



# Creating culture change

Few people really understand the dynamics of creating a positive and strong organisational culture that supports and enables a business to achieve its objectives. Central to success for any organisation is focusing on building and shaping a resilient culture where engagement strategies and continuous improvement are the tools to deliver superior performance.

In how many contexts have you heard the phrase 'the culture has to change'? In recent years we have heard it in the context of the worldwide banking crisis, the British MP expenses scandal, the recent exposures in the press with the *News of the World* and other media, investigations into the police and failing NHS Trusts, as well as poor performance in our educational system. It seems that the cultures that operate in many of our institutions and business organisations are not fit for purpose. Remedial action needs to be taken.

Before we embark on that mission, it might be a good idea to clarify what organisational culture actually is and how it can be built, shaped, installed and nurtured. There is much confusion about organisational culture and how to change it for the better.

## What is corporate culture and how important is it?

So, what is culture? It is the infrastructure, the glue that binds together people and processes to generate results. The culture maps tangible processes and activities that permeate the organisation and that should be geared to improved performance. The culture should become the major force that propels the organisation onward.

I spend most of my working life consulting with clients around how to diagnose their current organisational culture, assess how and where it may be failing their business, and shape, create and implement a new business culture that clearly meets the business plan and vision for the future. The culture is founded upon a simple model of the Cultural Iceberg, which evolved from my book: *The Iceberg Agenda*<sup>1</sup>, which details and documents the core components of developing a high performance business culture – see Figure 1.

Most organisations focus on changing those elements of the iceberg that are easily visible (above water, using the Iceberg analogy), which has little impact on performance. Tinkering with



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a logo or branding and changing the physical environment leads to less dissatisfaction in the culture, but does not lead to performance improvement. However, working on the deeper element of the culture requires working in ambiguous areas and instigating serious research into how corporate beliefs and values surface and manifest themselves in working practices, group dynamics, and leadership into expected and actual behaviour. What is required is a thorough diagnosis of the cultural components and assessing cause-and-effect relationships so that one can create leverage to impact the culture and the behaviour of the majority towards significant performance improvement.

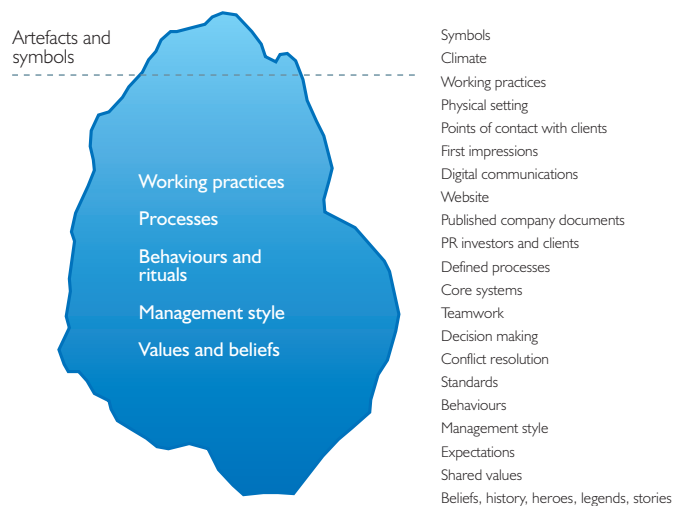
### Measuring cultural change

Behaviour change is central to any meaningful cultural change. The secret is to focus on specificity in the culture and examine the very close relationship between real corporate values and their affect on changing behaviour. Too many practitioners prefer to work in generalities that offer little to actual change. Tracking the impact of beliefs on corporate values, values on style and behaviour is central to bringing about meaningful change that can be measured and monitored. Paramount is a wake-up call between real and espoused values. Real values are what drive behaviour in the organisation, espoused values are what the organisation says it stands for, and there can be a real disconnect between what is important and what we say is important. So, saying we value customer delight may not be played out in practice with how you actually deal with the customer or client!

Changing the culture needs an accurate system for tracking and implementing best practice and celebrating improvement. Working on corporate values and designing ethical business values, which in turn drives leadership and management style, is what shapes and changes actual individual and team behaviours. Until behaviour changes, nothing changes.

