True culture transformation requires more than a cosmetic corporate make-over. How can companies re-align culture and make change stick?

**Culture means business**

The concept of organizational culture is highly appealing to business leaders. Indeed, many globally admired companies credit their success to their unique organization cultures.

Representing ‘how things are done’, organizational cultures are important drivers of employee behavior, particularly when employees must be relied upon to act on their own initiative in a way that is consistent with the company’s objectives, culture and values.

But managing and/or transforming organizational culture is not for the faint-of-heart. Nor does it merely involve a cosmetic sleight-of-hand. Efforts to change organizational culture often face three significant obstacles.

Firstly, culture is challenging to grasp as it is an inherently intangible issue. Secondly, changing the behavior of one person is already difficult enough, let alone trying to sustain new behaviors throughout an entire organization. Finally, attempts to transform culture are often met with cynicism – the culture snaps back to old habits if initial changes are not sustained.

Traditionally, executives look to their HR department and their tools – from reward to training – for help to change culture. But even experienced HR professionals get frustrated. The reason lies in the fact that successful transformation does not depend on the number of tools used, but rather how deeply the efforts penetrate.
More than skin deep

Most HR interventions attempt to transform culture by targeting behavior change directly. We are familiar with them: forming teams to try to increase collaboration, changing performance management and reward systems to increase accountability, or establishing written codes of conduct to enforce transparency in business practices.

However, these change efforts typically do not have long-lasting impact since the underlying drivers of behavior are untouched, and people eventually revert to their old habits.

What is needed to sustain change is an approach that addresses the deeper drivers of behavior, including shared purpose and meaning, individual beliefs and values [Figure 1].

The underlying aspects of culture can serve as either barriers or enablers to culture transformation. They are not directly observable and are challenging to understand and manipulate. However the good news is that the sustainability of the change is directly proportional to the depth of the change effort. Hence, the key is to target change efforts at the underlying drivers of culture.

Driving culture change

Hay Group defines culture as “the combination of organizational inspiration and purpose, motives and beliefs of individuals, and the norms and patterns of interactions of groups, which provides the meaning to drive leaders’ and employees’ behaviors and results.” In short, culture is the fabric that provides meaning for people in their work and their lives.

Based on our research and a historical review of culture studies, we view culture as the unique combination of phenomena that operate at three levels [Figure 2]:

- Individual – motives and values
- Social – relationships and networks
- Organizational – purpose and meaning

Motives and values

Personal motives and values refer to the core goal-states, wants and needs that individuals typically strive to reach and to satisfy.
Psychological approaches to culture emphasize the shared and deeply-learned skills, habits of thinking, and mental models employed by individuals in an organization.

David McClelland’s social motives, which are characteristics of individuals, play a role in defining organizational culture. For example, firms populated largely by individuals selected for a strong need for achievement will emphasize the accomplishment of short-term and tangible goals, often at the expense of longer-term aspirations.

• **Relationships and networks**

The sociological and social psychological approaches emphasize group norms as a manifestation of culture. Norms are the implicit standards and values that evolve in working groups, and are reflected in the rules of the game, often most visible in socialization processes. For instance, it manifests itself in such advice given to new employees to ‘keep your head down, don’t create conflicts, and you will be successful.’

Hence, culture is a social phenomenon observed in the behavioral patterns that arise when people interact: the language they use, the customs and traditions that evolve, and the rituals they employ in a wide variety of situations. If you ask people about their organization’s culture, they may answer in terms of relationships, for example: ‘We are very competitive,’ ‘this is a command-and-control organization,’ or ‘we work as one team.’

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Purpose and meaning

Shared meanings are created by group members as they interact with their environment. They derive a sense of purpose, inspiration, and success from their choices. Purpose and meaning also are shaped by the values and formal philosophy espoused by leaders, and the publicly-announced principles and broad policies that guide action.

These meanings often are represented in a culture through the metaphors and integrating symbols circulating in use within the community. Simply put, organization purpose can be elicited when you ask employees, ‘Why does this company exist?’ Some responses could include: ‘to make money for its shareholders,’ ‘to improve the lives of our customers,’ or ‘to give back to the community.’

Creating alignment

At the intersection of the three dimensions of culture is ‘shared meaning.’ By focusing on this area, companies have a powerful lever to align culture that touches the individual, group and organization, thus creating a high-performing culture.

And it is easy to see why. Employees are most likely to be deeply engaged in their work and committed to the organization when there is alignment between their individual motives and values, the way that relationships and networks operate in the organization, and the overall purpose of the business.

