Fact-File 26: Getting the Culture 'right'… "X" Factor in Change Success

Extract from our program Guide on Leading Culture Change

Leading Culture Change

Culture change is on almost every leader's lips these days. Culture and leadership, as Edgar Schein says *"are two sides of the same coin - one cannot understand one without the other."*

Leaders are often told *'getting the culture right'* is the most critical thing to focus on for sustainable results – and we frequently define a great leader as someone who turns a dysfunctional culture around.

Research shows culture profoundly affects every facet of an organisation. It determines what's possible or not and it's arguably the 'X' factor in change success. Companies from Google to Virgin are quick to trace their success to dynamic cultures that foster high levels of commitment, innovation, employee satisfaction and identification with what the firm is all about.

> "The big secret to our unique Virgin culture is simple – there is no secret! We just know that creating and maintaining our enviable culture is all about infusing our core values into everything we do - we get that right and the Virgin culture just flows. Our culture is unique – we know it, we're proud of it and we work hard to make it a reality." *http://www.virginblue.com.au/ AboutUs/Cultureandvalues/index.htm*

"We need to change the culture" is a much-repeated management mantra, yet culture is notoriously difficult to change. It wins outs time and again over attempts to change it.

It sometimes seems so intangible, elusive and hard to grasp. In frustration, some toss in the towel, dismissing culture as one of those soft-issues that's too fluffy and ephemeral to manage. Other times, it gets discounted as a trivial side-show or distraction not deserving of serious attention. Both of these views are wrong.

❒ Culture may not be an obvious factor that impacts organisation performance, but many factors that dislocate a culture often have a detrimental effect on business too.

❒ As long ago as 1984, Denison demonstrated how staff involvement seemed to be linked to financial performance – suggesting certain cultural traits can predict organisation performance/effectiveness (Daniel Denison and Aneil Mishra in Organization Science, Vol. 6 No. 2, March-April 1995).

> "There is now abundant evidence that culture makes a difference to performance; we know that leaders increasingly need concepts and tools for working with culture in varied and subtle ways." Ed Schein *The Corporate Culture Survival Guide*

Most leaders are acutely aware how constructive cultures help people perform – and equally aware how dislocated ones breed under-performance.

❒ Great cultures are both talent-attracters and retainers. Everyone wants to work there *and* they want to stay. *People often leave a place because they don't fit in the culture*

❒ Constructive cultures help people achieve, sparking-off higher levels of commitment and engagement. *Disengagement is epidemic at work, with huge indirect losses in productivity.*

❒ Exceptional cultures generate energy, ideas and improvement – they create cohesion and help people get along well, collaborate with each other, and stick together. *Disgruntled, de-motivated people drag down these things.*

Culture is often the hidden factor in change success too. For instance, change strategies that work in one organisation can fall flat in another – and the variable is often culture. While there are no magic bullets or quick-fixes, if you understand culture, and learn some lessons about what seems to work and what doesn't, then you have a chance of changing it for the better.

But before we go any further, let's get a handle on what really makes up culture…

What Makes 'Culture'?

Culture is commonly described as *"the way we do things around here"* but it's much more than that:

❒ Culture comprises things we have to know, do, think and say in order to be accepted and identified as part of a particular group.

❒ It's the cryptic encoding that determines how people co-exist, how they respond in various circumstances and how they make sense of what happens and what is done. Culture's the glue holding everything else in organisations together (Goffee and Jones 1996).

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❏ Put simply, it's the sum total of everything that's been going on and continues to be ongoing in an organisation.

> Ed Schein, long-time cultural thinker, says culture is "a pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration – that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems."

Of course none of these general definitions really get at the components that make up a culture. We often describe culture as a 'cloth' composed of many threads – myriad, complex interplays between many, often unnoticeable, patterns of…

❏ **Thinking:** prevailing mental models, values, beliefs and tacit assumptions held collectively that often operate unconsciously and define in a basic *'taken for granted'* way, how we see the organisation, how we see ourselves and how we see each other

❏ **Behaving:** the accepted behavioural rules resident in a culture that govern the way people interact. These rules aren't usually explicitly stated but they're implicitly, and again, unconsciously followed anyway.

What makes up Culture?

❏ **Tradition:** the stories, myths, legends, creeds, customs, rituals that store meaning, create cultural identity, continually reinforce the prevailing culture and deflect efforts to change it.

