

Achieving cultural excellence:

Integrating processes with passion

In this article, Philip Atkinson and Dara Clarke suggest that rapid business performance can be achieved only through carefully crafting a strong 'cultural' foundation upon which to build powerful processes and systems. Culture and systems have to be carefully integrated to ensure that they support each other in terms of achieving the organisation's strategic mission. Further, they outline the core steps to be taken to ensure culture and systems are harmoniously brought together to create a new high performing business.

Solutions centred strategies

What value would you experience if you were able to focus on precisely the key factors that lead to enhanced organisational performance? What commitment would you give to a strategy that enabled your business to scale new heights? In what activities would you invest to win and retain customers? What benefits would accrue to your business in the

short term if you could prove the cause-effect relationship between culture and performance? What would you commit to if you knew you could not fail, by seamlessly marrying together 'passion and emotion' with processes and systems? How much easier would it be for the organisation to manage change quickly, without having to deal with the resistors and barriers to change? All these questions can be

resolved and answered in the positive by developing a balance to change management of integrating technology and passion by directing intent with emotional commitment and technological leadership with change mastery.

The real world

There are many instances when a blended and balanced approach can make a huge difference to organisational performance. Simply, when companies have to restructure or 'rightsized' their business, how well do they marry the structure and the staff issues? In times of rapid organic growth have companies devoted equal attention to preserving and harnessing the entrepreneurial mindset and behaviours of their expanding staff with the need for new systems and technical solutions? In merger and acquisition (M&A) activity the new entity can benefit significantly if there is a commitment to a balance between 'technology' and 'culture' in the early M&A phase of 'due diligence'. Likewise, in a rapidly growing business or one which is challenged to cope with a crisis, do we create a solution centred approach using a balanced approach?

To further illustrate this, in the M&A example outlined above we know from research and from experience that 70 per cent of acquisitions fail to achieve the goals for which the two entities were originally brought together. We also know that the reason for failure is an underinvestment in the cultural dynamics of the new business. Relying solely on 'systems' to bring two parties together does not create the shared belonging and engagement of the staff. Some companies such as General Electric and the Royal Bank of Scotland have mastered this process by dealing equally with the 'hard' and the 'softer' issues in the business. They



have devised post acquisition integration strategies that deal equally with structural as well as people issues. Few organisations reflect their level of commitment to this 'balanced' approach in the change management cycle.

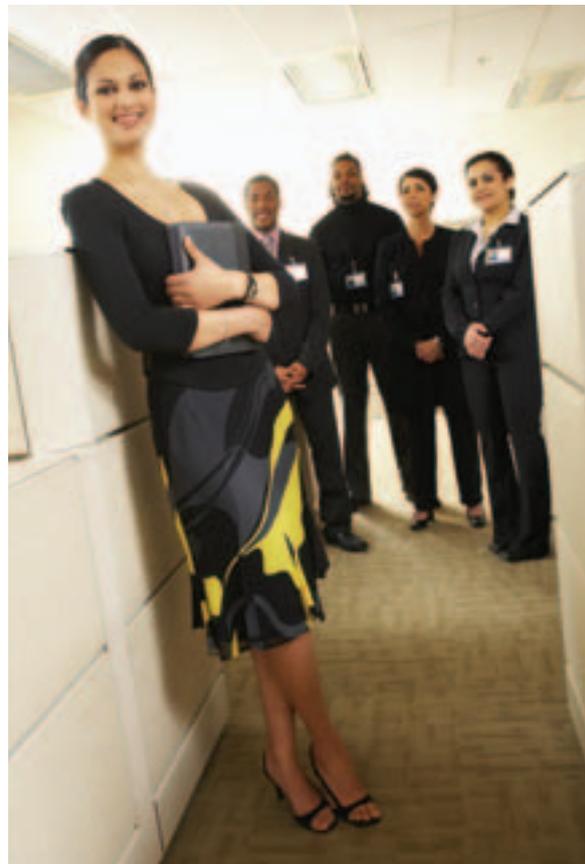
As competition increases and more firms divest and invest in other businesses, suppliers and customers included, there is huge scope for improvement. Making sure that manufacturing capabilities are exploited, not duplicated, that systems talk to each other, and ensuring that product lines are complementary, distribution and logistics are synchronised, is relatively easy because an analytic process can provide solutions to the problems. What is more difficult is bringing teams, ambitions, leadership and expectations together without the negativity of emotional baggage and resistance. That balance is critical. And many organisations experience this problem. Examples include companies expanding into new markets and launching new products. Have they correctly assessed the emotional and the technical expertise to achieve their ambitions? Have the health care businesses, where hospital trusts are working together as joint ventures, achieved the synergy of the hard and soft elements of their organisation? We are increasingly aware that organisations are requiring methodologies that are both structured, and at the same time flexible to cope with change. We know that change is difficult but it can be mastered. Below, we outline how we apply a simple methodology to diagnose the action we can take to ensure that technology and people solutions are integrated.

