Culture In This Age
Marianne Tracy, PhD

It's well established that corporate culture is a powerful determinant of overall business success. Remember the old adage that "culture eats strategy for breakfast?" Well it's true. Culture has been proven to either accelerate or impede achievement of strategy, which is why culture needs to be looked at in the broader sense of what your organization is trying to achieve – from both a business and human capital perspective.

I believe that culture serves as the fundamental glue that binds the various aspects of an organization to achieve superior business results. For that reason, culture cannot be undertaken in isolation. At its essence, culture is about ensuring expected behaviors are clearly defined and understood, integrated into the organization's processes, systems and structure, measured by leadership, and reinforced through rewards.

Culture is measurable much like other aspects of corporate life. My approach to culture assessment is based on measuring various aspects of behavior, assumptions, values and leadership. With rigorous diagnostics and analysis, as well as determined and perceptive leadership, companies can make formidable shifts in their culture to achieve higher performance. And organizations that do so reap the benefits through their focus on developing their desired culture.

Culture as a Powerful Determinant of Overall Business Success

Corporate culture is a key ingredient in organizational success. However, one would be hard pressed to find a story about a company that has fallen to their knees during last year's economic recession that does not attribute part of their demise to an element of deep-seated culture – their values, assumptions, behaviors.

Culture Defined

So what is this elusive concept of culture, anyway? A fairly standard and accepted definition is that an organization's culture is its shared set of assumptions, beliefs, values, understandings and meanings that guide the perceptions, judgments and behaviors of its people.

One way to understand culture and its importance more deeply is to compare it to the "operating system" of a computer. When the operating system is functioning well, it is in the background and not thought much about at all. But when something malfunctions, it can be quite destructive to performance. Just as an operating system controls a computer's tasks and manages system resources to optimize performance, culture drives the behavior and performance of people—from the newest to the most experienced employee. And it becomes so internalized by employees that it is then taken for granted, only coming into the forefront when challenged.

Culture stems from what the organization believes – not what you say but what you do (or what you do not do). It is about setting expectations, then taking a hard look at the actions and behaviors of people, and the pace, accuracy, and degree of connectedness within which these actions and behaviors occur. It is about leadership visibly modelling the desired behaviors. It is about ensuring your people have the

right skills and capabilities to execute the strategy. It is about structuring your organization to support the desired goals. And, it is about ensuring processes and technology enable the strategy. Culture is not an espoused list of values developed by a group of executives at an offsite; it is the unwritten rules evolved over time about how things work around here.

Culture can be Changed

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Recognizing the need for culture change

How do you know if your culture is working for you or against you? Although individual experiences may vary, the following are some typical indicators that culture alignment or transformation is needed. Think about your business and ask yourself the following questions:

- Is my company undergoing a significant corporate transformation or change in business strategy (i.e., outsourcing, systems integration, international growth strategy)?
- Are we thinking about acquiring another company and integrating a new workforce?
- Can we anticipate and respond to changing customer and market demands successfully?
- Is there new leadership, or lack of leadership alignment and clarity around the direction of the company?
- Do best performers stick around, or leave because of limited opportunities to advance their careers?
- Do individuals in the organization have the capabilities and experiences we need to drive strategic priorities today and tomorrow?
- Are employees holding onto old ways of working and not adopting new behaviors, or are employee behaviors resulting in less than optimal productivity and quality outputs?
- Is the organization structure creating silos and hindering ability to execute and serve customers?
- Are performance management processes misaligned and encouraging the wrong behaviors?
- Are you continuing to lose market share and customers to competition?

Culture Transformation is a systematic and disciplined approach to align tangible and intangible culture elements to support an agreed upon strategy, thereby enabling employees to understand, accept, adopt and sustain new mindsets and behaviors that enable large-scale change. In other words, Culture Transformation aims to shift the collective mindset to support an organization's strategic intent and gain measurable performance improvements. It is a critical component of an overall business transformation effort, permeating every aspect of organization transformation.

