



Changing Your Company Culture and Improving Business Results

Real Strategies that Work!



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With Jeffrey Russell

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The Grand Plan!

- **CEO established ambitious quality, productivity, and profitability goals. A strategic plan was developed that laid out an aggressive five year plan to grow the company.**
- **Individual department goals were defined that linked back to these company-wide strategic goals**
- **The CEO began an effort to reduce turnover (20%)**
- **A new HR manager was brought into ensure that hiring reflected the new strategic priorities**
- **A new performance management system was put in place to hold managers and supervisors accountable for their performance goals**
- **An employee advisory committee was created to provide a forum for staff involvement in decision making**



The Reality . . . (1 year later)

- **The CEO struggled to get his managers to embrace department goals that did anything more than perpetuate the status quo**
- **Quality and productivity continued as problems**
- **The HR manager resigned after only two months**
- **Turnover continued to remain high at 18%**
- **No one — including the CEO — conducted performance reviews**
- **After a year the employee advisory committee was disbanded due to the lack of a clear goal and waning attendance**



Behind the Failure . . .

- It wasn't the motives or intent of the CEO .
- It wasn't the lack of desire of employees to do the right thing.
- It wasn't caused by the HR Director — who invested Herculean efforts to bring structure and order to what was previously a chaotic, random HR process.
- It wasn't due to the managers — who were working harder than ever.
- Failure, in part, resulted from ZERO attention paid to the organization's *maladaptive* culture — the force that drove ALL of the above . . .



Our Learning Objectives . . .

1. Describe the role of culture in shaping the behavior and performance of individuals and the entire organization.
2. Identify the factors that make a culture *functional* and productive and *dysfunctional* and maladaptive.
3. Discuss the *purpose* of culture in a company.
4. Describe the four levels of every company.
5. Analyze and discuss the three elements of your organization's culture: *artifacts*, *espoused values*, and *tacit assumptions*.
6. Identify strategies for changing your culture.
7. Discuss your organization's readiness for change.
8. Develop an initial plan for influencing your culture toward more productive outcomes.



Questions About Company Culture?

- **“Organizational culture.” What does it mean to you?**
- **What exactly is the culture of a company?**
- **Why is it important that we understand our organization’s culture?**
- **Is it possible to change a culture?**



Organizational Culture

- The set of **values, beliefs, assumptions, principles, myths, legends, and norms** that define how people actually think, decide, and perform in the organization.
- The **unseen hand** that influences how we individually and collectively see ourselves, our organization, our leaders, and the world around us.
- Culture is the **fundamental force** behind an organization's success or failure.

Culture defined

Edgar Schein defines culture as . . .

A basic set of assumptions that defines for us what we pay attention to, what things mean, how to react emotionally to what is going on, and what actions to take in various kinds of situations.

Why Culture Matters . . .

- **Why should we pay attention to culture? Why should we try understand and influence it?**
- **What are the consequences if we fail to understand it?**



Healthy & Unhealthy Cultures

As a small group, discuss . . .

- What are the signs or characteristics of a *healthy* culture?
- What are the signs or characteristics of an *unhealthy* culture?



The Aim of Culture

Enable the company to respond effectively to the external forces.

Internal Integration Issues

To help people know where they fit in. To deal with anxiety and uncertainty. To provide direction.

External Survival Issues

Deeper Assumptions

To provide people a grounding in core beliefs concerning identity, power, autonomy, belief in others' good will, the source of "truth," and so forth.

The Organizational Culture



A Healthy Culture . . .

- A culture is ***healthy/effective*** to the extent that it ***enables*** an organization to achieve its objectives/goals — solving problems of survival and integration.
- A culture is ***unhealthy or maladaptive*** to the extent that it ***disables*** or prevents the organization from achieving its goals — when it fails to solve problems of survival and integration.



