé
		Low	**High**

National Responsiveness

Chart 1 - Multinational Strategy: Standardization versus Adaptation[27]

Is there other information, in addition to the website analytics, that should be taken into consideration when choosing the new geographies? How can OutSystems deal with so much information?

There is plenty of information that can be gathered regarding potential destination countries, such as the following:

- Information provided by both the Hofstede and the GLOBE project.
- The language spoken.
- Region, ethnicity, religion, gender, and class.
- Case studies.
- Sales reports and information about the local IT industry.
- Available know-how.

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[27] Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational,Boston: HBS Press , p. 40

Hofstede and the GLOBE project dimensions created a unique evaluation platform that facilitates comparison of cultures.

After analyzing the differences it is important to understand the implications of the differences on the organization and on its relationship with clients, partners, employees, and potential employees. For instance, Hofstede noted: "Higher PDI (power distance) supports political rather than strategic thinking. Higher PDI supports personal planning and control rather than impersonal systems. The higher in the hierarchy, the less formal the planning and control. Lower-PDI control systems place more trust in subordinates; in higher-PDI cultures such trust is lacking. Higher UAI (Uncertainty Avoidance) makes it less likely that strategic planning activities are practiced because these activities may call into question the certainties of today. Higher UAI supports a need for more detail in planning and more short-term feedback. Higher UAI implies leaving planning to specialists. Higher UAI implies a more limited view of what information is relevant."[28]

Hofstede[29] and GLOBE[30] dimensions for the countries mentioned in the case are presented below and can be used during class discussion.
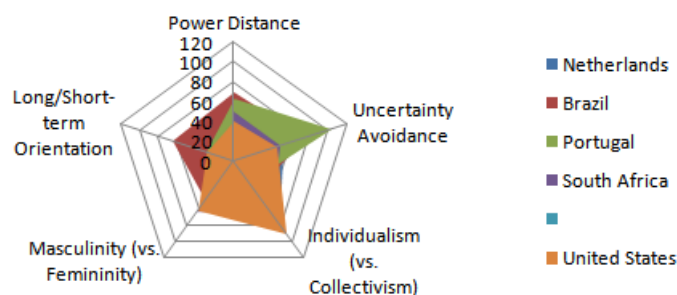

Image 1 –Hofstede Results

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[28]Hofstede, G. (1991) Cultures and organizations: Software for the mind. London:McGraw-Hill, p. 316, Kindle Edition.

[29] Hofstede, G. (2001) Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations Across Nations, London: Sage

[30] House, R.J.; Hanges, P.J.' Javidan, M.; Dorfman, P.W.; Gupta, V. (2004) Culture, Leadership, and Organizations, The Globe Study of 62 Societies, Thousand Oaks: Sage
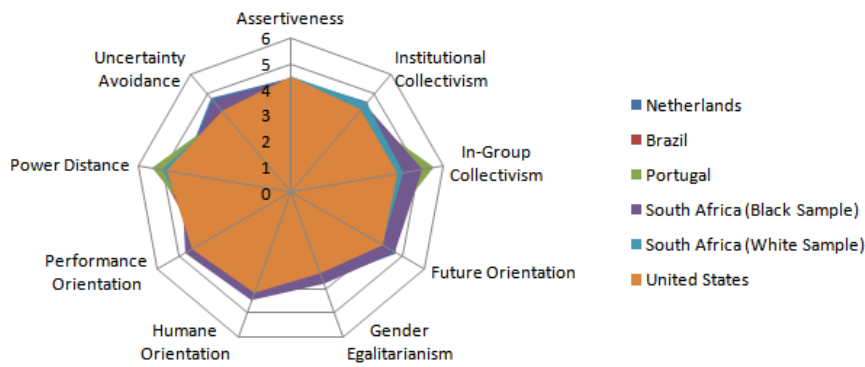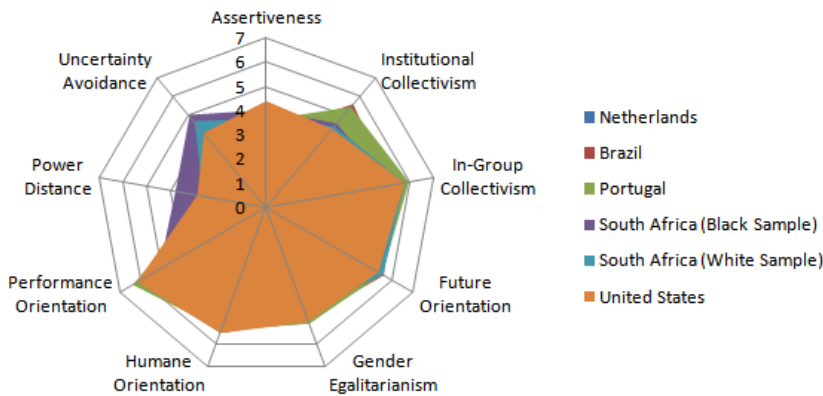
Image 2 –Project GLOBE Practices

