

CULTURE & BUSINESS TRANSFORMATION

Dear Transformation Leader,

Congratulations on your new position. You are charged with leading the implementation of a highly visible, strategic, company-wide initiative. Now what?

With your strong background and ten years in your current role, you could be thinking that this is relatively straightforward, right? You figure that the organization is ripe for this initiative and will rise to the challenge, given it will stave off encroaching competitors, am I correct? Well, not exactly.

One of the biggest missteps organizations make when implementing strategic changes, particularly technology implementations, is leaving the organizational change effort to the end. Most strategic, company-wide initiatives today require shifts in routines and the way groups work together. This is culture change. This creates risk, which needs to be understood and addressed. What do I mean by this? Here is some context...

Today, exhaustive literature exists on organizational culture, proving its importance in enabling sustained business change. In essence, the culture of an organization is a manifestation of shared beliefs and norms of behavior, particularly those held by senior leaders, and directly linked to how the organization defines success. While a strategic initiative defines what the organization needs to do to achieve its goals, it is the culture that will either support or impede success. Indeed, if the strategic initiative runs counter to prevailing beliefs and norms of behavior that have made people successful to date, then implementation becomes a struggle and will need significant attention to culture at the front end. If the strategic initiative aligns with the culture, or if the prevailing beliefs are not delivering successful organizational outcomes, the change effort, while still challenging, will be palatable and more attainable. More often today, strategic initiatives require shifts in beliefs and norms of behavior to drive innovation, collaboration, business intelligence, agility and productivity. This means culture work may require significant shifts in the way things are done and should be part of the strategic initiative right from the start.

Let's look back at how you approached the implementation of your last strategic project and what you could have done differently to gain more impact. Let's look at some of the key steps.

- 1. Communication was developed for different groups in the organization providing them with what you thought to be a high-level understanding of the initiative and how implementation would enable success. The initiative stood alone and was not integrated with concurrent projects.**

Suggestion:

Before detailing the nature of the initiative...

Understand all other simultaneous projects, thinking about the organizational culture context – consider which initiatives are aligned with the future state culture needed to support strategy and your initiative and those which may be more aligned to what was valued in the past. For example: If your strategic initiative enables better decision making which is part of a desired future state culture where cross-boundary collaboration is key, it's important to know that a marketing project focused on improved data analysis will be running concurrent to your initiative. Likewise, a functional project that spotlights individual-based performance through a new reward and recognition process needs to be understood for implications. Does it reflect what is needed for past or future success? Will it create or reinforce sub-cultures and impede the goals of your initiative? Once you connect the dots between initiatives and the culture required for success, you will be able to speak more clearly about the priority of your initiative and how it connects to others that require similar culture strengths. Working on culture together will create ripple effect changes to norms and result in more stickiness for your culture change.

The next step is an objective assessment of the current culture to realistically understand current strengths that will support the initiative and culture gaps that may impede the speed and execution of your initiative. Valued culture strengths often operate to impede strategic change. The ideal approach is to compare the current state culture with the future state culture needed to deliver your strategic initiative in order to pinpoint priority areas for attention. It's important to identify sets of beliefs, behaviors and organizational practices that need to be shaped for the future and to integrate action strategies to address these within the implementation plan.

- 2. Corporate groups were assessed and the initiative targeted those with beliefs perceived to be aligned with what was needed for the initiative to be successful. Initial communication was presented to leadership across the organization and then aligned with projects in those departments that had bought into the initiative.**

Suggestion:

What was missing was an objective diagnosis of the prevailing culture and development of action strategies to shift leadership behavior and organizational practices to support implementation across the organization.

Speaking of leadership...

While effective storyboards were created to communicate to senior leadership the benefits of the initiative, what was missing was communication and activation of their role in supporting the culture change needed for implementation success. Organizational culture is highly influenced by senior leadership. Project success requires senior leaders to collectively advocate and demonstrate specific beliefs and behaviors and shift organization practices to support the business transformation and the culture needed to support it. Helping top leaders understand what this looks like for your initiative and the expected outcomes for which they are accountable is important work. Simulations, scenarios, pilots and visits to other organizations can help executives grasp how culture needs to be different and to step into their role in aligning culture to strategy.