An Unhealthy Culture

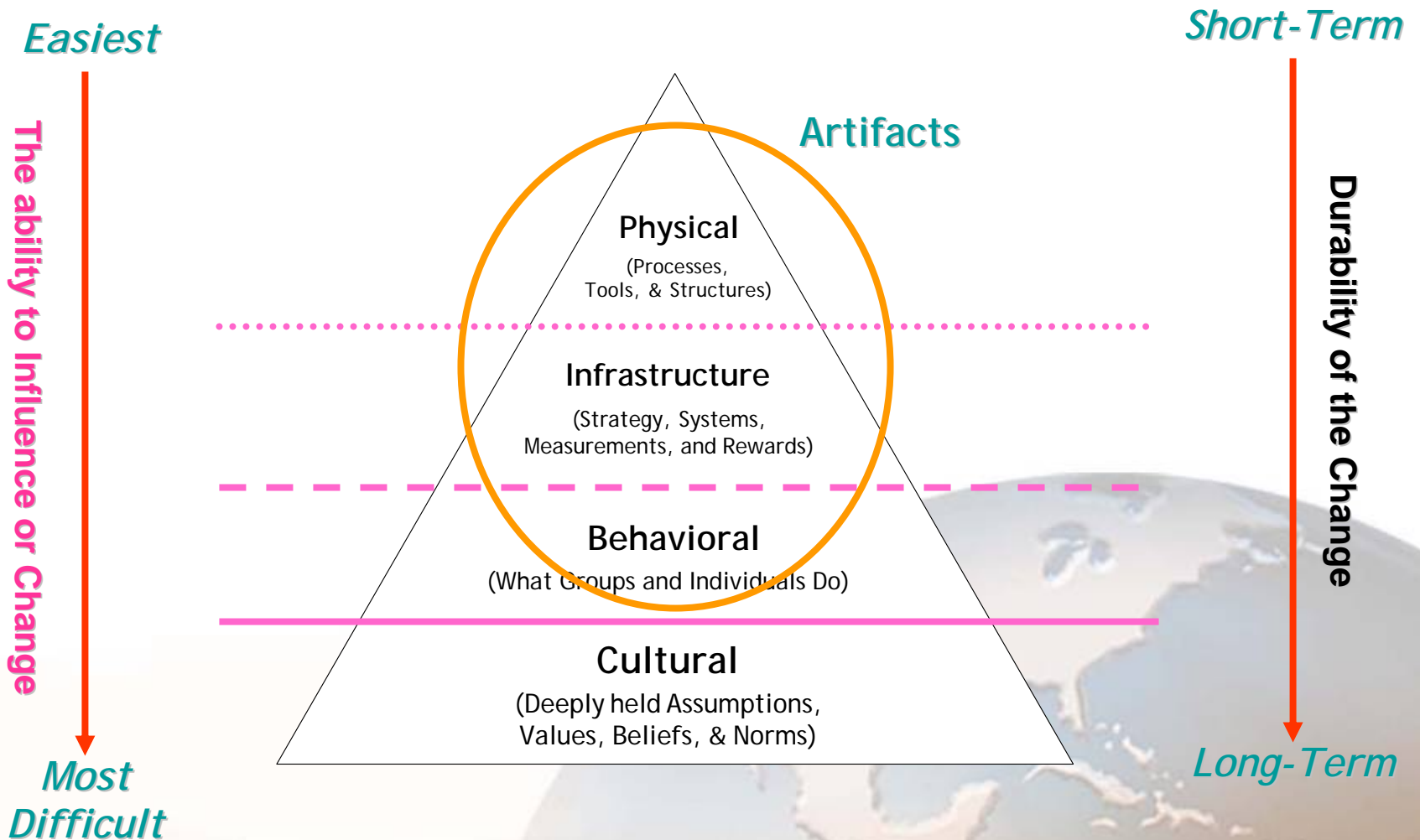
- When the external or internal environment demands a change . . . But the prevailing **beliefs, assumptions, and norms held by organizational members silently work to stifle** innovation, adaptation, and the emergence of more effective organizational responses.
- Unhealthy cultures **marginalize** those who challenge the status quo (those who point out the maladaptive aspects of the culture and who try to introduce change)



An Unhealthy Culture

An unhealthy culture is one where the environment **demands a change** in people's behaviors or the management systems . . . but the company's **beliefs, assumptions, and norms silently work to stifle invention, adaptation,** and the emergence of more effective responses (those who don't fit the mold are **marginalized**).

The Four Organizational Levels



Elements of Culture

- **Artifacts** — the visible manifestations of the culture (e.g. behaviors, goals, dress, rules, policies, practices, management systems, etc.).
- **Espoused Values** — what the organization **says** is important, what it values (e.g., core beliefs, principles, and values).
- **Tacit Assumptions** — the often unspoken shared assumptions that define how things **really** work in the organization (e.g., the CEO is clueless, the VP of operations is really in charge, and “whatever you do, cover up your errors”).



