CULTURE TRANSFORMATION
PURPOSE, PASSION, PATH

The Principles for Success

When we look at the culture of an organization we are actually looking at the sum total of the behaviors of all the employees.

It’s not sufficient to know what the people in the organization do in general. Culture is more closely aligned to what the people do in particular: that is, in times of stress, at the time of an acquisition, or when the organization is in transition in some fashion. The behavior of the people at these times is what really defines a corporate culture.

Essentially the mission, or vision, states the organization’s reason for being. It is a summary which clearly captures the “charter” under which the leadership of the company operates; it is a statement of the “why” the organization exists.

The culture of a company is how the organization brings that mission to life. Values, on the other hand, often provide the basis on which a culture is built. Mission sets the direction, culture describes how the mission is achieved, and values define what that culture will be.

Where are We Now?

A transformation of corporate culture must begin with a clear understanding of where the culture is now. Culture change is not something which occurs in the abstract, but is rather the result of very specific actions.

If that culture is to be changed then behaviors of individuals must change. If the behavior is to change then it must change from something it now is, to something else. In order for this to happen it begins with understanding clearly what the “from” is, before articulating what the “to” should be. Understanding this comes from the information which is gathered before the culture transformation begins, using tools such as: 360° or 180° Surveys, Focus Groups, High Potentials, Executive One-on-Ones, and World Café.

The input which has been gathered reflects how the people who live the culture feel, are behaving, and believe they have to perform. Once this has been understood it can then be codified and steps taken to change what is necessary, while still keeping what is good and desirable.
Analysis of the data can fall into a number of categories. The first is the most obvious one: measurement. There will undoubtedly be several metrics which surface that can be used to reflect either the current culture or the outcome of that culture. Identifying these metrics, and then determining their current status, will provide an initial baseline, and an opportunity to identify targets for these metrics in the future as the transformation unfolds.

The importance of measuring the outcome, and not simply the related activities, is critical.

A second focus for measurement is rooted in the fact that a successful transformation is dependent on the leaders of that organization. It is absolutely vital that each manager, at every level within the organization, be committed, aligned, and focused on making the new culture a reality. As such, metrics must be in place to track the level of engagement of those leaders.

The third area of metrics are those related to the behaviors of individuals other than those related to leadership. While these are often related to activities rather than results, they are still important and they will still help to determine whether or not progress is being made towards the new culture.

Do We Really Need a Transformation in the First Place?

When looking at opportunities, both in the near-term and the long-term, management may believe that a culture transformation would be of benefit. In fact, it may not be just the opinion of management, but the Board may in fact require a culture transformation; or outside bodies may demand some form of culture transformation; or results from surveys such as customer feedback data may indicate the need for a culture transformation. Any one of several sources may trigger the need for action. The desired transformation may not need to encompass the entire organization, but rather need only to be focused on a single area. Whatever the focal point, or the identified need, some form of culture shift has been indicated as being required.

Creating a Line of Sight

The reason for the culture transformation, or the benefit of its successful implementation, can be highly motivating. When people understand the benefits that will occur as a result of a successful transformation, or even during the journey, then they are much more willing and able to support all the efforts that are required to achieve it. This understanding of the benefits is the far end of a line. The current situation is the near end of the same line. By joining these two points we create a line of sight from where we are to where we’re going.

When this line of sight is very apparent to individuals, and they are each easily able to identify the benefit of the transformation, then this provides a framework, or a backdrop, against which every aspect of the transformation can be communicated.

The Role of Leadership

In any culture transformation leadership is absolutely vital. It is the difference between success and failure. Within any organization people follow their leaders.
If the organizational focus is on a company-wide culture transformation, then the CEO and the executive team have to be fully involved. On the other hand, if the organizational focus is simply on a culture change within a division, then only the divisional head needs to be seen as its leader. Similarly, if the culture transformation is occurring at a local level, such as a distribution center, then the head of the distribution center needs to be fully involved. The principle is that the most senior individual in the area undergoing a transformation needs to spearhead the initiative.

As with any responsibility, the person responsible must be an example of the behaviors that are required. In a transformation typically these are new and different, and may not come any more easily to those in senior positions.