Image 3 –Project GLOBE Values

OutSystems can consider useful the aggregation of countries in clusters (following the GLOBE project example); such aggregation eliminates complexity. Inside the same cluster, cultures should have more similarities.
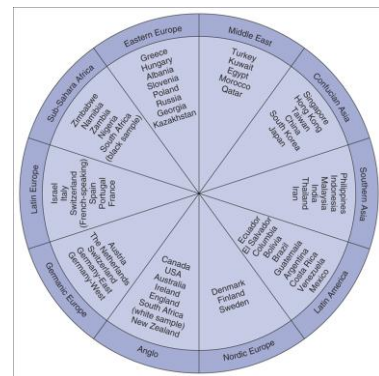

Image 4 –Project GLOBE Clusters

When looking for regions that are rich in knowledge, the following strategy is proposed by Yves Doz, Jose Santos & Peter Williamson[31]:

- Look for demanding consumers.
- Identify locations where technologies are converging.
- Look for lifestyle leaders.
- Identify government/university science centers with resources, skills, and aspiring entrepreneurs.
- Watch for growth in long-distance and international phone traffic and Internet nodes, denoting a concentration of educated, curious, and cosmopolitan communities.
- Monitor the presence of complementary skills.
- Identify regulatory differences that promote innovation.
- Look for locations with early regulatory approvals.
- Sense where the interesting people are migrating to live.
- Monitor rapid changes in disposable income that leads to changes in lifestyles.

What should be the criteria to choose the next countries having master resellers?

The chosen geographies should have not only data related to potential sales but also data related to cultural traits and available knowledge. On one hand, OutSystems should have fewer difficulties entering into geographies with similar cultures (similar to OutSystems' culture or to cultures from previous expansions). On the other hand, this criterion does not enable diversity and reduces the potential for knowledge exchange. The choice should be made according to OutSystems' strategy, expected knowledge, and sales gains versus adaptation costs.

> Brazil and South Africa were chosen to be the first regions to be OutSystems' master resellers based on information gathered and analyzed by OutSystems. Such information included the origin of OutSystems' website visitors and the origin of leads. OutSystems aims to open other resellers and extend a network of master resellers into other parts of the world.(Page 24)

How should OutSystems manage the relationship with the foreign offices?

The partner leader is relevant. In the case of OutSystems, the local "business unit manager" will be the partner's CEO. As referenced, the leader significantly influences the cultural traits of the

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[31] Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational, Boston: HBS Press., p. 146-150

organization. A leader with proven results in the target region and in the IT environment is favorable; moreover, a leader that can act as a diplomat and that interacts well with foreigners is also advisable.