❏ **Feelings:** the stream of underlying emotions people most commonly experience, display, act out or hide that flow through a culture, affecting how we treat each other, how we behave, how we think and how satisfied, productive and happy we are at work.

❏ **Conversations:** The nature and quality of conversations we have that include how open we are, how we handle disagreements, what topics can be discussed and which are 'undiscussable'.

❏ **Leadership:** The style of leaders, how this resonates with people and how their words and actions are perceived by others

❏ **Responsiveness:** The way people engage with and respond to change in their external environment; how reactive or pro-active and how rigid or adaptive the organisation is, in navigating political, environment, social, and 'futures' contexts.

Cataloguing cultural components provides some markers to measure culture against, but keep in mind it's overly-simplistic. Taken too literally, a components-approach can trick us into:

❏ Thinking we can grasp culture by breaking it down into basic elements or characteristics

❏ The delusion culture can be easily controlled by simply adjusting or replacing parts

Culture isn't a machine you can just 'fix' or adjust. There isn't a culture control dial somewhere in your organisation to twiddle. While we all act to generate, preserve, influence or change it, culture is an ephemeral entity that isn't inside anyone's particular sphere of control.

So what's the bottom-line on change and culture? As long as you get most of the same outcomes, on balance it's easier to change your change to suit the culture if you can, rather than change the culture to suit your change. Often though, culture itself *is the* major block to change success or survival so you have to tackle it. So let's look next at some traps to avoid....

Traps of Culture Change

When new leaders come into an existing culture, they're faced with excruciating change choices:

❏ Do you dismantle the existing culture and get rid of the old culture carriers?

❏ Do you attempt to superimpose your own beliefs, values and assumptions on it?

❏ Do you give in to the current culture and simply try to make improvements inside it?

❏ Do you adapt enough to figure out what's going on, then gradually try to re-shape it?

The first difficulty in changing culture is finding it. Culture is intangible, hard-to-grasp and hard-to-

measure. For instance, when we take a S*ystems Thinking* view of culture change, it shows that:

❑ No-one objectively observes culture because we see it through the distorted prism of our own cultural preconceptions and prejudices

❑ Cultural components can be an asset in one context, a liability in others and the ones we think are key may not be at all. As Ed Schein says, lots of time can be spent mapping culture, yet you *"still have no way of knowing which dimensions are the important ones."*

❑ The levers on the 'culture-machine' we think we use to control or adjust it may have no effect at all – or have unpredictable flow-on effects on the culture you really don't want.

Another reason culture change attempts fail is they're often shallow and short-term, while culture is deeply embedded. Changes can be absorbed, neutralised or rejected by the dominant culture. Like onions (or Ogres if you're a Shrek fan), all cultures have layers. You can change surface trappings, without affecting the deeper culture.

❑ A culture can handle a change to procedures, adapt to a new piece of technology or even welcome changing a poor work process, just so long as it doesn't challenge cherished mental models or ways of being. If it does involve deeper changes to cultural sub-currents, or it's seen as a threat to cultural identity, resistance is staunch.

❑ It's these deep layers you need to get to because change there reverberates through the entire culture. But changing these deeper layers is always hotly contested, since long-held assumptions and beliefs are challenged that people tend to defend fiercely.

Here's a few more culture traps to avoid falling into or at least be aware when they come up:

❑ **Top-down change** isn't culture change. It's cultural conquest or take-over. Real culture change means everyone being involved on an equal footing, not imposing your ideas of what a good culture looks like on the rest

❑ **Going to ground:** A new executive arrives and turns the culture on its head, only to find it goes to ground and re-emerges once they move on.

❑ **Top management turns turtle:** They say they want culture change but turns out they weren't committed to it in the first place or back off if they see it inconveniences or threatens them. Culture change can touch on control, privilege, significance or vulnerability nerves, so top managers turn turtle.

❑ **'Yes-ing' to death.** Everybody says yes, they support the change but do nothing to make it happen, clinging covertly to the old culture.

❑ **Absorption** is where the culture acculturates the culture-changer, wearing down energy and gradually absorbing them over time.

❑ **Casting out culture:** Creating the impression that everything about the current culture is bad and needs re-casting raises resistance.