The leader must also be there to help support and coach where necessary. The leader must have as a nonnegotiable imperative that the new behaviors are something which every individual must adopt, and embrace. Without stepping up to this degree, and being seen to step up and lead the transformation, it will not be effective, or be only partially effective. It is critical for these leaders to understand the challenge and importance of first changing their own behavior if the transformation is actually going to occur. They need to model what they want to see in others.

**The Challenge of Transformation**

Culture transformation is not for the faint of heart. There are many hurdles to successful transformation, not the least of which is the determination to stay the course. We are all familiar with the phrase, “flavor of the month,” and this very often describes initiatives begun within organizations but which do not come to fruition for one reason or another.

Like anything else, culture transformation can easily be sidetracked. However, unlike other initiatives, the consequences of doing so are much more severe. Once underway a culture transformation has made clear to the organization that there is dissatisfaction with the current state and that steps are being taken to change it.

The second major consideration is the other side of the same coin, and that is a recognition that true transformation will not occur quickly, nor easily. To begin a culture transformation is to recognize right from the outset that the journey will be one of a number of years, and that patience must be demonstrated as people understand what is required and how to behave.

**New Behaviors**

Culture transformation will require the learning of new behaviors.

The training of individuals is an incredibly powerful way to change behavior. Training that is done well, that engages individual’s hearts as well as their minds, which includes practice and a focus on results as well as the simple sharing of knowledge, can have an outstanding effect on changing human behavior.
This is true in sports such as golf, tennis, or swimming when new skills are learned and practiced until they are habitual. It is true in areas such as drama, pottery, or painting; and it is true in technical areas such as plumbing, welding, or machine repair. Virtually every endeavor with which we are involved can be impacted positively by training; with training we can learn to be better athletes, better craftsmen, or more technically skilled.

Once the training has been provided, then the line manager steps in. The line manager’s job is to work with their own teams in terms of the application of the training on the job. Essentially this requires that the line manager focus on three areas: what to stop; what to start; and what to continue. This three-part test is extremely valuable to line managers as they provide help along the path towards the transformation of the culture.

**The Importance of Inclusiveness**

When launching any form of culture transformation it is important to include everybody. For a true transformation to occur it must be well thought out in advance, and then launched on a widespread basis.

There is a very practical reason for this: individuals within an organization are interconnected. When the transformation is not inclusive, then colleagues working side-by-side are working with different priorities, different behavioral expectations, and different outcomes.

Including everybody is essential if the organization is looking to see the behaviors of everybody change. Leaving people out, or delaying their participation, is counterproductive.

**The Need for Conviction**

Whether conviction is included as part of the training or occurs elsewhere, it must nonetheless be a significant component of the plan for culture transformation.

Conviction, means that the hearts and passions of the people need to be engaged. Emotions are a vital part of who we are as human beings, and a powerful motivator. To attempt any form of transformation, especially a cultural one, without paying significant attention to the need to include a focus on building personal conviction would be ineffective.

Our activities and behaviors are influenced by the things which we believe, not simply by the things which we know. If we do not fully value the beliefs which people have, and the degree to which those convictions and beliefs will drive them towards action or inaction, we are missing a crucial component of behavior change.

If an individual goes through a personal experience that mirrors the intended transformation, and has a chance to discuss at length various viewpoints, then that level of personal involvement and engagement builds conviction. People learn by doing, by being engaged and involved. Experiential learning and simulations can go a long way to providing the basis for discussion, self-reflection, and coming to a personal point of choice. This is what builds conviction and provides a foundation for the future activities that follow, as the transformation then moves to building skills based on that conviction.
Another way to support this objective is for senior management to be visible, and constantly repeating the message of the transformation and its rationale.

The third way to support building conviction within an organization is to ensure that the human resource practices of the organization are aligned with the new behaviors and acknowledge those who demonstrate them. This includes promotion, hiring, performance management, and the high potentials program.

**Timing**

A culture transformation, even one done on a smaller scale for only a single department, will take several months, and for a company-wide one as long as four years. It always takes time for people to understand what's expected of them, then learn the new behaviors, and then put them into practice.

The transformation also takes time because not everyone learns at the same pace. Some learn more quickly than others, some adapt more quickly than others, and with all the best intentions in the world some people are just simply slower to pick up what is expected and begin to apply it.