When it comes to building a new culture, it is essential to focus on behaviors. Culture is more than a concept; culture change must be converted into specific behaviors that are defined, enacted, reinforced and measured. Since organizations are made of people - changing culture is about targeting the desired human behaviors and embedding them into all aspects of the organization.

To understand how to change culture, we must first understand and articulate the cultural components that are "above the line" versus "below the line". By above the line, we refer to cultural indicators that can be seen and experienced: symbols, slogans, and ways of communicating and so on. Those are

explicit levers that an executive can actually pull. But below-the-line components are deeper, more substantive—values, morals, assumptions—that cannot be directly manipulated. A good leader is always aware that, ultimately, it's the values and assumptions that must be changed. This takes time.

There are no quick fixes to cultural challenges, of course; developing a healthy and resilient culture requires long-term management programs. Creating a culture aligned with strategy is something achievable to those who work to understand and pull the cultural levers that can lead to better performance.

An actionable Culture Change Plan serves as the roadmap for culture change. It details each prioritized culture change initiative and the list of agreed upon interventions to shift the culture, leveraging each element of the organization to drive lasting change.

My experience shows that strong management capabilities, including effective leadership and governance, are essential to any transformation. The alignment and collective agreement from the top leadership team all the way to frontline management must be apparent to the entire organization. And that means that an executive vision for change must be backed up by executive behaviors demonstrating and modeling how the company is expected to operate and how people are expected to perform. Every action of a senior corporate leader becomes symbolic.   A leader has to show the organization and its people how to behave in new ways.

Some organizations falter in their attempts to establish viable culture change, because, after an initial push, not enough work is done to sustain the culture over the course of time. Dedicated efforts to stay the course are critical to achieving sustainable change.

Although executives often believe they can easily control their corporate culture, in fact the direct manipulations of management often do not produce the desired results. Based on my experience, here are the top 10 most important influencers of corporate culture.

1. Behavior modeled by management
2. What leaders pay attention to, measure and control
3. Performance and promotion systems (reward systems)
4. Criteria used for recruitment, selection
5. Leaders' reactions to critical incidents and crises that threaten survival and test the values of the organization
6. The organization's formal and informal design and structure
7. Systems, policies and procedures that determine how work is done
8. Stories and legends about key people that are told throughout the organization
9. Ceremonies (company celebrations, awards, rites of passage or advancement)
10. Formal statements

The best way to illustrate how organizations have seen the "hard return" from their investments in culture is by carefully weighing the value to be realized against the costs of doing nothing. Thinking about your business, what would the value be if you realized the synergies of your merger or acquisition a full year sooner than planned? On the other hand, what would it cost your company if you never realized the full synergies of your M&A deal – if silos formed, if the new organization's work teams never operated as integrated units, and if the leadership team members never aligned their behavior with the new organization's strategy and operating model?

From another angle, think about how much you would save on recruiting and on-boarding costs alone if your employee retention rates were 10% higher? And then add in the increased profit you would realize by more engaged and productive workers. On the other hand, what is the cost of losing your best talent? Further, what incremental revenue would you realize if your customer satisfaction scores were 10% higher? And are you willing to pay the cost to your business when you lose valuable customers? Lastly, consider how your ROI on a new product would be improved if you were able to get that product to market six months sooner? And what is the cost to your business if you get that product to market six months late or with significant quality issues?

Culture is a critical determinant of overall business success, either helping accelerate the achievement of strategy or impeding progress against it. Gone are the days when corporate executives looked upon issues of their corporate culture as "soft and fuzzy" areas over which they had little control. Today's senior leaders are increasingly finding that their most sophisticated corporate strategies stand little chance of being adopted and executed if the inherent culture of their company cannot or will not accommodate the change. Experiences in culture transformation make it clear that culture can be scientifically measured and evaluated against objective, benchmarked data. Armed with robust data and business insight, organizations have it within their power to influence their culture and align it with a company's strategic direction.