> "Persons in linchpin roles between foreign subsidiaries and the head office need to be bicultural, because they need a double trust relationship, on the one side with their home culture superiors and colleagues and on the other side with their host culture subordinates. Two roles are particularly crucial: The country business unit manager: this person reports to an international head office. The corporate diplomat: this person is a home country or other national impregnated with the corporate culture, whose occupational background may vary but who is experienced in living and functioning in various foreign cultures. Corporate diplomats are essential to make multinational structures work, as liaison persons in international, regional, or national head offices or as temporary managers for new ventures."[32]

Co-location is a very effective practice to promote cultural exchange[33]. Teams should be prepared to travel and not only to teach but also to learn from foreign offices. OutSystems should accommodate these behaviors in its culture.

In order to become a metanational company, there are three processes that companies must integrate into their structures (everywhere in the company headquarters and regional offices):

- Sensing: Create mechanisms and predisposition for people to look for valuable knowledge.
- Mobilizing: Creating moving capabilities that enable the displacement of knowledge to where it is most required; create melding capabilities to integrate diverse knowledge in an innovative solution.
- Operationalizing: Create relaying capabilities that enable the transfer of innovations to the market; create leveraging capabilities to expand the innovations globally and in several segments.

For OutSystems, some of the capabilities mentioned may already be in place. The operationalizing capabilities are easy to build in the IT industry, and OutSystems is used to sense technological information obtained from the US. However, OutSystems has to be conscious of those requirements.

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[32] Hofstede, G. (1991) Cultures and organizations: Software for the mind. London:McGraw-Hill, p. 402, Kindle Edition.

[33] Doz, Y.L.A., dos Santos, J.F.P., and P.J. Williamson (2001). From Global to Metanational,Boston: HBS Press., p. 128

What functions should be done centrally and what should be done locally? Should local offices only have solutions delivery and field marketing, like the offices in the US and in the Netherlands?

From a multinational point of view, the foreign offices should only have the activities that really must be developed locally. From a metanational point of view, however, foreign offices should have creative functions. In the OutSystems case, considering that foreign offices have to include solutions delivery (Page 12, The offices outside Portugal do not have product engineering development responsibilities but have all the departments necessary for field operations. This includes solutions delivery and field marketing.), functions that require innovation and adaptability would have to be integrated into either scenario (multinational or metanational). Moreover, the IT industry, independently of the region, is subject to constant market changes and therefore requires adaptative behaviors.

In conclusion, local offices have a lot to gain with OutSystems technology and technical know-how, as those are probably the principal reasons that led them to forge a partnership with OutSystems. However, for local offices to enjoy success, they must install their own adaptive culture that fosters innovation and adaptation, and again, they can gain this from the OutSystems experience while building its culture. On the other hand, OutSystems should look to these partnerships not only for their sales potential but also as valuable sources of knowledge.

Conclusion

In the subsequent paragraphs, the most relevant conclusions taken from the assignment proposed to students, are revisited: The importance of organizational culture and its adaptation to the market needs, and the potential of innovation behind metanational companies. Afterwards, other considerations are made about how the case illustrates the importance of leadership, group age, and group size in the process of building a culture; and how OutSystems' culture solves the apparent contradiction behind adaptable culture.

Companies, particularly those in the services' industries, are increasingly turning to their human resources as a way of obtaining a competitive advantage. A competitive advantage that could be obtained solely by reducing salaries is contradictory to the desire for prosperity of developed societies. Therefore, the challenge is then to obtain performance, creativity, innovation, and ability to establish relationships from human resources. Thus, the recognition of the importance of organizational culture on business performance makes it an effective tool to address the challenges that businesses face today. An effective organizational culture that answers to market needs has recognized advantages, and can be used as follows:

- An extension of the national culture to respond to the needs of the organization.
- An invisible tool that ensures self-imposed behavioral control, ensuring results that sustain growth.
- A business continuity insurance, given the difficulty of changing a culture once installed.
- A useful promotion tool, since there is an enhanced identification with the company by employees, customers, partners, and any other agent that may interact with the company.

OutSystems is a company with an adhocratic culture that promotes adaptation and innovation. This profile is behind many successful businesses, but what is important to stress is that companies adapt to the culture of the market needs rather than to its typology. We can find other typologies that also respond to performance expectation, such as in the case of many German companies with a professional burocracy typology, of French companies with a full bureaucracy typology, or of Chinese companies with a simple structure typology[34].