Thirdly, with any transformation it is not simply one behavior which needs to change. Usually there are several things which are being addressed, and changing simultaneously. Each of these must be learned, absorbed, internalized, and then applied.

Once the behaviors are in place, and the organization is feeling the benefit, then a focus has to be on maintaining these new behaviors, and staying the course until they become habitual within the company.

**Cost**

A culture transformation has a considerable cost attached to it, simply because of the volume of people being touched, and the frequency with which they need to be trained. There is the actual cost of the training itself, and the engagement of an organization who can do this training in an effective fashion and a timely manner. There is also the cost of the communication initiatives, and very often ancillary activities such as digital reinforcement, Town Hall meetings, and ongoing management coaching. In addition, there is time off the job in training. Taken together the hard costs and the soft costs are often considerable for wide scale transformation.

However, the issue should not be one of cost, but one of value.

While cost is definitely an important issue, it should not be the only focal point. The focus should begin with the benefit to the organization and an attempt made to quantify that benefit. Once completed, the question then becomes how much can the organization afford to pay in order to achieve that benefit...this then becomes the cost of the transformation.
A Place for Human Resources

Human Resources plays a vital role in any transformation, but they should not be seen to be the prime driver. The lead drivers of any culture transformation must be senior management. However, Human Resources are their agents, covering off several key components critical to any transformation, such as training and communication; reward and recognition.

In addition, the Human Resource generalist function should be there to support line managers on the transformation journey.

Implementation

An organization and its culture is initially like a stable hourglass, with each grain of sand nestled peacefully in the bottom half of the hourglass. A culture transformation turns the hourglass upside down, and the sand must react. Employees affected by a culture transformation are like those grains of sand.

Some – the early adopters – move quickly to the bottom, embrace the change, and move on; others cling to the sides, much slower to move, but ultimately get there. Lastly, some, usually those who believe the transformation affects them least – who feel they’re furthest away from it – are the last to participate.

A successful culture transformation seeks to widen the neck of the hourglass as quickly as possible and to as large a degree as possible. Within this context, there are typically three groups which can be identified once a transformation begins.

1. The Promoters. There are always early adopters in any transformation, and these people are huge assets on the journey

2. The Followers. These are the second group, and by far make up the largest number of people. These are the ones who adopt the new ways of behaving and make them a part of their day-to-day activity, but over time.

3. The Naysayers. The third and last group are typically a small percentage and represents those who essentially refuse to accept the transformation as the new way of behaving. They should seek out another organization whose culture is more suited to their own needs and values.

Beyond the Company’s Walls

If what is going on within the company can in some way benefit the customer or the supplier, then including them would be appreciated, and it would accelerate what is going on within the organization. If on the other hand the transformation is essentially unique to the organization itself, then neither customer nor supplier will see the value of being included, nor want to be.
Compensation and Performance Management

One of the most impactful ways to improve performance is through feedback.

In the majority of organizations compensation is linked to performance, and performance is linked to performance management tools. If the culture transformation is a portion of the total performance management package then clearly there will be some link between it and compensation; however, a direct link is not recommended because the culture transformation is not a goal in itself. The goal should not be to compensate the behavior, but rather the results of the behavior. Feedback should be the tool used to shape behavior, compensation the tool used to impact results.

Onboarding and Recruitment

For those joining the organization through recruitment and onboarding there really is no such thing as a culture transformation. They are joining an organization with a defined culture, albeit one in transition; and should immediately adopt the defined cultural norms.

By recruiting people who reflect the behaviors being taught in the transformation it is possible to accelerate the transformation, and reinforce the organization's commitment to it.

Measurement

It is difficult to measure culture, and perhaps it should not actually be “measured.” There are, however, a number of ways in which a culture can be documented, and from that documentation a decision made as to whether or not management is happy with the progress of the transformation, and the culture in general.

The true focus should not be the measuring of the culture, but the measuring of the benefit or outcome of the culture.

In this instance, the best place to look for the measures of the transformation is to the measures already in place that measure the overall success of the organization. They could be things such as productivity, turnover, speed to market, working capital, sales per employee ratios, process improvements, waste elimination, etc. Each of these is the direct result of leaders leading people. If the leadership is great then the performance of the people will also be great, and as leadership competency improves, so should overall performance.