Customer focused strategies and diagnostics

Most organisations focus their strategic intent on delivering to the customer better than their competitors. Time and resource is devoted to shaping the organisation to capitalise on multiple channels of fulfilling customer needs. Systems and protocols are developed to ensure that customer satisfaction approaches degrees of perfection, but many organisations fail in their quest because they fail to balance the hard and soft elements of the business. No business will succeed by focusing solely on the hard elements of the business.

The 'Seven S's methodology' is a powerful tool for examining how best to improve the performance of a

business or social organisation. It was developed from McKinsey's Consultants who understood that organisations have to be viewed as business and social systems at the same time. This originally evolved from research into the building blocks of the culture of companies in Japan who were seen as a threat to the USA. Researchers in the 'Art of Japanese Management' identified that the Japanese paid equal attention to the hard (hard S's are strategy, structure and systems) and the soft (soft S's are style of management, staff, skills and shared values) elements of the organisation. This differed from the US and the European model which tended to



focus solely on the hard S's.

There are seven S's in the model, three identified as hard and four identified as soft (although we have developed our own 10 S's comprehensive model that incorporates, symbols, sharing Information and synergy). Taking the seven S's overall, it is a powerful 'diagnostic' for assessing how well your organisation is doing. It is our intention to use the model to help others diagnose the current health of their organisation, whether they are in a pre M&A activity, downsizing existing operations, or growing a new niche business. From this analysis, we can share perceptions and create an action plan.

The process is not undertaken as a secretive 'cloak and dagger' process but is deliberately participative. The issues that arise may ask you to question your beliefs about how your organisation is managed, because this will certainly impact how your organisation grows and prospers in the future. Overall, the seven S's is a great way to explain the culture you have created. The culture is reflected in 'how we do things around here' and also reflects key behaviours, styles of management, communication with staff and the outside world, as well as working with the more tangible managerial structures.

The hard S's - strategy structure and systems - tell us a quite a lot about the infrastructure of the organisation, how decision making is undertaken and roles and responsibilities of all in the organisation. Here, we refer to the hard elements of the McKinsey seven S's - the strategy, structure and the systems. Over compensation on the hard S's or the more tangible and formal will never create the desired result without engaging the people in the business.

The soft S's - style, staff, skills and shared values, reflect the emotional intelligence or the culture. The softer elements of the organisation, often referred to as the culture, are much harder to implement and shape because of a large number of false assumptions about how to bring about cultural change. The culture is the engine which powers the organisation. To complete the McKinsey's seven S's approach can be found in the shared values that bind teams together across functional silos, the style of leadership portrayed by staff who manage others and the commitment of staff and the skills and core competencies they bring to work. To really make customer focused strategies live we need to bring together the 'yin' and 'yang' of change management - bringing together technological expertise and full engagement.

The process requires focusing on each of the S's to assess where we are currently in comparison to what we want to have happen to the organisation. From that we can work through a gap analysis, which in turn will become your action plan.

Strategy - how can we ensure we have clearly articulated our strategic objectives? Are all our people engaged and committed in achieving our strategic priorities? Does everyone know what is expected of

them, and have they worked with their colleagues to ensure that priorities are equally shared between and across functions?

Structure – what structural factors currently inhibit us from achieving our objectives? How do we resolve all situations where reporting relationships delay, or make decision making dysfunctional?

Systems – what systems or processes currently under-performing put our customer service and our business at risk? What systems or protocols, processes and technical solutions require significant investment to outperform our competitors?

Staff – how can we leverage the learning and experience of our staff and transfer best practice throughout the whole organisation?

Skills – how can we leverage our core competence to improve our customer satisfaction and our bottom-line performance? How can we maximise the synergies of teams working across functional boundaries?

Style – how can we equip our managers and supervisors to become facilitators of change? How can we ensure our management style is sufficient to allow growth and engagement and trust while at the same time dealing with performance issues?