### Whether by accident or design, like it or not, you have a culture

In the majority of cases, the typical business culture that evolves is largely a matter of accident or luck. In many instances, the culture may not fit the strategy, business plan, the company's



### The cultural iceberg

Figure 1

commercial intentions or all three. It may even be counter to the needs of and the demands on your business! It is not unusual to witness a culture that is driving clients and customers away simply because it is too internally, rather than externally, focused. Culture ultimately is the responsibility of the management or leadership team. It is within their control, but not all choose to exercise it.

The culture will impact on the achievement of your objectives and will either aid or hinder your business performance. It may stop you introducing change quickly or, alternatively, it may be the defining factor that enables changes to be introduced with ease and without fuss, confusion or panic. Most importantly, the management team can shape the culture, and design and implement it to deliver results.

### Top team committing to change through diagnostics

Whether the management team commits wholeheartedly or does nothing at all, your business will have a corporate culture, which could be the result of numerous takeovers, mergers and

### Culture change defined

A business culture should be tangible, observable and measurable, and the results quantifiable. If it fails to measure the specific impact of improvement upon the bottom line, forget it! The culture of the business reflects how we focus people and processes to create a strong emotional value and attachment of the customer to the business, thus generating bottom-line results. My definition of culture is: *the strategic focus of the business being actualised in actions and behaviours that deliver outstanding corporate and competitive performance.*

A common myth that must be exposed is that cultural change is about being nice to people, tree hugging, working together, developing a caring environment. This approach is seriously flawed and misses the point completely. Cultural change in modern-day organisations is about shaping behaviour and processes to become more effective in your mission and in your market.



### Matrix organisation and culture

For too many organisations committed to developing the matrix organisation, culture change can occupy too much thinking time and never become a reality. This is particularly prevalent in scientific or technical-based organisations. Some have difficulty defining, designing and delivering a performance culture. They spend too much time talking and going around in circles. Because they do not know how to shape a matrix culture they prevaricate. Sometimes they believe a new training regime will magically create a matrix culture. Numerous organisations have purchased the latest quick fix or training fad and then found after the training workshops had been delivered that the culture was exactly the same as it was before the intervention.

Change is never going to happen just by investing in something external to the business. It only comes about from within the business, driven by the management team. That is where leadership comes into the process. In organisations, especially in the scientific/technical fields, the thinking-doing process is weighted too heavily to thinking. Thinking means conceptualising, intellectualising and debating and is a divergent activity. Everything should be in its place, but time spent thinking and conceptualising without action is time wasted. Some years ago, I worked with a biotechnology business that had formed a steering group on culture change that met regularly for over three years and achieved nothing. Once they committed to taking thoughtful action, actually doing things in sequence and then measuring performance, they realised that their culture could deal with change much faster than had been thought possible.

acquisitions. It could be the result of key people impacting on the structure either through their joining and or leaving the business. Many work in businesses where the sheer presence of one character will shift the organisation forward. Their charisma is good for the business. Everything they touch, influence and shape has far-reaching consequences that create improvement. Conversely, in other organisations the presence of another character in a key position proves disastrous. The impact on the culture of key people is a major issue. For good or bad, the leadership of an organisation and its key operations are paramount in shaping the business culture.

Undertaking soft due diligence, a short, focused diagnostic<sup>2</sup> or inquiry into exploring the business culture identifying the relative positivity or negativity in your organisational culture is extremely insightful. One-on-one interviews with key people, small group work and some tailored surveys is an approach we have pioneered and perfected over the years. Many businesses undertaking this process will note significant improvement in their operations when implementing the solutions inherent within the action plan that arises from the investigation.

### Business mentoring, tough-love coaching and focused facilitation

It is very unlikely that training per se is a solution; words and workshops change very few people. What is required is a rigorous investigation and analysis of what is currently inhibiting rapid improvement in all areas. Mentoring, facilitating and coaching teams through this process are central to driving the change home. The role of coaching is in turning resistance into acceptance of change, and working with teams and people until they are happy to make that change. In the worst-case scenario, if, despite all rationality, the desired change is persistently resisted for no good reason, then you have to consider changing the people. A performance-driven culture needs to be peopled by folk with high self-worth, curiosity and a need to grow, develop and change, aspirations to achieve and a genuine desire to engage with others on that journey.