 Conversely, if any of the dimensions are misaligned, we will see employees who are less motivated and committed. The collective behaviors of groups may even work at cross-purposes, leading to long-term decrease in both performance and productivity.

One of the manifestations of shared meaning can be found in the “corporate narrative” that employees recount to each other and which illustrates the desired corporate values.

For instance, many people are familiar with the story of how P&G’s A.G. Lafley created a culture of innovation and collaboration focused on the consumer, which included many symbolic changes that had real impact: dismantling the insular corporate executive offices and replacing them with training rooms and open space, and changing conference room tables from rectangular to round to reduce hierarchy.
**New game, new rules**

Changing culture is a transformational journey. It’s certainly not an event. It takes time and self-awareness. Moreover, individuals and organizations cannot change if they cannot learn. Hence culture transformation is really a journey of building awareness and alignment between where you aspire to be strategically and the three dimensions of culture.

The starting point is to understand the strategic requirements of your organization: what type of culture is needed to deliver the short- and long-term results you desire? Leaders need to define the types of behaviors that will be required to help the organization be successful. Then, they need to prioritize the change levers that will produce the most impactful culture change and focus on systematically implementing those catalysts for change [see Figure 3].

Often the most impactful changes are focused on realigning symbols and artifacts – the intangible levers of change – coupled with leadership acting as role models of the new culture.

One of the biggest challenges in most organizations is that leadership behaviors, management systems, and organizational symbols send conflicting messages to employees. For example, a company touts itself as a ‘caring employer’ but employees are expected to report for work even when they are ill. Hence, it is critical to make sure that consistent messages are sent to reinforce the behaviors that are needed at the individual, team, and organization levels.

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**Figure 3: How to transform and align culture**

- **Shared purpose and values**
  - Guided by
    - Inspiration, history, purpose, mental models of founders and leaders
    - Dominant individuals and leaders’ motives and values
    - Relationships and networks
    - Dominant country environment

- **Organizational messages and reinforcements**
  - Driven by
    - Aspiration
    - Strategy and goals
    - Leaders’ posture and role modeling
    - Organization structure design
    - Management systems
    - Brand
    - Symbols and artifacts

- **Actions and behaviors**
  - Delivered by
    - Leaders’ behaviors
    - Employees’ engagement and behaviors

The key is to identify and focus on the relevant catalysts for culture change.
Another mistake that many organizations make is trying to change too many things at once, often focusing on communications, training, and internal marketing campaigns – which can be overwhelming, superficial, and short-lived. It is also important to identify the positive elements of the current culture that should be kept and reinforced in the future. It is unlikely that an organization needs to undertake a complete change of all the attributes of its culture. Therefore, the transformation should focus just on the elements that need to change or be realigned.

Leading culture transformation
As senior executives lead their organizations, they are also – whether they like it or not – the champions of culture. Shaping culture is challenging, yet extremely powerful, since it touches the heart of what drives people and performance. The best leaders of culture display reflective or intuitive awareness of what works and what does not work in their organizations. They model the right attitudes, use appropriate management styles, and send consistent messages to the organization.
When an organization’s culture needs to significantly evolve or adapt to the environment, effective leaders are the first ones to make the effort to demonstrate new behaviors, acknowledge when they fail, and show resilience to try again. Culture transformation requires leaders that are engaged in learning, risk-taking and re-affirming the behaviors that are expected in an organization.

Leading culture transformation requires the willingness to ‘go deep’ within oneself and the organization. Helping others to change their beliefs and their behaviors requires a clear sense of self, emotional maturity, and determination to make the journey over several months (and often years).

**Achieving successful change**

Culture transformation is a journey that will challenge the most resilient and experienced executives and their leadership teams. But that does not mean that it is to be avoided. Effectively executed, it is a rewarding experience that leads to highly-motivated employees, satisfied customers, and outstanding business results.

Culture is extremely powerful when it systematically and skillfully translates an organization’s collective and individual beliefs into consistent and effective behaviors.

You can be successful if you follow the principles of culture transformation we have outlined in this paper:

- Go ‘deep’ to drive and sustain behavior change
- Align organizational culture to the business strategy
- Create shared meaning at the individual, social, and organizational levels
- Identify the key levers to help implement culture change
- Demonstrate self-awareness and commitment to lead the transformation

Culture transformation is a journey without a final destination. If undertaken in the right way, it is a process of continuous improvement and adaptation that will lead to increased employee engagement and improved business performance for everyone involved.

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