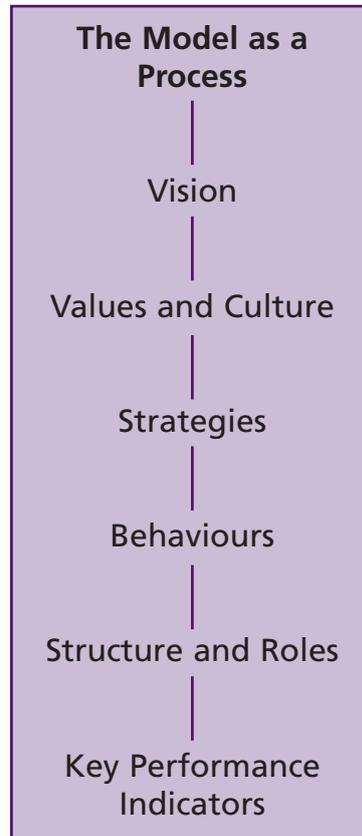
Shared values – how we can enliven the future of the business by using this method of working? How can we grow as a business and work closely with other constituents – our suppliers and our customers'?

A rare balance has to be a central aspect of any implementation plan for change yet few project managers are equally skilled in the arena of processes and in engaging the passion of staff in making the processes work. We often see organisations with the intent to bring about a balance unfortunately focusing entirely on the systems or the process element of the change. What follows highlights how the integration between technology and people can take place to equip the business with customer focus.

Model for change

To synthesise our thinking, we have articulated a simple model for change based upon the original work of Kaplan and Norton¹ and best practice benchmarking, together with our experience of working with a large number of organisations, so it is no surprise we are both committed to developing the corporate culture that will speedily deliver results. This also means developing an approach

to learn from methodologies such as EFQM and others and incorporate what works, but at the same time disassociate from that within the same models that has little credibility to delivering to expectations. Each of the six stages undernoted has a number of discrete activities that deliver core elements which create the foundation for a high performance, team driven culture. Tools have been specially developed to assist the movement from each phase in the model below.



Vision

It is wise to start with the end in mind and for this reason we start with vision². Many organisations can claim to have a strong vision of what they wish to become – but we always want to test for understanding, and during top team sessions we can soon understand that a 'shared vision' is not always apparent. At this stage, we need to outline and clarify the direction in which the organisation is focused and ensure that the energies of the top people are shared and all pointing in the right direction. We utilise a number of strategic models and diagnostic tools for assessing the extent to which the future desired vision is tangible and concrete, and then assess where the business is currently positioned. Only by examining the future and current positions can we define strategies to close the gap.

Values and culture

Although direction is incredibly important we also believe that we have to ensure that the values and culture are such that they facilitate and make the vision a certainty. There has to be total alignment with the values which people exhibit.

'We do what we value and we value what we do' sums up the importance of articulating the values and ensuring that the culture is in place to enable the ease of delivery of the desired future state.

Strategies and goals

Strategies follow naturally from values and culture – which tell us how we will achieve the vision. Strategies and goals tell us about the methods we will employ as a business and across functional/process boundaries that will result in achieving the vision. Strategies and goals are driven both top-down and flowing upwards through empowered individuals and teams and communication channels. Cross-functional working on processes is critical to ensure that vision is apparent, real and tangible with the operational means whereby results will be monitored and achieved.

Behaviours

'To what leaders pay attention' is the driver that enables results to happen. For instance, if directors talk of the importance of acquiring new business, but demonstrate little adherence to this in their strategic focus – why should anyone take them seriously. However, when business leaders demonstrate their intentions with behaviour to support their assertions – people take note and emulate the example set. We have to differentiate those behaviours that leaders, teams and staff in general need to excel at and display, from those behaviours that are counter to business objectives. 'Without leadership there is no change' is a powerful statement that reflects the importance of leading by example, and without this component the formation of a culture to enable the achievement of objectives will never be optimised³.

Structure, roles and processes

We have always believed that direction must be articulated before organisations structure their activity, in terms of roles and responsibilities. Unfortunately, too many organisations take the structure as 'given' and develop strategies around how people are organised rather than the other



way around! We believe that successful change takes place only when the direction and the method for achieving the vision have been clearly debated. Structure should follow on much later in the change process and be fundamentally shaped by 'where we are going' and not 'where we have come from'. This activity should always be geared to streamlining processes and providing seamless service to the customer and those who directly interact with the customer.

Key performance indicators (KPI's)

Finally, KPI's complete the model. Too many organisations focus upon KPI's first rather than getting the bigger picture. KPI's are not drivers, they are the measures by which we can assess whether strategies and behaviours are in alignment and working. Obviously the process progressing from vision to KPI's is a systemic process with multiple learnings evolving and this reason we use a variant of a rapid improvement strategy for instigating change. This five stage change process focuses upon investing in prevention and

frontloading a change initiative ensuring that staff at all levels:

- Can understand the reasons why the organisation is articulating its vision;
- Focus upon leverage points for getting the 'vision – KPI' model to work;
- Are committed to the benefits of building the culture that enables results to take place;
- Take ownership of the measures by which progress can be assessed, measured and corrected when required.