Cultural Artifacts

- The overt/outward manifestations of the culture
- The physical and visible evidence of what drives the organization (**what you can SEE, hear, and feel**)
- They are neither good nor bad — they just simply exist
- **Types of artifacts**: daily behaviors, goals, plans, dress, hours of work, rules, policies, practices, systems, structures, the “look and feel” of a place, and mechanisms that describe what the culture is and what it has evolved to.



Identifying Your Artifacts

- **Who makes the decisions in the organization**
- **The level of formality in authority relationships**
- **Meetings — their frequency, how well they are run, who is expected to attend, etc.**
- **How rewards are allocated**
- **How resources are allocated**
- **The role, purpose, and value of social events and gatherings**
- **Special rites and rituals**
- **Jargon, uniforms, identity symbols**
- **Etc.**



Manifestations of Culture

- **Leadership style**
- **Clarity of direction**
- **Decision making and problem solving**
- **Organizational integration**
- **Performance orientation**
- **Organizational innovation**
- **Rewards and compensation**
- **Job engagement**
- **Overall image of the organization (action oriented, delivering results, high standards . . .)**



Espoused Values

- The core **beliefs, principles, and values** that the organization officially declares as its creed
- Often reflect the “**founders**” priorities and principles
- Found in strategic plans, the president’s “message,” orientation programs, performance standards . . .



Example Espoused Values

- ***We value teamwork in achieving great results for our customers***
- ***Quality is our first responsibility***
- ***Our people are our most important asset***
- ***We value the airing of diverse perspectives when making decisions***
- ***Our decision making process is thoughtful, rational, deliberative, and grounded in sound data***
- ***People are held accountable for their results***
- ***We encourage and reward innovators and risk takers***



Marathon County Wisconsin, USA

Sheriff's Department's Mission/Core Values

Its *espoused* values

Sheriff's Department

Mission

The Marathon County Sheriff's Department exists to provide a safe, secure, and crime-free community through trust-building, enforcement, and public safety management.

Vision

People in Marathon County enjoy a great quality of life without fear or influence of crime and its repercussions.

Core Values

Duty

Integrity

Respect

Team

Safety



An Example of Harmony/Congruence

- **Espoused Value:** *We value the airing of diverse perspectives when making decisions*
- **Artifact (observed fact):** When our company is making an important decision the leadership routinely asks front-line employees what they would like to see happen.
- In this example, we do what we say we believe. This shows congruence of actions that reflect our espoused beliefs.



**If you obey all the rules,
you miss all the fun.**

**— Katharine Hepburn
American actress**



Surfacing the Tacit Assumptions

- Every organization begins with a set of guiding beliefs/principles (some *espoused*, others implied/assumed).
- Over time these principles are taken for granted and disappear from awareness — “*This is just the way we do things here.*”
- Organizational success reinforces the tacit assumptions and makes them stronger.
- In *healthy* organizations, failure leads to the gradual extinguishing of the tacit assumptions that no longer work.
- In unhealthy organizations . . . *maladaptive tacit assumptions live on!*

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Harmonious Tacit Assumptions

- When the organization's overt behaviors, systems, policies, rules, etc. (**artifacts**) are **congruent with** what it says it believes (**espoused values**), the organization's **tacit assumptions** are operating in ways that are **consistent with and reinforce** the organization's **espoused values**.



Discordant Tacit Assumptions

- When the organization's overt behaviors, systems, policies, rules, etc. (**artifacts**) are **inconsistent or conflict with** its **espoused values** . . . our task is to identify the underlying and often unstated **tacit assumption(s)** driving these undesirable behaviors.
- A tacit assumption may also be **maladaptive** when it promotes behaviors/actions/policies (**artifacts**) that lead to a decline in organizational effectiveness.
- These "**disconnects**" between behaviors and values and the maladaptive assumptions are bad when they erode an organization's ability to achieve its goals.