❑ **Structure influences culture.** We know that structures affect behaviour – and you have to shake up normative processes a bit to shift a culture. Trying to change behaviours without changing systems that systemically promote or allow these won't work.

Finally, there's **the quick-fix mentality**. Culture change means working at relational, emotional and cognitive levels. Bottom-line managers who want tangible solutions and concrete action plans have little time or tolerance for such soft areas. It's easier to spend time and money on changes that are 'practical' like new systems or processes – things you can see and touch.

It's much harder to justify spending time and funds on intangible changes. Yet, ironically, it is the failure to address culture that is at the bottom of many failed change initiatives.

Taking on Culture Change

Taking on culture change takes persistence, determination, courage, resilience and at times, a thick-skin. The old culture-carriers will do almost anything to stop you: sabotage, sedition, personal attack, threats, or "passive immobility", where people simply stop working and wait for you to tell them what to do. Here's a few tips to give your culture change more grunt…

❑ **Over-analysing**. Don't waste too much time analysing current culture. You've decided to change it, so why bother. Focus on where the culture needs to be, not where it's been.

❑ **Keep up pace**. Conventional wisdom says it takes years to change a culture. Don't let that

lull you into thinking that's the timeframe for action. Act fast, keep up the pace.

❑ **Make big impressions early.** Meek little adjustments slow momentum and allow the current culture time to defuse the change. Do things that destabilise the current culture so it can't reconstitute and re-absorb your change.

❑ **Don't let current culture dictate the terms**. Your change will stall if you allow the current culture to say how it should be done. It's a bit like inviting your enemy to draw up your battle plans. They'll go for slow, steady, cautious and small (if they go at all!) when what's needed is fast, dramatic and bold.

❑ **Take actions outside the 'norm' –** ones that break with past ways of doing change. You'll have difficulty creating a new culture if you do it in the comfortable ways of old.

❑ **Be persistent and expect flack.** People will question your motives, accuse you of being ego-driven, selfish, uncaring, insensitive or even stupid. Stick to your purpose.

❑ **Keep focused on outcomes.** Be clear on what you want. Change releases energy so harness it. Give people clear targets. Empower those who are positively charged, sideline the negative.

❑ **Reward new behaviours.** Supporting the new culture needs rewarding. Sticking with the old needs to get painful. Change reward systems to recognise behaviours you want and consistently confront ones you don't.

❑ **Break up bureaucracy.** It's part of the old culture and it will hold you back. Resisters will try to entangle you in it. Be careful you don't give them cause by overlooking rules that count, but do away with worn-out-rules and rituals that are the leg-irons of the old culture.

❑ **Communicate in all sorts of ways** and don't rely on standard channels. They won't cut it and some are expert at fouling these up. Get conversations out of corridors and into public *all-in-the-one-room* forums. Talk up the new culture and keep dialogue going non-stop.

❑ **All players – no passengers.** Involve everyone in some way in taking actions to help with the new cultural direction.

❑ **Accept there will be casualties**. It's tough – but it's tougher to see your good people go because they can't work with the old cultural guard. Sometimes of course, you don't have to get rid of the people – just their behaviour.

❑ **Be the change you want to see in others.** Consistent modelling of new behaviours potently signals things are changing. As the agent of change, you lead the way through example – and publicly recognise others who are breaking the old cultural mould too.

❑ **Leverage learning.** Don't underestimate how powerful new concepts and new learning can be to change old ways and learn new ones.

❑ **Manage meanings and messages**. Change artefacts and rituals that are inconsistent and sending the wrong message.

❑ **Put culture on the strategic agenda** – but ensure the reason for it is business-focused. The top team can present the improvement program that includes culture change as part of an overall strategic plan and regularly communicate progress with performance results and examples of good practice.

Some days, you'll wonder whether all this pain and effort is worth it or even whether you're doing the right thing creating so much mayhem. It's heavy-duty, agonising and emotionally taxing. But it's better than standing on the sidelines, while good people lose jobs, competitors overtake you and the whole place goes bottom-up.

Warm, welcoming, connective and constructive cultures are fulfilling, stimulating and engaging, which means people are more self-motivating and productive. Healthy cultures generate energy, positivity, joy, a sense of belongingness and mutual support – and they're more stress-free. So creating more constructive cultures is not only a good thing to do for social and emotional reasons, it makes good business sense too. ∎