Transforming an organization’s culture is a choice leaders make when they know they need to transform how their organizations achieve results. It is an active process—one that is both led and managed.
Leaders concerned with getting results are concerned with their organization’s culture. They seek to ensure that the organization is capable of achieving its goals, and this capability is a function of its culture.
The senior team must also be able to answer the questions, “Where are we going? Why? What are our goals and objectives?”

Clarity of Vision and Goals

The strategic vision and goals must be clear to everyone. The senior team must answer the questions, “Where are we going? Why? What are our goals and objectives?” While answering these questions is necessary, doing so is not sufficient if the organization’s culture must also change. The senior team must also be able to answer the question “What ‘stakes in the ground’ do we put about how we are going to get there?”

Another way to look at this is to say that the senior team should define “what” needs to be done and “how” the organization will get there. For example:

These statements of “what” needs to be done…

- achieve a 10% reduction in supplier cost
- be first to market with two new product lines
- decrease environmental damage citations by 15%

… do not address what behaviors are appropriate or inappropriate in reaching these objectives. These statements do:

- Do we reduce supplier costs 10% by paying 90% of each invoice and letting them take us to court for the balance… or do we work with them in partnership?
- Do we get products to market by making everyone work 16-hour days with no weekends off… or do we staff so people can spend time with families and not burn out?
- Do we decrease environmental damage citations by bribing government inspectors… or by improving the way our employees adhere to guidelines and procedures?
Senior Team Alignment

The second dimension of making it clear is that the senior team must be aligned on both the “what” and the “how.” Explicitly discussing the culture they want to create is something senior teams often do not do in the midst of a transformation effort. These conversations are a vitally important part of leadership. Without them, members of senior teams run the risk of executing the strategy in very different ways and sending conflicting signals into the organization. Whereas one leader might signal that goals are to be achieved using collaboration and cooperation across functions, another might signal that working across functional lines causes distraction and slows goal achievement.

Making it real means creating a blueprint that marries the “what” and the “how.” This blueprint guides the senior team and is then cascaded into the organization so that divisions, units, teams, and performers align their performance and specify their accountabilities for execution. The blueprint defines “what” will change, including:

- Processes
- Performance Systems
- Information Systems
- Structure
- People
- Metrics

Just as importantly, the blueprint describes “how” the senior team is committing to make the change. These cultural stakes in the ground define desired behaviors. The guidepost for deciding what behaviors are appropriate or not appropriate can originate in the company’s value statement and system.

Typically these are very high-level statements of corporate philosophy:

- “We will respect the individuality of each employee ensuring they have the opportunity to develop to their full potential.”
- “We will uphold the highest ethical standards in all dealings with customers, suppliers, colleagues, and governments.”
- “We will be a conscientious corporate citizen.”

These statements allow widely different interpretation of what specific behaviors are, in fact, valued. Building a strong culture requires these values to be translated into increasingly specific statements of what is valued and not valued – in other words, making the definition of the new culture “real.” This definition provides the basis for making the culture change happen.
Leadership means changing one’s own behavior to conform to the values – (i.e., “walking the talk”) – and using positional power to change processes, systems, structures, people, and metrics.

Leadership

Exactly what constitutes leadership of strategy execution is often unclear to many executives and managers. Leadership means changing one’s own behavior to conform to the values – (i.e., “walking the talk”) – and using positional power to change processes, systems, structures, people, and metrics.

Being willing to, and actually changing, one’s own behavior is the heart of the culture change process. This includes everyone – from CEO to hourly worker – and implies several things:

- That people will not take the culture change seriously unless they see their leaders changing personal behaviors first (i.e., if the leaders aren’t willing to change, few others will do so – culture change is a “leadership thing,” therefore).
- That nobody is “perfect” and thus we all have room for improvement (i.e., that continuous improvement applies to our own skills and behaviors – not just to the work processes around us and not just to the other people in the organization).
- That nobody embodies the culture perfectly – everybody can embody it better (our own behaviors shape our immediate culture – and to change the culture, we have to change our own behaviors).
- That all must learn the laws that govern behavior change – and then apply those laws. Changing the culture means building fluency in doing things differently, not only through training, but through practice accompanied by feedback and coaching.

The second dimension of leadership requires the use of each person’s position power to align the processes, systems, structures, and people that immediately surround them with the new culture. This is detailed below.