It is very much like developing a sophisticated 'instrument panel' monitoring those activities that enable results to be achieved with ease. We focus upon creating a strong culture that encourages challenge and improvement. The culture reflected in the commitment to improve all internal processes results in behaviour that is geared solely to achieve and maximise customer delight – thereby guaranteeing a sound competitive

future that will yield the results and will move the business inexorably forward towards its vision.

Four issues putting it all together:

Integration

1. 'Due diligence – diagnostics'
 'Start with the end in mind'⁴ has always been a great way of managing projects. To achieve balance requires us to scope out the vision for the business in a variety of ways. This means assessing the risk of future business with existing customers and the barriers to entry for moving into new markets. The strategic vision is critical to get the technical/emotional issue in balance. There is no point having the technology and systems if no-one truly understands the process and the required changes in the behaviour of key people. Vision is never achieved by installing the motivation in others. Strategic vision has to be led through a committed and enthusiastic team of true business leaders who recognise that only through others will results be achieved. Of course, none of this

makes sense if we don't know where we are currently. Having an accurate reflection of current strengths and areas of risk is critical and this is why we commit to a truly spectacular set of tools and processes to assess the current state of the organisation in preparing to move forward and onward. It is no use having a great strategy if we know there is sticky resistance to change. We have to access where changes are to be encountered, treat this as normal and deal with it. This means focusing on learning strategies. We fundamentally believe that resistance is normal and people resist change because others do not devote enough energy to convince them of the benefits of changing. We see this as a learning intervention – nothing more. To counter resistance one has to understand the fears and concerns and only when these have been resolved can you move forward. Our experience is people fail to confront the conflict and the resistance. The sooner it is acknowledged the sooner it is resolved.

An accurate and speedy diagnosis is the great foundation for aligning both technical and systems advances with emotional commitment.

2. Processes and systems

Which comes first? The culture is the facilitator behind the systems and processes. Developing a firm commitment to process management and helping others learning that process, rather than function is king, is fundamental at this stage. Winning the hearts and minds of staff to the technology and its implications is central to accelerating learning and winning commitment of all constituencies. Failing to do so will fuel the grapevine and the rumour mill. Also, ensuring that staff are part of the process of designing processes reduces the need for managers to over-control this process. Any team leader should be spending their time developing the interpersonal skills and team leading abilities of staff to do their job more effectively through people. The sooner we can involve staff in the process management and mapping stage of any process design the sooner the culture will be in place.

3. Culture's consequences

There are so many truths about culture. Here are some which we expose to clients. Every culture that exists has consequences. A weak ill defined culture will provide indecision in staff and managers with ambiguity of values and focus. A

strong positive culture leads to clarity and precision in knowing what to do and how.

Some mistakenly suggest that culture change takes a long time. In our view, culture change takes as long as the organisation requires it to take. Our view is that few organisations truly understand the behavioural dynamics of culture and therein lays the failure to drive change. Preparing to let other outside trainers install a culture is a major problem. The client, working in unison with a team of experts, guarantees success in culture change. It is relatively easy to change a culture. In so many instances managers believe that a number of cultures can co-exist, confusing people as to which behaviour is most appropriate. We reject the view of a 'cocktail of cultures' valuing diversity of views. We find this just complicates issues and confuses people, especially those new to the business or to management.

4. Action and implementation

Action has got to be the focus of change. Theory is great in practice but if it's not followed up by a 'bias for action' then implementation is at risk. If change is implemented slowly the old culture will take time to work through. Doing things badly at speed is not our suggestion. What we do suggest is using the six stage model to clarify the core issues of change and note them in our methodology for change. Companies like GE, RBS, Motorola, Sun Micro-Systems and many others have committed to an accelerated change strategy for improving corporate performance. Using a similar model it focuses on winning the support of key constituents and ensures that project hosts or sponsors, change makers and the targets for change are integrated as much as possible in change initiatives.

Overview and closing thoughts

It is clear that for new technologies and new structures to work, there has to be a very firm commitment to strategy, planning, process design, system development and the engagement and emotional commitment of staff at all levels. For too long there has been too much focus on the hard elements of the business, often disregarding or failing to focus at all on the cultural and behavioural dynamics. We would hope that the views presented here articulate a growing reflection of how change can be installed quickly without casualties. It is all about committing equally to winning 'hearts and minds'.

References

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