

Cultural Transformation

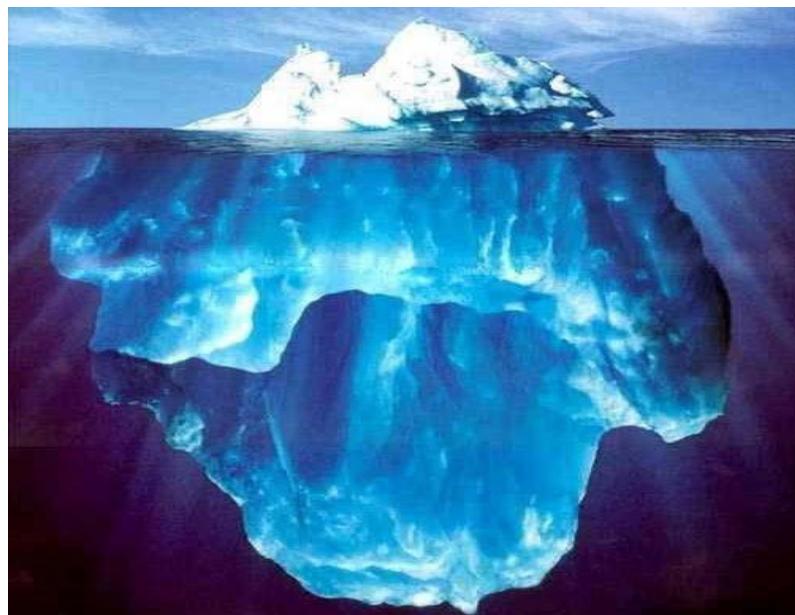
by Karen Ayas

The essence of any business transformation is cultural change, yet this is also the single most difficult challenge. Everyone wants “the culture” to change, but what is culture? And how do you change it?

What is Culture?

Culture can be superficially described as “the way we do things around here,” but is actually **learned behavior** that manifests itself at different levels, mostly invisible.

The levels of culture go from the highly visible and observable, like the tip of an iceberg, to the very tacit and invisible, such as the undercurrents beneath the iceberg.



At the tip of the iceberg, you can observe public statements—the ideals the company claims to stand for, the espoused values that hang on its walls, the standard practices that provide some information about the company.

If you hang around, you begin to get the smell and feel of the place and observe how meetings are run or how messages get communicated. As you begin to scratch the surface, you can describe the behaviors that are typical of the culture; however, unless you understand the drivers of these behaviors, you cannot really understand the culture.

What actually drives daily behavior is a deeper level of thoughts, feelings, prejudices, fears, beliefs and underlying assumptions. The essence of culture is the jointly learned behavior driven by values and beliefs and, over time, totally taken for granted as “a way of life.”

The Ripples Group

Cultural Evolution

Driven by its founders' values and beliefs, every company has a purpose or "raison d'être" (clearly articulated, at least in the beginning!) and unique DNA. Initially, culture is shaped by the founding group and evolves through the leaders that join. Ultimately, all senior leaders are what Schein, author of *Corporate Culture Survival Guide*, refers to as "culture carriers" in an organization. Leaders demonstrate the values or beliefs in action through their daily behavior.

Whom you attract to join the organization, whom you move to the senior leadership positions, and what type of behavior gets recognized over time all contribute to the cultural evolution. As the organization matures and grows in size and complexity, subcultures will inevitably emerge based on functional and geographical differences in values and beliefs.

Schein argues that culture or any subculture can only evolve in the desired direction if managed at the deeper, tacit level of underlying assumptions—i.e., unconscious, taken-for-granted beliefs, thoughts, perceptions, and beliefs.

For instance:

- Whose opinions really matter? Why? Is this due to personality, expertise or position?
- What defines success? Is it solely based on meeting financial targets?
- Who approves travel? Does this communicate trust or mistrust?
- What happens with non-performers? Is there a consequence to non-compliance?
- Do meetings start and end on time? Does that communicate a lack of respect?
- With whom does the leader share information? Does this indicate lack of openness?

The underlying assumptions that guide observable behavior are tacit, yet they become the drivers of a reinforcing cycle that feeds into "the culture." A newcomer in the organization, who may question the taken-for-granted behavior, will hear statements like, "Don't worry, you will get used to it. We never stick to the plan, and no one has ever delivered on these targets."

The most dangerous aspect of cultural evolution is that, over time, **culture begins to drive the behavior of the leaders, rather than being shaped and transformed by those leaders.**

Leaders can shape the company culture with their own daily behavior and decisions. This could be demonstrated by:

- How they react to critical incidents and crises
- What they pay attention to, measure and control
- How they allocate scarce resources
- Whom they hire, promote and reward
- What they choose to put in the spotlight
- What they consider non-negotiable
- How consistent they are in what they do
- What rites and rituals they choose to maintain
- What stories they tell and what message they deliver
- Their formal statements and communications

How to Change Culture

One cannot change culture directly, only indirectly. Cultural transformation requires paying attention to all the elements that impact daily behavior. For instance, most important elements of

The Ripples Group

culture are deeply embedded in the structure and shaped by the major processes of the organization. Compensation systems, allocation of resources, prioritization of budgets, reporting relationships, recognition and rewards, hiring and promotion paths, the number of layers in the organization structure, the nature of communication, and information sharing are all integral parts of the culture and continually reinforce the assumptions of how to conduct business.

You can renew and reshape culture, but you should never try to change the DNA of the organization. As Schein states in *Corporate Culture Survival Guide*, “To succeed in cultural change, the focus should be destruction of a few dysfunctional core elements and revitalization of other cultural elements that have eroded but are still part of the DNA of the organization.”

Cultural transformation requires replacing the taken-for-granted underlying assumptions that drive the dysfunctional elements of culture and creating a new set of shared values and beliefs. The desired behaviors and the required end-state must also be made explicit. Often times, there is talk of transformation without a real identification of the dysfunctional behaviors that need to change or a description of the key desired behaviors.

As for creating a new set of shared values and beliefs to shape the desired culture (or subculture), the majority of cases require changing the leaders themselves and bringing new leaders with different values and beliefs, who will question the previously taken-for-granted assumptions underlying dysfunctional behavior.

Building a community of change leaders becomes critical to true success in effecting deep cultural change, which ultimately impacts the behavior of every member of the organization. The larger the scale of the change, the greater the need to accelerate it. This can be achieved by tapping into the power of large groups. Traditional cascading will not be sufficient to build momentum and identify the “believers” who can deliver the right messages.

Needless to say, building leadership capacity at all levels is critical to the process. In addition to the traditional leadership or talent development that may exist within the organization, such activities may take the form of:

- Workshops on leading change for the senior-level executives
- Change initiatives driven by high-potential leaders
- 360 feedback on change leadership behavior
- KPIs revised to reinforce the desired behaviors
- Excellence awards to create visibility

Observable results in behavior will take at least 18 months, assuming culture change is well managed, and it is important to set the right expectations, enthusiastically spotlight the pockets of excellence, reward the desired behaviors, and celebrate progress.