Making it last means changing organizational systems so that they reinforce desired behaviors over the long-term. Remember that organizational culture is a pattern of behaviors that is reinforced or punished by people and systems over time.
Processes

Process change is about ensuring that each work step is value-added. Existing processes may present barriers to changing the culture. Bulky processes can slow decision making, thus making a culture of “rapid response time” problematic. Poor process controls can make improving quality impossible. Low value-added steps can increase costs—making a cost-efficient culture difficult to attain.

Performance Systems

Aligning systems (such as compensation, appraisal, recruiting, etc.) with new processes and new behaviors helps reinforce the message that “this is the new way of doing things around here.” Leaders must sponsor the review and replacement of existing systems that hamper the new culture’s emergence with improved systems that accelerate its emergence.

Information Systems

The organization’s need for information and data shifts. This occurs on three major fronts:

- New processes require new data if they are to be managed effectively. Continuing to track data according to old process flows makes no sense. The adage “you get what you measure” holds true.

- New information must get to different people. Traditionally, information flows primarily to levels above those doing the work. The new culture generally requires information to flow to the people doing the work.

- Information must be formatted differently. Traditionally, information is hard to access and assimilate. Stacks of printouts or screen numbers make it a chore to get the information needed to run the business. Often, the new culture requires data that is easy to access, understand, and use.

Structure

Ensure the structure reflects the new processes and culture… reorganize where needed; eliminate levels; consolidate functions; create throughput-oriented structures rather than functionally oriented structure; etc. Traditional, functional structures can create significant barriers to building high-performing cultures. They literally divide the organization’s landscape into zones of control at a time when the new culture typically calls for cross-functional collaboration to meet customers’ demands.

People

The new culture requires replacing people who cannot or will not embody the new culture with those who can and will. This is best done over a relatively short two or three-year period using a combination of natural rotation/attrition, reassignment, early retirement, and release. Few things will shape the culture faster than changing the key leaders in the organization. As one CEO put it:

“I must either change the people or change the people.”

The time to do this is in sync with the restructuring that accompanies the re-engineering of work processes. This is the second-toughest challenge of leadership (behind working on one’s own behavior), because people’s careers are at stake.
The difficulty lies in two areas:

- Dealing with the emotional aspect of the many loyal people who worked up the ladder for years under the “old rules,” who will feel cheated that the rules are now changed and their career paths are interrupted or threatened.

- Getting people with the proven technical skills and track record of “getting things done” who also embody the new cultural behaviors.

The first requires an understanding of the strategic nature of culture change and that the short-term dislocation that employees will assuredly undergo is essential to the longer-term repositioning of the enterprise.

The second is a clearer challenge and requires two solutions:

- Recruiting people from unusual sources (e.g., reaching deeper into the organization for new talent; recruiting from other functions; bringing people in from acquisitions or outside the company, etc.).

- Being willing to provide extra support to those who exemplify the culture but need to learn the technical dimensions of their new jobs.

**Metrics**

Develop, monitor, and expect improvement on the key measures of success that are crucial to the new culture (typically including cost, productivity, cycle time, quality, customer service, and safety). These are the drivers of value to customers, employees, and shareholders. Leaders should expect improvements in these value-driver measures, for this is the very reason the culture change is being undertaken. Culture change is not done to make people “feel better;” it is undertaken to enhance the value of the enterprise to shareholders.

**Conclusion**

Strategy execution is not easy. It is not easy because changing organizational culture is not easy. Changing organizational culture is not easy because changing patterns of behavior and the systems that support behavior is not easy. The good news is that all of these things are achievable. Good leadership, solid management, and a keen understanding about how to initiate and sustain behavior change are the keys to making it happen.

Culture change is not done to make people “feel better;” it is undertaken to enhance the value of the enterprise to shareholders.
About CLG

CLG is a leader in behavior-based strategy execution, performance improvement, leader-led change and health-behavior change consulting. CLG helps companies to better understand how to execute their business strategies and processes with a higher level of employee engagement and greater performance by helping them to pinpoint and effectively manage the critical few High-Impact Behaviors™ that have the greatest effect on their business results. CLG’s unique application of the principles of Applied Behavioral Science enables the companies they work with to achieve lasting results consistently, with speed, precision and control.