# Culture Change

How people work together can have a significant impact on organisational effectiveness and the ability to deliver the strategy. As often quoted "the way we do things around here" (a concept developed by Mckinsey) can mean the difference between a strategy well executed and a dysfunctional business…

We use the "Cultural Web" (developed by Johnson & Scholes) as an analytical tool (amongst others). The interaction between organisational structure, control systems, power structures, routines, rituals/myths and organisational symbols creates a unique recipe of how people work together.
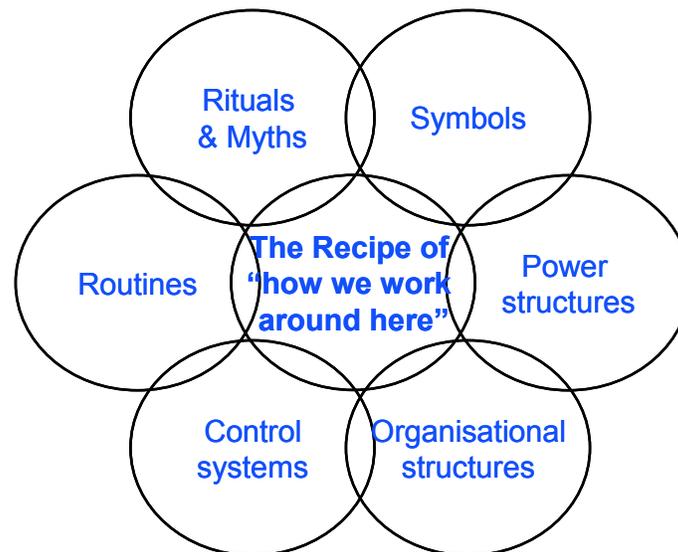
Culture is a business variable…

In successful companies the organizational culture supports the structure and business processes to deliver the customer focused strategic intent. In other words the strategy, processes, structure and culture are completely aligned in the business model.

In dysfunctional companies one or more of these variables is miss-aligned.

We've all experienced the manifestation of this when we buy a product/service we like at a price we believe reflects the value created at a location which supports the buying experience but from an employee who is perhaps rude or off-hand about the product/service. The purchasing experience is ruined and the reason to undertake a repeat purchase is now confused. A typical example where the all important service element of the customer experience doesn't reflect the business intent.

Change…

In order to change the Culture it is important to treat it as another business variable which requires alignment to the strategic intent of the organisation. Albeit, the most difficult variable to

analyse and the one which takes the longest time to change.

But take heart as many companies achieve a quantum shift in culture and their secret is persistence. They persistently pursue the change agenda and never give up on the quest.

The change agenda is a journey which, if it is to be successful, must include everyone in the company. Like all journeys it must have a start point, a plan of the route to be taken and a clearly enunciated destination (or objective).

And the journey begins thus:-

- **Firstly** we need to understand the existing cultural norms. The "Cultural Web" is a good model for analysing this. We cannot begin to target changes in behaviour until we fully understand what the current behavioural norms actually are.

  We also need to understand the context within which the culture operates. The context would be the current strategy, operational processes and organisational structure. These elements of the business model are interwoven. To understand any one element requires understanding of how they interact. A holistic perception of where we are right now.

- **Secondly** before we can proceed with a change agenda we need to understand what is wrong with the current position (and by inference what is right with it). It is very difficult to get people (and organisations are only a collection of individuals) to engage with a process of change if they don't understand or accept the reasons for the change.

  The best way to achieve this is to get as many people as possible to critic the "Current World" position. Typically we would involve the employees and trusted customers in this process. This can be achieved in a highly constructive way i.e. "we have reviewed our business and believe we can do better to serve our customers …and would like to involve you in helping us to do so."

  A tried and tested approach is to produce "Customer Value Chain" process maps for the discussion. Where we delineate the customer experience with an overlay of the service culture and ask our employees and trusted customers to tell us what works and where it could be improved.

  The above is important for several reasons:-
  - It signals the commencement of the journey of change
  - It gets the most important people involved in the journey
  - It means we change the right things. Those which we have been told matter.
  - It also signals that there is no going back. We have made the commitment to change.

  The all important mantra here is:-
  What I hear I forget
  What I see I remember (i.e. process maps)
  What I do I know (employee involvement)
  =
  Ownership and behavioural change

- **Thirdly** we design the "New World" once again with as much input from the key stakeholders as is practical. It is perfectly legitimate to introduce new business processes and proposed structures at this juncture (or even earlier). The key however, is to let the change teams (the people who have been involved to-date) take these proposals and amend as necessary and/or create a greater level of granularity so that they feel they have been part of the design phase i.e. they own it.

  Typically the change teams would design the new "Customer Value Chain" process maps with the desired service culture over-layed.

  We now have the "Old World" and the "New World" positions in terms of:-
  - o "Old World" processes and behaviour
  - o "New World" processes and desired behaviours

  The desired behaviours to support the new process will involve changes to "the way we do things round here" as identified in the "cultural web." So we would envisage changes to:-
  - o the organisational structure,
  - o control systems,
  - o power structures,
  - o routines, rituals/myths and
  - o organisational symbols.

- **Fourthly** we plan the transition from "Old World" to "New "World." Once again using the change teams. We have identified the process change and the accompanying behaviour change which is required i.e. we know the start point and the targets to aim for.

- **Fifthly** we implement and engage the whole business in the process.

A few things to remember…

The companies who have achieved world-class service standards recognise that the culture must support the principle of "Customer Centricity." This is where everyone is a customer of someone else in the organisation as well as outside the company. Companies who merely treat external customers well fail to achieve their intended goals.

Culture change (probably more so than other business variable change) requires the wholehearted input from the top team, middle management and engaged employees. It may necessitate letting go those who simply don't fit.

Early wins in terms of demonstrating the new cultural shift are hugely important in terms of moving the agenda forward. Typically this means the top team demonstrating the new cultural norms by:-
- o Changing the organisational structure.
- o Changing the old control systems.
- o Changing the power structures.
- o Changing the routines, rituals/myths.
- o Changing organisational symbols.
- o And walking the talk

Like any change programme it will need resources, plans, management and programme

management reporting. Our preferred programme management tool for this is the "Balanced Scorecard." The scorecard looks at the interaction between employees, processes, customer outcomes and financial consequences. By targeting and measuring performance in this holistic way the business can ensure the journey is kept on track and for the right reasons.

With respect to the choice of the change teams, who will deliver the programme on behalf of the business, these should comprise of tomorrows leaders.