Successful organisations focus their attention on creating the culture that will generate the desired outcomes. This is what should be the norm for all businesses, yet too many either fail to see the need to develop performance of the culture or have little idea how this could be achieved.

### Corporate culture: success leaves behind clues

The relative health of your business culture will either support you in achieving results in difficult times or act as a barrier, a hindrance and an obstacle that denies innovation or change. At the time of writing, it can slow down the implementation of recovery plans in a stagnant economy. It can even hasten the demise of the business. A strong and vibrant culture will enable new initiatives to flourish and grow. It will encourage high flyers to be attracted and retained to work within your business.

### Deflated organisational cultures and poor performance

Conversely, a mediocre culture will not blossom at the same speed as a healthy business culture. It will have difficulty growing because of inconsistencies and ambiguity in its core values and what behaviours it rewards through its performance management system – if it has one! Results will be lacklustre. High-potential people will pursue their careers in organisations elsewhere. Key vacancies will be difficult to fill. Even worse, a poor or negative culture will meander along aimlessly, sending out conflicting messages to clients, customers, investors and key stakeholders.

In this type of organisation, although some people will be focused and in touch with the real world, there will be no central rallying theme to provide any real focus, guidance or energy. Not surprisingly, these businesses will usually generate, at best, average to poor performance. Staff who have difficulty moving on in the labour market will see out their days in this type of culture. So the organisation with a poor or unfocused culture will be dependent on less than motivated and talented staff to get through difficult times. You know organisations that fit into this category: make sure you never become part of one of them!

### Creating a focused, performance-driven culture

Eighty per cent of organisational cultures exist by accident or default, rather than design. Most are shaped by critical incidents or key events that have happened in the history of the organisation. Many are shaped by key personalities moving through the business. Generally, few organisations really have a clear understanding of identifying the core factors that shape culture and how to orchestrate them to best effect.

Management groups devote their time to their core competence: producing services or products for existing customers. Few senior management teams actually spend any time at all thinking about how they can shape a culture to deliver business results better. Culture is left to chance. It is something that is not generally understood by committed technical professionals and often, unfortunately, may be left to the Human Resources (HR) function.

My experience tells me that culture can be demystified very quickly and should be in the realm and under the control of line management. Culture change should reside with those who control and manage the operational activity and the majority of people delivering to customer needs. No matter whether the business is IT, finance, professional services, legal, manufacturing, engineering, logistics, sales, marketing research and development or maintenance focused, shaping the culture should reside with those who actually manage the business processes. Always use what HR expertise is available, but take ownership of shaping the culture the way you want it. Keep ownership in line management. This means that HR can do what it does best: acting as an objective resource when required. It does not manage the business or operations.

### Leadership is critical in creating culture change

Leadership is an interesting issue for most organisations. I consider leadership to be the single most important issue defining whether organisations will survive and prosper, be downsized and merged with others or merely continue performing at a low level. Leadership is critical to shaping a culture.

Research tells us that two factors are critical in shaping the corporate culture: to what leaders pay most attention; and how they respond to critical incidents. People are 'boss-watchers' – they pay attention to where their business leaders focus their attention. If key people extol continuous improvement yet fail to deliver on their promises, that highlights the mismatch in what they say and what they do. However, if leaders walk their talk and action results from debate, staff recognise that their leaders are serious, consistent and committed.

Leadership is a term I use to focus on anyone who manages others, and it does not reside solely at the top of the hierarchy. Leadership is critical even if there is no team to manage. If someone leads or is critical in the supply chain, they constantly interact and shape events and deliverables across the organisation. They lead that aspect of the process.

Traditionally, managers have been seen as transactional in their role and delivering results, rather than being leaders in terms of being transformational and shaping new horizons. Everything in your organisation was once just an idea. Ideas are not created or managed into existence, they are created by people, transformed with vision and imagination. So we should be focusing on helping people liberate their ability to transform and shape the culture more effectively.