- 3. A broad measure for success was identified, which senior leadership bought into because it was benchmarked against your biggest competitor. This proved the value of having external benchmarks.**

Suggestion:

While it's important to have an external measure to compare with the performance of competitors, for sustain culture change this measure should not stand alone. Metrics need to be linked to critical business success factors. Having transparent accountability for these metrics is paramount for making culture change "stick".

Additionally, there needs to be an effective process in place to capture and to report the measures. Data integrity becomes critical and practices to prohibit gaming the system becomes essential for accountability. This is a factor that often carries a change in culture, which has to be considered if benefits are to be sustained.

A culture measurement system brings another lens to measurement of strategy success. Using a bi-annual culture survey and semi-annual culture pulses helps track the development of culture strengths, identify culture opportunity priorities, brings understanding of sub-culture differences and holds leaders clearly accountable for

intentionally aligning culture to strategy. Qualitative measurements can be used within pilots to identify culture misalignments early in the implementation process.

- 4. Finally, the strategy for the initiative defined how the team was going to be organized, and the work required to accomplish the goals, by when. Based on this, a change management strategy was developed that identified the type of communication and activities required at different stages along the implementation roadmap.**

Suggestion:

Communication is not sufficient to change habits and routines. Culture change actions need to be integrated with the operational and organizational change strategy to prepare for implementation and sustain its success. This includes strategies and actions to engage all of those who are part of implementation in shifting the organizational culture from current state to future state. It requires as much thought as the other aspects of the implementation roadmap.

Changing beliefs and habits is difficult work, so it's important to narrow the field of play to a very small number of priority areas and to start with influential groups. Integrating culture work into pilots and testing activities starts the culture change process early, revealing misalignments and minimizing the downstream risk of a strategic change that fails to 'stick'.

In summary, here are the key elements for changing organizational culture during a business transformation.

- 1. Make culture change a key element of every strategic change**

Prevailing values, beliefs, norms and practices will support or impede strategy execution. Cohesion around the future state culture to deliver key strategic initiatives is needed to build collective commitment to working on culture as part of strategy. That being the case, culture development activities need to be integrated into the implementation roadmap.

- 2. An assessment of the organizational culture implications for all strategic initiatives and projects should be conducted on a portfolio basis**

Initiatives with outcomes reliant on similar cultural attributes should be linked while those that do not support the future state culture should be challenged for relevance.

3. To accomplish this the organization must understand, through a robust, objective assessment, the way its culture operates

Culture strengths often operate to both support and impede change. Shared understanding of culture strengths to leverage and/or modify and culture development priorities needs to be developed and linked to the strategic initiatives underway. This is a key up front activity for implementation planning.

4. Establish clear metrics

These quantitative measures will provide the evidence that the initiative is moving the organization closer to achieving its desired outcomes. Pay attention as the process of measuring results may have cultural impacts in itself. Culture should also be objectively measured to track progress in developing new strengths and addressing culture barriers.

5. Senior leadership accountability is mandatory

Senior leaders must own the measures that are linked to both operational and cultural actions and they need to review managing, operating and social practices for alignment to the future state culture. Organizations can help leaders understand the behaviors they demonstrate that influence culture through 360° feedback and coaching for increased self-awareness.

6. Finally, well-crafted communications and engagement strategies are needed, particularly at the top

Communications normally convey why the initiative is being implemented (burning platform) and the activities that will be completed to achieve the desired benefits. What is generally missing from these presentations, particularly to senior leaders, is the culture elements required for success, what the project can and cannot address and what is needed from them to move the needle on aligning culture to strategy.

Hopefully these insights will help with your new transformation initiative.

Sincerely,

Someone who was once in your shoes

HAZEL LORD, P.ENG., MBA

Hazel Lord is a senior consultant at Culture-Strategy Fit Inc. and founder of Peal Operational Design Consulting. Hazel has over 15 years of experience working with complex national and global organizations focused on system-wide change for high performance. Her specialty is analyzing, designing and managing culture, processes, structures and systems to facilitate long-term business success. Her systemic approach results in accelerated change that lifts performance and is sustained over time.

CULTURE-STRATEGY FIT INC.

Culture-Strategy Fit Inc. is a leading culture and executive leadership consulting firm conducting ground breaking work in leveraging culture to drive strategy and performance. It's suite of culture surveys and culture alignment tools are used by market leading organizations around the world.