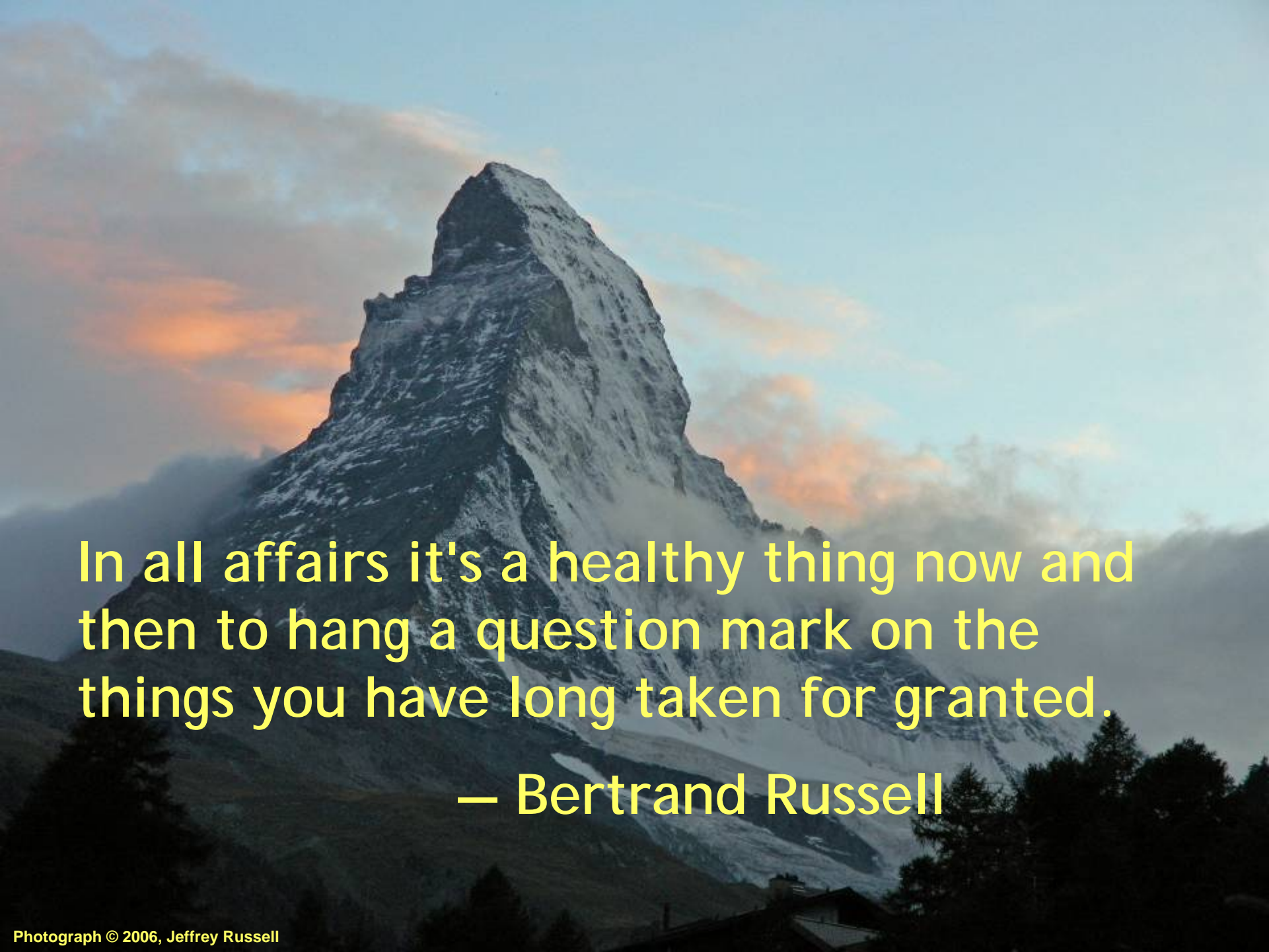
Tacit Assumption Example

The Inconsistency . . .

- **Espoused Value**: Our organizational credo says that we value diverse perspectives when making decisions.
- **Cultural Artifact**: In reality, only a few people are the decision makers and only a narrow range of perspective is sought and listened to.

Tacit Assumption Example

- **The Underlying Tacit Assumption**: What we actually value is rapid decision making by people with the greatest technical knowledge. [Note: the tacit assumption is the *real* guiding value that competes with and replaces/supplants an *espoused* value.]
- **The discordant result (artifact)**: opinions offered by those without this technical knowledge and expertise aren't listened to and those who offer them aren't valued by the organization — until they earn their technical knowledge “stripes.”



