

The Role of Culture in Change

by Malcolm Anderson

What is Culture?

People talk about culture in organisations as if it is something tangible - an asset (or of course a liability), and yet at the same time culture is treated with some awe because it is also intangible in the sense of seeming to be out of anyone's control. You also hear people talking about the need to fix the culture as if that will make everything OK. Achieving the right culture is often cited as the most important thing a leader can focus on to deliver sustainable bottom-line results.

Defining culture is notoriously difficult as most who have written on the subject and everyone who has designed an instrument to try to measure it have their own theories to confuse the issue. I have always taken a particularly pragmatic view given that if you are not careful, you could spend much time and money and not get a useful result (whatever that might be). Simply put, the culture of an organisation can be described as the propensity for the people of the organisation to tend to behave in particular ways in given circumstances. There are many survey instruments that claim to demonstrate and measure what those propensities are and only a very few that can scientifically shed light on the root causes.

Why should we worry about it?

In this context it is important to appreciate that culture is the product of a range of variables, not a cause or construct in itself. Consequently spending time fixing culture itself is pointless if you are not going to fix the organisational dynamics that have caused the cultural landscape to be shaped in the way that it is. The challenge for many of measuring, developing and changing culture has left many cynical about the whole topic deriding it as "people stuff" to be left to those touchy-feely people in the HR function.

This view would perhaps be understandable, if it were not for the fact that to dismiss culture on this basis would be, at least, a missed opportunity. In the decade 2020-2030 the number of new entrants to the Australian workforce will be about a tenth of what they were on 2000. What does this mean for employers? It means that either we use technology to employ fewer people and/or we find ways of making our organisations much more attractive so that we can recruit when we need to, and more importantly, we can retain them for longer periods, even beyond the present retirement age. That means ensuring the culture of our organisations will meet these goals: happy, productive, and conducive to learning.

The Importance of Culture to Capability and Performance

Indeed, the key benefit of cultural programs which is often overlooked, is their ability to motivate people to address and change any aspect of an organisation. Such programs provide a forum for employees to talk about the issues that affect the success of the organisation, and act as a catalyst for real business change that improves the bottom line.

People who are unhappy, distracted or confused don't perform well. They don't add value to organisational capability and they are likely to detract from your reputation and effectiveness. That is the top and bottom of why business leaders should be concerned with culture. Let me clarify this point. Culture is worth tackling and maintaining because it is a fundamental input to capability and performance – but it is not an independent variable. This means that as with any investment in an organisation you need to take care defining the problem so that the solution will deliver the sustained cultural, capability and performance gains you seek.

Defining the Problem

The logical approach is first to benchmark your organisation's culture and you can then use this information to analyse and make recommendations, which will pave the way for a well-developed and executed implementation plan for change. This process should be ongoing, with regular reviews at one - and two-year intervals in order to sustain success.

To quantitatively measure the culture of your organisation, use tools that will identify the behaviours of staff and the assumptions and beliefs that underpin them. These tools will empower the change team to make a business case for their recommendations, as well as enabling them to compare your organisation's results to those of others.

There are a number of key points to consider when choosing a diagnostic tool:

- Does the tool use clear, direct language? It can often feel as if you need a psychology degree to understand some of the products on the market.
- Critically does it demonstrate the link between the behaviours and your business outcomes? In my view there is little point in surveys of culture and staff satisfaction alone. Unless they can demonstrate the nature of the contribution (positive or negative) to business success of particular behaviours, then they are worse than useless. Let me emphasise - such tools are not only expensive window-dressing, they can be a serious waste of time and effort and even make problems worse. All they do is provide pseudo-statistical evidence that people in certain parts of the organisation are more or less happy without clear causal links to why that is or what impact it has on the organisation or its customers.
- The credibility of the tool and program of improvement depends on a clear statistical link between cultural traits and business or other organisational results including employee satisfaction.
- How much does it cost? Diagnostic tools are normally questionnaire-based surveys charged at a "per user" rate and often these days available online – though some organisations with

strenuous security will need to take care with deployment. Surveying the whole organisation is not necessary for statistical significance, but is beneficial in terms of involvement and buy-in. (By organisation I'm alluding to the unit in question which might be an agency or department – you don't have to achieve everything at once – in fact it's sometime counter-productive to try!)

- A questionnaire-based diagnostic tool will give you quantitative data, but this should never be seen as the totality of your diagnosis - real value comes from employing qualitative methods. Consider using focus groups for a representative view of employee opinions; leadership interviews to uncover leadership alignment issues; and past cultural data. Also, remember the all-important coffee machine conversations, as these can often provide a unique insight.

