

Behaviour



CULTURE AS A COMPETITIVE WEAPON

Ian Buckingham puts the case for a culture-first approach to change, with the help of three real-life examples of change in action.

Business performance is an outcome of “the way things get done” in a business. An organization’s culture, its shared and largely unconscious beliefs, assumptions, passions and actions, shape the experiences staff have within the company, and in turn determine how they deal with customers drawn in through the “shop window” by the power of marketing. In short,

marketers cannot afford not to work arm-in-arm with their internal-facing colleagues, just as any internal change programme worth its salt should start and end with the customer.

As customers and consultants, we witness many examples where investing in brand development and brand awareness actually escalates the pace of brand



decline – when customers’ experiences don’t match the bold promises. Staff keep or break those promises – fact.

In the battle for customer loyalty, the leading organizations are those that nurture a business culture that expresses their brand values daily, through a workforce that understands the brand, its value to the business, and their role in delivering that value.

These imperatives are clear from the experiences of three organizations that we have worked with over the last few years, and the key lessons are shared in this article.

In the not-for-profit **Organization A**, the chairman initially took responsibility for driving change. He employed a “go-getting” COO from an industry that typified the culture their clients were demanding. Together, they enlisted the help of trusted partner organizations (including ourselves) to run a significant internal diagnostic process to support structure-based decisions.

Adopting a cocktail of quantitative and qualitative measures, they crystallized and defined their current culture, confirmed their medium-term business priorities and consulted their internal and external stakeholders on the ideal future culture. Perhaps surprisingly, they lost little time in the resultant restructure – but the need for change was clear to all.

The public sector **Organization B** took a more comprehensive approach and spent considerable time consulting key stakeholders, setting up a department that was, and was seen to be, accountable for delivery of the change, and then developing an extensive and challenging list of objectives and goals. We were then asked to assist them with cultural and best-practice benchmarking.

The financial services giant, **Organization C**, started with the top team, who were consulted and in turn asked to participate in an independent competency-based evaluation process. A restructure followed, and a change plan was developed with the help of a senior

THREE CHARACTERS IN SEARCH OF CULTURE

Organization A has a long and noble history as a charity, and is a not-for-profit organization with a commercial focus. It had been walking a tightrope for some time, trying to balance its charitable heart with the demands of key stakeholders, including its board of bankers and customers demanding a competitive product.

Organization B is a large and high-profile public sector establishment. Its catalyst for change was hostile PR, a revolutionary government, and a strong core of passionate change advocates swimming against the reactionary stream.

Organization C is a multi-national insurance brand with extensive client portfolios and impressive market share. It was a slumbering giant with an identity crisis following a succession of mergers, but this stature was not being reflected in results or market position. A new CEO had been sent into the corporate cave with an alarm clock.

All three place great stock in their respective brands, and all have undergone comprehensive change programmes over the past three years, each with a different yet equally “hot” burning platform. They all focused on culture as part of the change process in different ways and with varied results.

cross-functional change team that quickly highlighted a balanced set of change goals. Culture change and communications became key streams in the change plan very early on: a compelling story¹ about the reasons for the change was developed, and a set of brand-related values pulled together to help guide the behaviour change process.

Interestingly, after this initial phase, the change

imperative increased for each organization, with the pressures on each business ratcheting up by funding issues (for A), feedback from key stakeholders, and a shift in market forces. Given the “whiplash” of these external factors, there was a sharper focus on the task of bringing about rapid transformation.

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Different approaches

Organization A favoured a “culture-first” approach, very visibly and passionately led by its COO – who had now become chief executive – who concentrated the change goals into a limited series of core enabling activities:

- A simple cost/income ratio.
- A balanced set of sales goals.
- Target stakeholder satisfaction levels.
- Improvement targets for the most important processes.
- A vision of a future culture defined by three simple values, which encouraged employees to break with outmoded cultural norms.

Spurred on by customer and stakeholder demands, the planning and implementation phases blurred into one, creating a powerful and compelling sense of energy, urgency and growing conviction. Cynics and reactionaries were simply out-flanked as outmoded behaviours became redundant, and certain roles and functions became superfluous.

The public sector **Organization B** clearly took the declining confidence of its stakeholders to heart, and diligently withdrew to plan and plan harder. Involving an army of change theorists, it developed a multi-faceted, top-down change strategy that included:

- The development of a change vision.
- A change plan with over thirty core project streams.
- A coaching process for the directors/board, on both team and one-to-one bases.
- A multi-channel communications strategy.
- Several different employee feedback mechanisms.

All these were followed by a culture benchmarking measurement process and a development programme for senior/middle management.

Logically sound in most areas, it was certainly thorough on process, and attempted to work within the existing culture to bring about more of an evolutionary

than revolutionary zeal. However, it struggled throughout with passive-aggressive, reactionary layers of sign-off. The top-down approach showed early signs of creating an engagement “bottle neck”, as the lower echelon pushed for involvement. This led to intolerable pressure on middle management to implement the change demands from above whilst focusing on maintaining business as usual.