Taking a firm line and identifying those in the organisation who are to lead this process is critical as a first step in building a culture. Working with the movers and shakers who convert others to emulate their thinking is one sure way to increase the acceptance of cultural change. In the average organisation, there

### Without leadership there is no change: culture change in public services

The scandals with MP expenses, failing NHS Trusts, local authorities not meeting statutory requirements, suspicions and investigations into institutions such as the FSA, Bank of England, the police, Government departments, QUANGOs and the practices of those that operate under the broad umbrella of public services have all resulted in the phrase the 'culture has to change'. In so many instances, the leadership and behaviour of these institutions appears ponderous, ambiguous, slow, unresponsive, impersonal and bureaucratic, and these underperforming entities provide an extremely poor image with less-than-optimum service for consumers and the public.

Until behaviour changes, nothing changes. Visionary leadership with positive values and behaviours can bring about radical change. Action starts with leaders defining the desired culture in very precise terms, focused on meeting real needs of core stakeholders and end-users. Diagnose current performance issues and take action to achieve the desired culture. The 'vision to behaviour' cultural change model would enable the organisation to create significant change quickly. Critical in this process is changing the behaviour of key players and ensuring that these fit within the core values of the organisation.

Average public sector organisations demonstrate a lack of clarity and ambiguity in their strategies, vision, values and behaviour. Desired change can happen quickly, but it must be led rather than managed. There is so much scope for improvement in public services that it would be criminal not to commit to that process.

are too many who demonstrate a 'sit and wait' attitude towards culture change. It is the role of leadership to transform and convert indifference, apathy and cynicism into action for improvement. Staff at all levels need an example to follow, before they in turn model their intentions to win the hearts and minds of those who are less than willing to follow.

### Thinking vs doing organisations

For every organisation that prevaricates, there comes a time when the thinking stops and action begins. Assess your organisation's commitment to thinking then doing. Risk aversion is perceived as intransigence by others who want changes to happen. After careful and thoughtful analysis characterised by thinking, commit to doing and making the business culture live, breathe and perform. Create a culture that focuses on preventing problems arising by working together across boundaries. Those organisations that take the time to move beyond thinking to taking action will shape the culture. They will find that they deliver results fast and the organisation becomes a hotbed for innovation and improvement.

### Precisely what do you want the organisational culture to achieve?

Cultures can be weak or strong, negative or positive, forcefully shaped or cast and blown about like a paper bag in the wind, unsure of focus, intention and purpose. I always ask:





### Business culture drives performance

- **Vision** What does the organisation want to become, do and have as an entity and is it shared across the business?
- **Values and leadership style** Which values, when inherent in our management style, will optimise performance improvement? What are our core values in delivering results to our clients and customers?
- **Strategies and goals** Are we displaying a high degree of confidence that our strategic vision and goals are encapsulated and achieved through our core values?
- **Behaviours** What behaviours are consistent with our values of how we transact business? What specific behaviours, if practised consistently, will project us and, move us closer to achieve our vision, strategies and goals?
- **Processes** What core processes can be optimised to unite disparate functions? How can we instil and reward matrix or cross-organisational working? How can we create a positive style of working supporting the matrix within the business units and silos?
- **Structure and roles** How can we best organise ourselves and engage with staff to achieve our strategies and goals?
- **Key performance measures** To what actions, processes and metrics should we commit that will indicate achievement of our strategies and goals?

*For what purpose do you wish to shape your culture? Starting with the end in mind is the sole criterion for development at the early stages. Talking through what the culture needs to deliver and how this fits with the business plan is critical. Surprisingly few senior management teams realise how easy it is to take an apparently intangible concept and make it live. If a culture is not tangible and concrete in its basic design, how could it possibly measure cause-effect relationships that lead to deliverables in terms of profitability, customer retention and new business growth?*



The purpose of an organisational culture is to shape people and processes to deliver business results and customer satisfaction, retention and new business acquisition, to develop a competitive edge so that your organisation becomes the obvious, and preferably the sole, supplier to the market. (In the public sector this should be defined as delivering best quality at an economically efficient cost.) The creation of such a culture should ensure that your business is chosen as the natural partner in any potential business venture and, more importantly, the way your organisation does business is admired, valued and perceived as being a role model or benchmark for continuous improvement.

### Shaping a resilient, high-performance culture

After developing the diagnostic phase, the core activity is building the culture for the future. This process has been devised to act as a major building block in developing a high-performance business culture. The content inherent in each stage can help support building a resilient corporate culture supporting many functions and processes, including different locations and geographies.