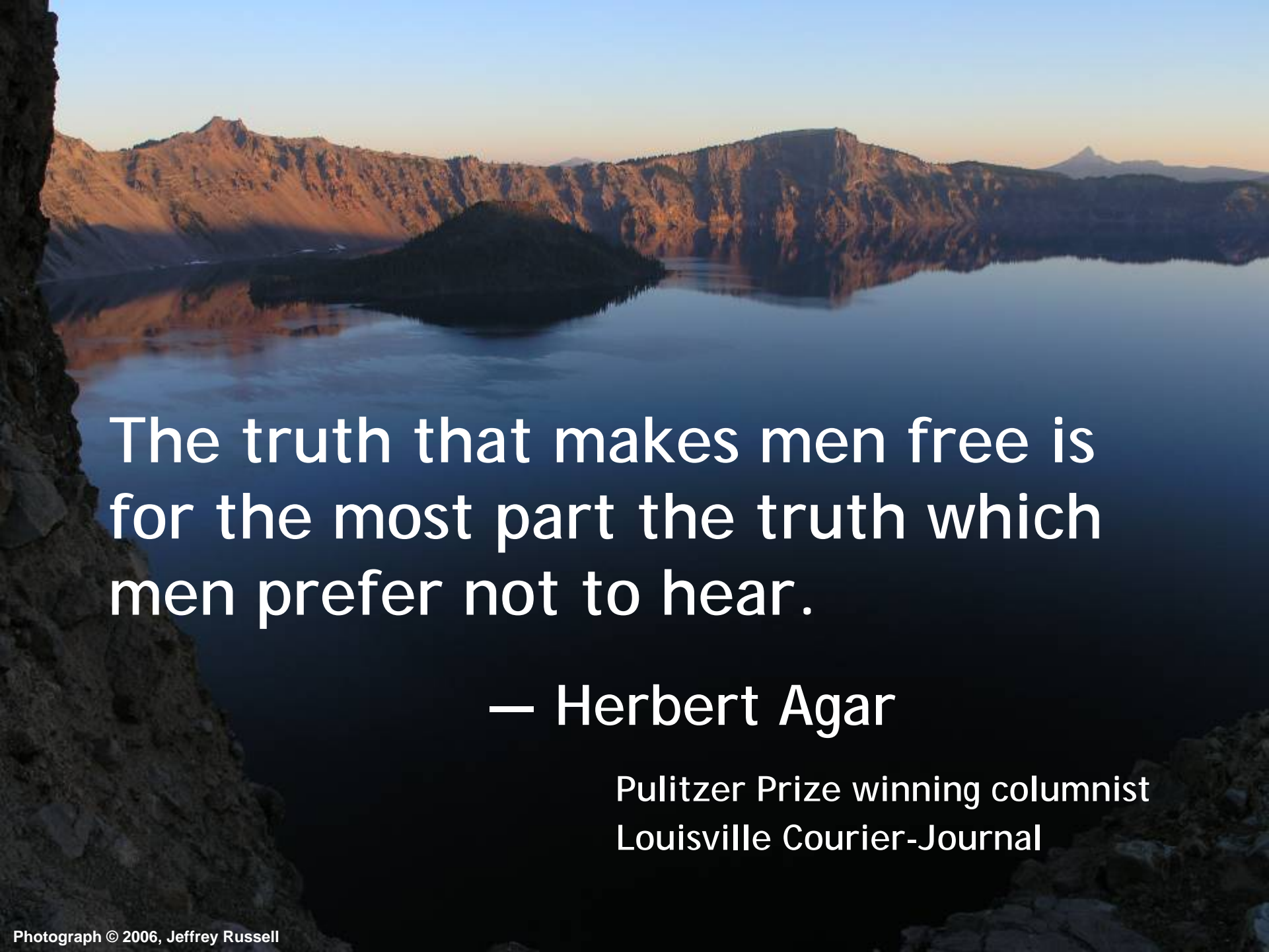
In all affairs it's a healthy thing now and then to hang a question mark on the things you have long taken for granted.