The insurance company, **Organization C**, was inspired by a chief executive with retail experience, who assembled a team capable of walking their talk. They quickly developed a critical mass of change advocates by taking a multi-layered approach to communication. By daring to experiment with more risky engagement techniques, primarily at-large get-togethers, they revealed a perhaps-surprising appetite amongst middle and senior leaders for change – when given clear goals and an opportunity to have their say.

Breakthrough initiatives included:

- Being clear about why they were changing and the culture they were looking to create.
- Simplifying the change journey into three simple phases.
- Co-creating a compelling vision, and involving employees in the process.
- Agreeing a simple set of values that focused on generating innovation opportunities as a tool for developing and maintaining a positive and creative energy in the business.
- Targeting employees as key stakeholder groups in the early stages.
- Honouring the achievements of the past whilst enticing the organization forwards.
- Establishing a world-class communications function, to strive for engagement of people rather than pushing information at them, and to encourage people to bring themselves and their improvement ideas to work.

The results so far ...

Almost three years on, we have recently completed a raft of re-measurements for each organization, to assess how their respective internal cultures have changed, and to link this to their respective portfolios of hard goals and key performance indicators.

The public sector **Organization B** still has some way to go to truly cascade the change and “infect” the whole populace, despite its thorough and logical process and fine words. Significant change happened in terms of the interactions of the top team, but that has not as yet really manifested itself elsewhere. Despite recognizing that their middle and line management still had to be convinced of the benefits of change, communication and engagement activity remained too “information-push” (rather than “demand-pull”) oriented. As a result, its culture, benchmarked against organizations of a

similar size and type using a host of measures, including the OCI tool², has changed less dramatically than had been hoped.

These somewhat disappointing results have at the very least provided the impetus to kick off the next phase of change, starting with an initiative to engage senior/middle managers. This will, however, be all the more challenging given a significant re-structure, the fact that the original change team has been disbanded, and the threat of further unprecedented downsizing. It may also abandon plans to re-use the culture measurement tools – ironically, as consistent measurement could be the key to refocusing and developing a clear message that will lead to complete buy-in from people at all levels.

The financial services giant, **Organization C**, has risen to its feet and developed into a leading global brand in a relatively short time. It too has had to restructure and re-size, but its blend of employee feedback and culture measurement tools shows that people understand the rationale for change, have been consulted and engaged in influencing change, and have accepted a degree of uncertainty as a pragmatic business reality. Change management has been built into key HR processes as a core management behaviour.

Brand and internal culture have been explicitly linked and, rather than fight territorial wars, internal and external communications are more closely aligned. External indicators point to unprecedented levels of external brand awareness and much increased market share, despite a

lengthy period of adverse market conditions.

Victims of their own success, the chief executive and senior brand manager have been uplifted to a global board role, the organization development director has

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been given a customer service challenge, and the director of communications has been head-hunted by a competitor. The next challenge will be to sustain momentum in the face of the loss of these key personnel.

And the winner is ...

Of our three client companies, however, the star performer has undoubtedly been the not-for-profit **Organization A**. In a shorter timeframe than the other two, and faced with a doomsday scenario, it has just announced results that show:

- A healthy and improving financial performance.
- Increased market share.
- Rapidly improving customer satisfaction figures.

Its governing board has been fulsome with its praise, and internally the latest culture-benchmarking study reveals a significant shift towards its picture of the desired future culture. This has been reinforced by a series of key external appointments – previously the organization was hardly seen as a CV-enhancing employer.

It has managed a complete transformation of its culture, yet handled the process with kid gloves through a series of rounds of re-sizing, preserving the best of its heritage yet turning to face the future.

Each organization recognized that it would have to change to thrive – and even survive – and whilst approaches and results differed in each case, each story tells the same basic tale: business performance and the way things are done are inextricably linked. Culture can be a competitive weapon just as relevant to the internal, employee-facing environment as it is to the brand battleground – and neither camp can afford to ignore it. □

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¹ Not to embellish or spin, but to explain the principles and processes in easy-to-understand terms and imagery.

² The organizational cultural inventory is a cross-industry culture benchmarking tool. For more details, contact the author.

SIX KEY LEARNINGS

- Be clear about who is accountable for delivering the change (the chief engagement officer) and, wherever possible, make this a partnership between internal and external-facing communities.
- Make sure you know why you're embarking on the change in the first place (what business outcomes are you looking to achieve?) and that all key stakeholders are constantly reminded.
- Set a simple but balanced portfolio of key goals, and make sure culture is one of them.
- Create a compelling story for stakeholders, both internal and external, that gives the context for the change and keeps the goal in sight.
- Develop strategies for helping people experience the story, and explore their role in delivering the next chapter/ "happy ending".
- Prioritize the business processes you will have to influence to drive and embed the change. People processes like recruitment, reward and recognition and communication, and those that directly drive customer satisfaction, should be seen as priorities