



CREATING CULTURAL CHANGE BY WILL PHILLIPS

INTRODUCTION

Once you have designed and written a desired organization's culture it is then necessary to implement it. This implementation will require some creative thought, as well as a continuous effort. Making significant changes in your culture is a multi-year effort.

WHY BOTHER?

Since culture is a nebulous thing it is often not actively designed or managed. It does always occur however. It is a bit like a cloud-from a distance it is easy to see; when you are in it, it is very hard to see or define. Whenever change is difficult, culture is THE reason for the difficulty. Two separate studies of mergers and acquisitions at two different periods in the 20th century revealed an 85% failure rate in terms of adding long term value. Both studies point to culture as the unresolved problem which blocked the creation of real value.

John Kotter in "Corporate Culture and Performance" (Free Press: 1992) reports the impact of culture in 207 firms studied. Firms whose cultures emphasized serving the customer, the owners and the employees increased revenues on average by 682% over 11 years vs. 166% in firms whose culture did not have these traits. Their stock prices increased by 901% vs. 74%. Their net incomes by 756% vs. 1%. If this isn't reason enough to focus on culture, then turn to the history of military warfare and time and time again, issues of culture or morale are described by outstanding leaders as being crucial for success. Napoleon ascribed success to 2/3 morale and 1/3 material.

HOW CULTURE IS CREATED AND CHANGED

The culture of an organization is largely created by the behavior of its leader. The leader's values and philosophy are revealed in his or her actions and decisions. For example: What is emphasized? What is rewarded? Who is promoted? Who is protected? The culture is the embodiment of the organization's values and philosophy as expressed in these actions. Ultimately the culture tells everyone:

- What is important here?
- How do things really work around here?
- What is expected of me?

In many organizations the leader has not consciously designed the culture, but a culture still emerges. In other cases, the leader's laissez-faire attitude allows individual managers to play a major role in creating the culture. The weaker the top leader, the more likely different departments or divisions may have different cultures.

Culture is not created by signs, slogans, memos or motivational speeches. Employees are pragmatic enough to know that what the leader does is more important than what he says.

Since the culture is created by the behavior of the leader(s), it can only be changed when the behavior of the leader(s) changes.

STEP 1 - Face to Face Meetings

The first step in installing your desired culture, is for the managing director or company president to meet in small groups with all employees. In this meeting, announce the desired culture and explain why it is important. Answer questions. Then pose a number of situations to the group and ask them to solve or respond to the situation in light of the new culture. The situations you choose should be typical of ones that occur in the company which you hope will be responded to differently based on the new culture.

Action Items

By when will we announce the culture in small groups? _____

Who is responsible? _____

STEP 2 - Leadership Behavior

Top managers shape their organization's culture through:

1. Their personal behavior.
2. The organization they design.

Your Personal Behavior

Every employee learns to watch and listen to their boss and superiors to find out what is truly important. You may have said it was important on paper, but do you act that way? Here are the ways that top managers, department heads, etc., build and maintain the real culture through their day-to-day actions.

1. What you say.
2. What you do.
3. What questions you ask.
4. Where you spend your time.
5. What you reward with smiles and compliments.

Without consciously designing your personal behavior to support the desired culture, it is very likely that you will support and maintain a different culture.

Personal Action Items

Now that you are serious about impacting your organization's culture, make a few specific notes about how you will do it with your personal behavior on a day-to-day basis as you interact with fellow employees.

1. What will I say? (or stop saying?) _____

2. What will I do? (or stop doing?) _____

3. What questions will I ask employees? (or stop asking?) _____

4. Where will I spend time (or stop spending it)? _____

5. What will I reward? (or stop rewarding?) _____

Feedback

To help keep on track, you can periodically ask those you lead to tell you how well your personal behavior is supporting the desired culture. Also, ask for specific examples of how your personal behavior does not support the desired culture.

Action Items

Who will ask? _____

When? _____

See also the small gem of a book "Walk Your Talk". It gives leaders guidance on implementing change. It is available at 2925 LBJ Freeway #201 Dallas TX, 75234-7014 1-800-888-2811 \$18.95

STEP 3 - Solving Problems

The single most powerful way to change an organization's culture is by solving problems with a process that supports the desired culture. The problems selected must be of real concern. Thus, if there is poor interdepartmental teamwork and the desired culture encourages such teamwork, choose a significant problem between the two departments and solve it by having department members work together as one team to solve it. This may require a trained facilitator and/or trained team member to actually follow the basic guidelines for working as a team to solve a problem.