— Bertrand Russell



Discordant Tacit Assumption

Espoused Value	Cultural Artifact	Maladaptive Tacit Assumption
Problem solving is enhanced through teamwork	Decisions are usually made by people of higher rank or seniority	What we value most making decisions is status and rank
Quality is our first responsibility	The company is plagued by defects and customer returns	What we value most is getting through the day and making our numbers
<i>Our people are our most important asset</i>	High turnover in entry level positions	What we value most is cost containment
<i>People are held accountable for their results</i>	Departments continually miss their performance goals	What we value over accountability is loyalty to the boss



The truth that makes men free is
for the most part the truth which
men prefer not to hear.

— Herbert Agar

Pulitzer Prize winning columnist
Louisville Courier-Journal



Quality is impossible if people
are afraid to tell the truth.

– W. Edwards Deming

Father of Quality Improvement movement
(b. 1900 - d. 1993)



A Proposed Process . . .

1. Define the business case . . .
2. Identify the cultural artifacts that touch on all aspects of organizational life.
3. Identify the espoused values — What do we say we believe?
4. Compare the espoused values with their related artifacts (match them up). (**These are areas of cultural strength and congruence.**)



A Proposed Process . . .

5. Identify inconsistencies and disconnects between the artifacts and the espoused values.
6. Surface the underlying assumptions when there are disconnects. What *explains* the disconnects?
7. Highlight the cultural strengths (this is your starting point).
8. Highlight potential cultural vulnerabilities — areas that erode organizational effectiveness or create employee anxiety.
9. Develop your cultural response strategy that builds on your cultural strengths while directly confronting the maladaptive tacit assumptions and artifacts.



What is Change “Readiness?”

- A cognitive/**emotional** state that occurs when employees have positive *attitudes, beliefs, **feelings**, and intentions* toward a change.
- When readiness exists there is . . .
 - **Greater openness** to new ideas
 - **Lower resistance** to learning/growth
 - **Earlier acceptance** of the change

Moving *Toward* Change . . .

Readiness → Acceptance → Integration

- **Readiness** — being cognitively receptive to change; evident in openness toward the change in attitudes/beliefs/intentions.
- **Acceptance** — a deepening belief in the change and a willingness to work *with* the change on one's own terms.
- **Integration** — having attitudes/beliefs/intentions that *wholly* reflect the change . . . The change is difficult to separate from the individual's routine thoughts and actions. Integration is evident when new ways of thinking and acting are *deeply engrained* in the attitudes, beliefs, and actions.



Components of Change Readiness

□ **Organizational Support . . .**

- **Clarity of the vision**
- **Centralized vs. distributed decision making**
- **History of employee involvement in decision making, goal setting, and past change initiatives**
- **Strength of training and development**
- **Extent to which the employees' voices are heard/responded to**
- **Quality of organizational communications**
- **Performance accountability**

Components of Change Readiness

□ Organizational Culture . . .

- Cultural receptivity to new ideas/innovation
- Level of teamwork/collaboration
- Level of trust
- What people do under stress
- Past *active* participation levels
- Whether people feel responsible for their own success

Components of Change Readiness

□ The Change Environment

- Awareness of the forces driving change
- Clarity of the change and its effects
- Quality of the measures to gauge the success of the change (we'll know if we're getting there)
- The organization's track record with change
- The number of changes occurring simultaneously (Change overload! At the **breaking** point!)
- Cost/benefit analysis — advantages outweigh the perceived disadvantages