The culture is the infrastructure, the fabric that binds together people and processes to generate results. The purpose of the culture change process is to enable much faster generation of a business culture that enables people to achieve results. If you are adopting a logical approach to this process as you progress,

### Culture change in wider society requires leadership and vision

The phrase 'we need a 'culture change' is quoted frequently and applicable to so many areas in wider society. Examples include comments on the long-term unemployed and the creation of a dependency culture, binge drinking amongst the young, general lawlessness, systemic violence in football, sectarianism and rebellion against established moral standards, to name just a few. Societal change can happen quickly if it is planned and led by respected role models.

For change in any area of society we have to focus on a vision, identifying key milestones and recruiting change champions with strong core values to seek, engage, lead and coach others in bringing that change about.

Whether it is violence in football, underage drinking or the uninspired generation, change is about doing key things differently. It is about reasoned action. It starts with passion and planning for wanting to be better and having the robustness and resilience to venture on to that path with bravery and commitment. It is not about public inquiries, and it is not about just talking; it is about leading by example. It is not theory. It is, however, about being focused, energised, decisive and engaging. It is action orientated and led by people with vision, energy and the courage to challenge the unacceptable. Decisive action and positive behaviour change is required. In many cases it is almost too late to drive that change. We need to intervene in social systems and organisations to define precisely what they want to be, do and have, and identify and recruit the best leaders to deliver that process.

you will create small successes that act as milestones along the way. The culture change process makes that which was intangible, tangible, that which was assumed, testable, and that which was practised in some localities and unknown to others, open to debate and discussion.

### Demystifying culture change

Using the model described on page 36 – 'Business culture drives performance' – it is relatively simple to examine the major components that contribute to creating the desired business culture. In effect, the diagnostics undertaken are central in driving the design and building of a culture. Without doubt, the vision for the business must be stated and clearly articulated, because the eventual strategy will be created around it. Vision articulates why the organisation is in existence and its key role in the scheme of things. Vision does not have to be grand; it can be very simple.

### Measuring culture change

Cultural and behavioural key performance measures or indicators are easy to manage and process when the rest of the picture is clear. Best practice would suggest we start developing measures and metrics that highly correlate to the achievement of the strategic goals, or the application of the latest in S&OP or the business planning process. Precise measures can be identified that are far removed from traditional costs and efficiency measures associated with the old business cultures of command and control and 'measure everything and understand nothing' mentality. The core issue for consideration is to what

actions, processes and metrics we should commit that strongly indicate our achievement of our strategies and goals.

### Time to change and conclusion

Senior leaders need to use this model to shape and build a strong and positive organisational culture, whether it is a business requiring highly toned performance improvement or a public enterprise needing to deliver exemplary service efficiently and effectively to its users and consumers. Openness to explore the strengths and limitations of the current culture is critical. This can be achieved quickly if all managers are involved in the process. Many consider that it takes too long to change or build a new culture for the business. My belief is it takes as long as you want it to take. It is possible, with an average business, to create significant shift within a period of three months and working with the top team creates far more leverage and traction in change terms than working on initiatives at the lower levels of the organisation.

Building a culture requires a realistic approach. It requires working with the culture as it exists currently, not how you would like it to be. It requires a down-to-earth attitude. It works on the premise that the corporate culture is central in delivering organisational performance. Be confident in knowing that a strong positive culture will deliver stronger performance figures than a culture that is indifferent, haphazard and not shared across key processes and boundaries, and it is quicker to install than common mythology suggests.

### About the author

**P**hilip Atkinson is a consultant and executive coach specialising in strategic, behavioural and cultural change. He is a member of various training consortia and consults in the UK, Europe and the USA. He has written seven business books and published many articles, and is a frequent conference speaker and designer of learning strategies to support personal and organisational change. He is currently revising his 2006 best-selling book: *How to become a Change Master: Real World Strategies for Achieving Change*, incorporating many changes from recent interventions.

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2. 'Cultural Diagnostics', [www.philipatkinson.com/diagnosis-business-culture.htm](http://www.philipatkinson.com/diagnosis-business-culture.htm)

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