The result of such task teams will be twofold: First, they solve problems which they are concerned about; Second, they did it using a new approach - teamwork. This changes the culture.

STEP 4 - How the Organization Supports and Maintains the Culture

The design of the organization can support or block changes in the culture in six broad areas.

1. **PURPOSE.** Does the organization have a purpose which is clear, agreed upon and meaningful to all? Is the culture consistent with the purpose?
2. **STRUCTURE.** What jobs exist? Which don't exist? What are people held accountable for? What is in the job descriptions?
3. **INFORMATION SYSTEM.** What is measured around here? What is reported around here? If you never measure or report anything tied into the culture, then it soon becomes apparent that the culture on paper is not valued. If the only thing you measure is profit, then profit will become the main theme in the culture.

4. **BUDGET.** Where are your resources spent? Are the resources and the culture in sync?
5. **INCENTIVES.** What are people evaluated on? What do they get promoted for? What must people do in order to get raises or bonuses? If someone doesn't support the culture over a long period of time, are they fired?
6. **PEOPLE.** Who are selected? How are they trained, socialized, and integrated into the organization?

Organizational alignment occurs when the above six elements of an organization support the culture and one another. Obviously, any changes made in these six areas must be in sync with the desired culture. It is less obvious, but more important, that the changes be made with a process that is in sync with the culture. Thus, if your culture encourages open communication and teamwork, you should make any changes in the above six areas using a process of teamwork and open communication. If you ask key people to be open and team players, but then change the organization's structure without involving them they will see that teamwork and open communication are not the real culture you desire. It takes several years to systematically change and align these six elements. When this alignment occurs, the new culture is on its way to being institutionalized. It is in the organization's genes. The culture can now be transferred to new generations of managers.

Without this in-depth support, the old culture will reassert itself as soon as the leaders relax!

Action Items

Which of the six areas are likely to undermine our desired culture most seriously? _____

When will our top management team adhere to these? _____

STEP 5 - Cultural Communications

The important items in the culture must be communicated continuously through such things as announcements and memos (the least effective methods), and through such things as rituals, ceremonies, stories, antidotes, logos, in-company heroes, symbols and training. These latter methods are more concrete and effective. Cultural communications are best communicated by people who are highly respected within the organization.

Justifications of Behavior

Whatever the culture is that you desire, it is important that there are clear justifications for supporting it, otherwise people are likely to pursue the culture simply because it's "required of us" or "the way to get ahead." People need to see the inherent worth of the culture. In some cases, the values may be obvious, in other cases, market research may be necessary to demonstrate a need for better customer service.

STEP 6 - The Cultural Review

If you are really serious about installing and maintaining a desired culture, you might assemble a diagonal task force every three to six months to review major decisions, changes and any crisis that the organization responded to. The way to review these areas is to hold them up against the statement of desired culture and see if, in fact, the culture influenced how you responded.

It is also possible to simply make a list of the desired culture items and have a group of individuals rate how strongly and consistently they believe the items are being pursued on a scale from one to ten. Redoing this rating every three to four months will give you some sense of whether progress is being made.

Action Item

How will we review progress on changing our culture? _____

When _____ Who _____

A Sample Desired Culture

We commit to an interactions which:

1. **Is Communication Rich and Proactive:**
 - Each makes an effort to be informed about the whole Museum.
 - Each listens with sincerity.
 - Each is heard with respect.
 - Open, frank, full and proactive communication on all Museum-related issues.
2. **Harnesses Conflict Productively:**
 - Tough issues are put on the table sooner rather than later.
 - Taking time to fully discuss the important issues.
 - Disagreeing without becoming disagreeable.
 - Including more rather than fewer in the dialogue.
3. **Considers our Impact On Others:**
 - Learn where our actions need coordination with others.
 - Think ahead about how our actions impact others.
 - Proactively negotiate the integration of our actions with others
4. **Is Committed To Our Purpose** and the actions to achieve it:
 - Decisiveness in resolving issues.
 - Support by all when a decision is made.