Components of Change Readiness

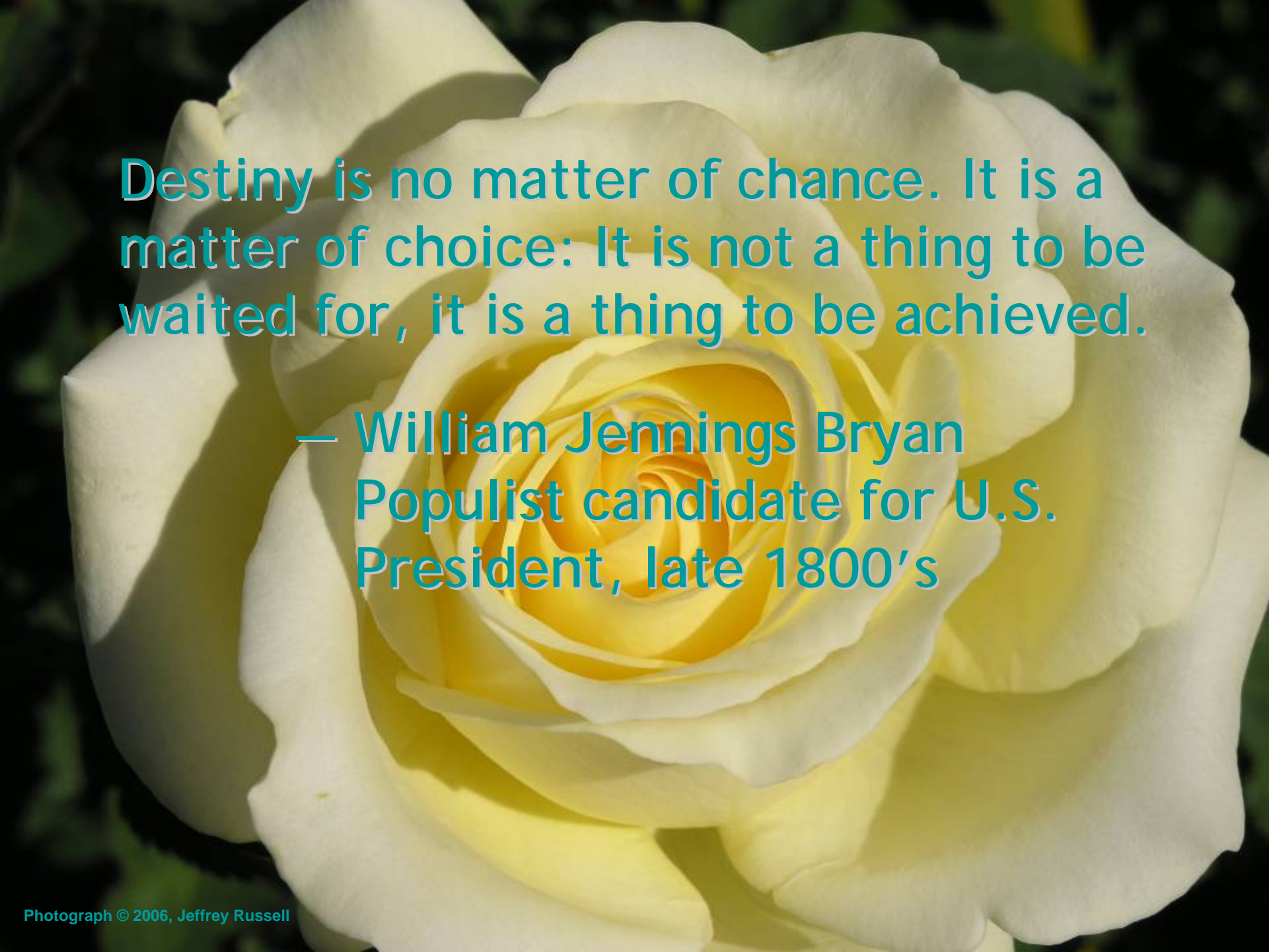
□ Employee Attitudes and Behaviors

- People feel a sense of “urgency”
- Level of job engagement
- Level of employee autonomy/independence
- The presence of innovators and risk takers
- Employee-perceived ability to influence the change
- Degree of employee receptivity to change
- Confidence in the managers’ and supervisors’ ability to guide people through the change



Organizational Change Readiness Assessment (OCRA)

- Russell Consulting has developed the OCRA to help companies understand the barriers to change.
- Intended for use by **change leaders** to assess *their* perceptions of the level of organizational change readiness
- Offers insights into the **overall likelihood** of success or failure of a change initiative
- Assists in identifying individual **components** that contribute to *low* readiness — identifies the **Red Flags**
- Is primarily a **planning tool** vs. a **predictive** one
- **Note:** If you want a copy — give me a b-card with your e-mail address clearly marked on it



Destiny is no matter of chance. It is a matter of choice: It is not a thing to be waited for, it is a thing to be achieved.