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[34] Hofstede, G. (1991). Cultures and organizations: Software for the mind. London: McGraw-Hill, p.315, Kindle Edition.

Within the challenge discussion the findings may vary according to the input given by students, but it is worth noting the potential for innovation and knowledge that metanational organizations enhance. Another important conclusion is that, independent of how growth may occur, depending on their global integration and required local adaptation, companies should not limit their scope with psycological barriers such as **The primacy of the home base**, **The idea that "weight equals voice,"** or **The assumption that local adaptation is relevant only locally**. Moreover, knowledge has value, and knowledge is available in every location of a company; thus, in every company but especially in companies with offices in dispersed geographies, processes to gather and make sense of such knowledge should be implemented.

The case contributes to organizational culture knowledge by gathering OutSystems' testimonials on how their culture was developed. The case presents extensive evidence of the importance of leaders in the settled culture and how being aware of this fact can be translated into practical actions of acculturation. This fact is coherent with the recognized importance of leadership in the establishment and maintenance of the organizational culture ("We also noted that culture and leadership are two sides of the same coin in that leaders first start the process of culture creation when they create groups and organizations")[35].

In this sense, it is worth highlighting that Paulo Rosado (OutSystems' CEO) intervenes in the development of the culture, specifically in the detection of the symptoms that triggered the efforts to build it, in its conceptualization, and in the development of the tools for generating and sustaining it.

Of the various tools designed to build OutSystems' culture, the "Acid Tests of Great Management" are an innovative tool for acculturation built through a remarkable effort to highlight behaviors that conflict with the desired culture. Recognizing the importance of the leaders in the established culture, the tool was initially designed for coaching OutSystems' management team. Paulo Rosado comments on the importance of leaders are simple and illustrative:"Managers have a tremendous influence", says Paulo," The way management acts influences others a lot, and people adapt to management behaviors by repeating them, by reacting against them, and so on." (Page 23)

The case is also illustrative of how group age and dimension are relevent aspects to take into consideration when creating or changing the organizational culture. When a given group of individuals is formed for the first time, its cultural identity is not yet formed, and it is easier to

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[35]Schein, Edgar H. (2010). Organizational Culture and Leadership (The Jossey-Bass Business & Management Series) John Wiley and Sons. , p. 22, Kindle Edition.

influence its culture. After achieving a sense of group identity, which is a key component of culture, culture becomes a major stabilizing force. The culture at OutSystems started being built when the company was still relatively small and the company had many recent hires.

When the dimension of the group is very large, the company culture starts to break into subcultures; this fact results in the need to promote culture. This need for cultural promotion is explained thoroughly by Paulo Rosado on page 22.

The case is about a culture that promotes adaptation, yet culture is a perdurable asset and a stabilizing force. At first glance, this idea seems contradictory. How can you create a culture that promotes adaptation? The case presents the answer to this question. In this sense, the principle of **Ask Why** is extremely relevant. OutSystems promotes a culture of adaptation because it allows and encourages employees to question it.

Through the case, students can realize that an organizational culture well adapted to the market needs is possibly the best tool that companies can offer to employees who wish to succeed. For leaders, the message is simple: to lead a group is to influence constantly its culture. Schein takes this message even further: "for leaders… if they do not become conscious of the cultures in which they are embedded, those cultures will manage them."[36] Finally, for all of us as individuals that belong to multiple groups with their own subcultures: the behavior can be influenced, but, rest assured, it is impossible that we will all become alike — "Peoples will differ, but they have to learn to coexist without wanting others to become just like them. Any other road is a dead end."[37]

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[36]Schein, Edgar H. (2010). Organizational Culture and Leadership (The Jossey-Bass Business & Management Series) John Wiley and Sons , p. 22, Kindle Edition.

[37] Hofstede, G. (1991). Cultures and organizations: Software for the mind. London:McGraw-Hill, p.315-316, p. 402 Kindle Edition.

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