Beyond these more objective measurements there is the actual mindset of the employees. This is essentially a documentation of the culture. In this case, the organization could do periodic pulse checks on how the employees feel about the culture. Once the transformation is underway these pulse checks should continue, as they provide milestones along the journey as well as opportunities to celebrate success and progress. They also flag areas that need pinpointing and focused attention if some aspect of the transformation is not moving ahead as desired.
Celebrate

As the organization moves along the transformation path there will be hurdles to be overcome, challenges to be met, and unforeseen drawbacks, as with any complex initiative. But there will also be successes, high points, and significant milestones crossed. Each of these positive steps towards the final outcome should be acknowledged and celebrated, appropriate to the achievement.

There can be many other instances when celebration of progress is possible...when an individual does something noteworthy, or when a department or function contributes to the new cultural aspirations in some remarkable fashion, or a leader particularly stands out for some aspect of leading the transformation, perhaps through coaching or helping brilliantly with the training.

The key is to know what actions or results would be clearly seen as examples of living the new culture, then finding instances of those within the organization. From there the corporate communication team can make them widely known, and celebrate their effectiveness.

Transformation – the learning and application of new behaviors – is as much a matter of the heart and personal conviction as it is knowing what to do. Celebration of success feeds those emotions. Staying the course feeds the intellect; recognition of progress on the journey feeds the passion.

Priorities

It is often assumed that any culture transformation needs to be the highest priority within any company. This is not necessarily the case.

Sometimes the culture transformation will be very high on the priority list because it is seen to be something urgently and critically needed and which will have widespread benefits to virtually all other initiatives underway. Sometimes the culture transformation will be more narrow in scope, and be felt to be simply another important issue to be dealt with. Whatever the judgment, the relative priority of the culture transformation should be clearly established, and then communicated.

Painful or Exciting?

Culture transformation can be a very exciting time that harnesses the energy and enthusiasm of the entire workforce. Training should be exciting and engaging, not death by PowerPoint. Learning should be done in a way that requires people to think and discuss, evaluate, consider and form opinions, not simply be lectured at. Transformation should be seen as something moving the company into an exciting future, that will give it a competitive advantage or address a significant problem, or in some way accelerate the other great benefits of the organization.

This is not simply window-dressing or sugarcoating the situation, it is the situation. Any culture transformation is an opportunity to fully engage the workforce in an exciting time. It is an opportunity to provide them with skills that can last a lifetime.
When to Start

If it is felt that the existing culture needs to be transformed in some way then I would suggest that there's not a moment to lose. Begin the transformation immediately, so that all other initiatives reap the benefit. The culture is merely a reflection of the way people do things. If the transformation is going to change the way people do things, and this change is for the better, then the sooner they can learn and apply these things the greater will be the impact.

The time for the transformation is when it is recognized that the transformation is needed.

The Finish Line

A transformation does come to an end. Once the new behaviors have been trained, and adopted by the employees of the organization, and the benefit seen, then the transformation work is complete.

The next step is to sustain that new culture. This is not a reflection of a poor job in implementing the culture. It is merely recognizing that human nature is such that the things that are important need to be kept top of mind.

Any organization’s culture needs to constantly receive attention and focus as the world around the employees shifts, moves, and mutates. Keeping the culture alive is an important responsibility of leadership, and it does not end simply because a lot of work has gone in to creating a new culture. The new culture is now the culture, and as such needs to be sustained with intentionality and focus.

A Great Culture

Organizations have unique cultures, and it’s important to understand that “one size does not fit all.”

Each organization needs its own culture. This culture should be a reflection of what is important to them, and what is necessary for them to succeed in their marketplace. There’s no such thing, in my opinion, as a single great culture. What makes a culture truly great is whether or not it optimizes the talent and ability of the people. Each individual can select which organization they choose to work for based on the culture they wish to be part of. Once there, then they should acknowledge that the culture should be such that it optimizes the value which that organization provides to its consumers, shareholders, and constituents. The culture is a vehicle for doing this, and the better it does that, the better the culture. The individual’s accountability is then to support that culture.

We need to understand what is possible, what others are doing, and what can be, before we make the final decision as to whether or not our culture is in fact truly great, or if some form of culture transformation would make us even greater.