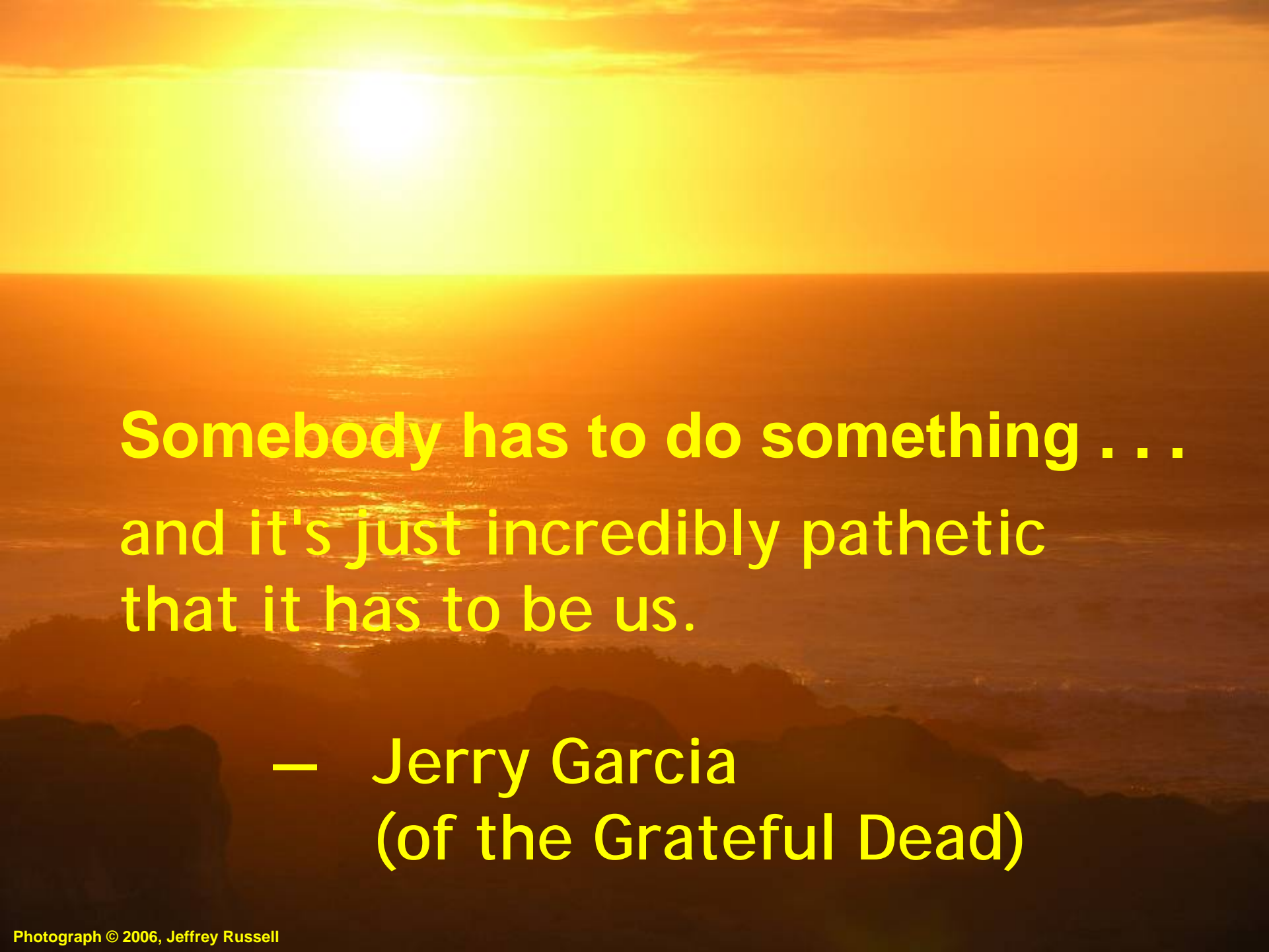
— William Jennings Bryan
Populist candidate for U.S.
President, late 1800's

A photograph of a misty lake at dawn. The sun is low on the horizon, creating a bright glow and reflecting on the water. The background is a dense forest of evergreen trees. The foreground shows a rocky shore with some reeds and a large rock.

Sometimes I lie awake at night, and I ask, "Where have I gone wrong?"

Then a voice says to me, "This is going to take more than one night."

— Charles M. Schulz
Charlie Brown in "Peanuts"

A photograph of a sunset over a body of water. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the water. In the foreground, there are dark, silhouetted mountains or hills. The overall mood is serene and contemplative.

**Somebody has to do something . . .
and it's just incredibly pathetic
that it has to be us.**

**— Jerry Garcia
(of the Grateful Dead)**



Thank You!

Best of luck with understanding and *changing your company culture!*

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