As an important aside, it is critical to appreciate that conducting surveys and interviews of key staff raises expectations that you intend to do something as a result. It is imperative that results and early analysis are communicated widely through a well-developed internal communications process. Immediate feedback builds leadership credibility and organisational commitment to change. Absence of communication reinforces cynicism and a belief that leaders go through the motions to placate the masses without any intention of listening to their concerns. Even if you will do nothing for whatever reason, you must communicate your intent and reasoning or you will make capability and performance worse by your own cynicism or negligence.

Designing the Solution

Typically, observed behaviours can be attributed to two things: the attitudes and beliefs of individuals and the organisational system that people work in. While analysis of staff attitudes and behaviours in relation to your business goals can provide a much-needed insight into the dynamics and value of your organisation's culture, it is essential to use the opportunity to identify the root causes and hence prioritise matters against business objectives. It is important to take care to ask the right questions when drilling down - asking 'why does that happen' until the root becomes clear.

The strategy and the solution for tackling the priority issues are unlikely to be simple or easy, so you must be sure you have chosen the right things to fix, that you are clear and important, and that you have sufficient top-cover to stay the whole journey. Clearly, as with any change, if this is backed up by sound data and clear deliverables, sponsors and stakeholders will feel more able to stay the course.

The solution is certain to contain a combination of system and people strategies to ensure that you will not try to alter people's thinking and doing without accordingly altering the day-to-day demands under which they work. Individual departments should be encouraged to take ownership of local change schemes. While such plans should be shared and agreed by the top team (and communicated in the context of the overall program), involving people at all levels of the organisation will ensure greater success than a top-down approach.

Making it Happen

The top team should present the improvement program that includes culture change as part of an overall strategic plan for the organisation and regularly communicate progress with performance results and examples of good practice. These plans then need to be tracked at regular executive meetings and the whole implementation owned by the top team.

By putting culture openly on the agenda, a meaningful dialogue can take place about workplace practices and behaviours, and importantly, the causes of them. The focus will be organisational performance, and the diagnostics will encourage the whole top team to embrace the agreed changes - to communicate the shared vision, adjust organisational systems and processes, transform training and development programs, and be prepared to alter the way your organisation interacts with its customers.

It's still too hard!

Yes, forgive me for being a cynic, but I've been saying this stuff for a long time. As I write this, the end of 2006 is approaching. Indulge me a moment. In a recent organisational analysis I came to reflect that I conducted my first consulting assignment in 1978. Now it was abundantly clear to me in that work, back then, that what was needed was not another system, but a recognition that staff in the electricity company in which I was working needed help with how to listen and treat each other and customers. It was also clear that engineering focused managers were not looking for some such intangible solution.

The crux of the matter is that it often takes an insightful, even brave manager, to recognise and be prepared to spend money on fixing something that is so challenging. It is easy to spend time and money on some change that is tangible like new systems or processes - you can see them and touch them even if your staff are not very good at doing them! It is much harder to justify spending time and funds on intangible change. Yet it is this that causes many of our problems.

Look at managing individual performance. Most performance management systems you've ever seen are honoured in the form filling and much less in the honest, open but perhaps confronting discussion about a person's performance. Managers are not really trained to do that, and/or find dealing with difficult people too difficult in a very busy day. So the under-performance is accepted and the damage to the overall culture is done and reinforced. 'If they can do that - then I can too.....'

That may have worked when there were more than enough people to go around, or there were redundancy packages for those who didn't fit. But those safety nets have long gone. In the next few years we have to get good at facing up to the real performance challenges in business - the people and culture challenges. And you don't have to start with a big bang. There is nothing at all wrong with sticking a toe in the water with part of the organisation that is facing a new challenge, working out how cultural change can help them, and then looking at next steps.

So, here is my challenge to you, the reader. What are you going to do that will make a difference in your organisation: to challenge dysfunction and under-performance, and make your place a great

place to work, with an employment brand that stands out from the crowd, makes the best want to work for you - and not want to leave?

Checklist for Culture Change

- Conduct a cultural diagnosis - if you know change is needed in your organisation but are unsure what exactly is required or how to go about it, use a cultural diagnostic tool.
- Use quantitative and qualitative techniques - qualitative approaches provide a forum to discuss issues, while quantitative results can help to provide the business case for change.
- Look at the root causes - don't get caught up in the symptoms.
- Use the process to obtain buy-in from leadership - cultural diagnostic data provides facts that leadership teams need to address, rather than opinions that can differ.
- Get high-level buy-in and engage and encourage individual departments to take ownership of local change schemes.

My thanks go to Duncan Wardley, Associate Partner at Atos consulting in the UK whose thoughts and articles inspired this piece.

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