Understanding And Assessing Your Organization's Culture: Telling The CEO His or Her Baby Is Ugly

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Summary

In the book *Built to Last*, Jim Collins and Jerry Porras found that the most successful companies are characterized by a deeply held set of core values and core purpose and the ability to translate them into daily operating practices that allow for flexibility in a changing business landscape. In essence, Collins' and Porras' six years of research highlight the huge role a company's culture plays in its success. And yet, most companies do not pay much attention to truly understanding their actual culture. Furthermore, a company's CEO and senior management frequently have a myopic view of the culture which varies significantly from reality. This lack of understanding of the organization's culture can greatly impede its ability to compete and succeed.

Introduction

This paper explores what organizational culture is and isn't, and discusses the role of the leader in transmitting and supporting the culture. The authors emphasize the importance of understanding the *real* versus the *espoused* culture and outline some of the difficulties inherent in presenting to management a picture of the actual culture that differs from their perception. They go on to discuss some of the specific purposes for which cultural assessment can be used including: alignment of culture with company goals and strategy; alignment of values and goals across subcultures; and, ensuring the fit of new hires with the organization. The paper concludes by discussing the value of using an objective cultural assessment tool to present credible results to senior management and minimize the backdraft to the messenger.

Do You Really Know Your Organization's Culture?

Understanding and assessing your organization's culture can mean the difference between success and failure in today's fast changing business environment. Frequently, however, senior management, particularly the CEO, has a view of the organization's culture that is based more on hope than a view grounded in objective fact. This paper will explore some of the problems associated with understanding the reality of an organization's culture. It will also focus on the role of the leader in creating or maintaining this culture. Finally, it

will discuss the perils of confronting the leader with an assessment of the organization that flies in the face of his or her preconceptions.

Imagine you were asked to describe your organization to an outsider. How would you answer the following questions?

- What 10 words would you use to describe your company?
- What is really important and valued in your company?
- Who gets promoted?
- What behaviors get rewarded?
- Who fits in and who doesn't?

In reality, what management pays attention to and rewards is often the strongest indicator of the organization's culture. This is often quite different than the values it verbalizes or the ideals it strives for. Actions speak louder then words.

Think for a minute about the organization in which you work. Does your management encourage or discourage innovation and risk taking? Does it reward employees for coming up with new ideas and challenging old ways of doing things or punish those who challenge established norms and practices? Do mavericks fit in or do they get pushed out? Is rapid change the norm in your organization or does management vigorously protect the status quo? Does the organization truly value excellence or is the mentality simply "just ship it"? Does management pay attention to the well-being of its employees or is it completely focused on task performance and profits? Does a high level of employee participation characterize the culture or does senior management make most decisions? As you can probably see from your own responses, this kind of inquiry can give insight into the real culture of your organization and some of its underlying values and norms. The actual culture may not at all resemble the culture management thinks it has created.

What Is Culture?

Your organization's culture is not the espoused list of values developed at an offsite by the executive team and framed on the wall in your lobby. These are ideals. What you strive to be as an organization and what values you hope to endorse may be different from the values, beliefs, and norms expressed in your actual practices and behavior. Don't fool yourself. It is critical that you find out who you really are as well as strive for who you want to be.

Awakening the emperor to the fact that he or she has no clothes is often a risky and delicate first step in closing the gap between the real and the ideal. Cultural assessment can provide measurable data about the real organizational values and norms that can be used to get management's attention. It can dispel some of management's illusions about what really matters in the organization and will tell them how far off the mark things really are. Management may find that it is not practicing what it preaches.

However, telling the CEO the truth about the organization he or she has built often can be dangerous to your career progress. Delivering such a message takes skill as a coach and a willingness to take risks and confront conflict.

Basic Assumptions, Values, and Norms Drive Practices and Behaviors

The culture of an organization operates at both a conscious and unconscious level. Often the people who see your culture more clearly are those from the outside—the new hires, the consultants, or vendors. When coaching or advising senior management, remember that culture comprises the deeply rooted but often unconscious beliefs, values, and norms shared by the members of the organization. Those not living inside the culture can often see it more objectively. Better to ask a New Yorker to tell you what Californians are like than to ask a Californian.

Culture drives the organization and its actions. It is somewhat like "the operating system" of the organization. It guides how employees think, act, and feel. It is dynamic and fluid, and it is never static. A culture may be effective at one time under a given set of circumstances and ineffective at another time. There is no generically good culture. There are, however, generic patterns of health and pathology.

Culture Operates at Various Levels - The Visible Artifacts to the Deeply Rooted and Unconscious

Culture can be viewed at several levels. Some aspects of culture are visible and tangible, and others are intangible and unconscious. Basic assumptions that guide the organization are deeply rooted and often taken for granted. Avoidance of conflict is a value that is an excellent example of a norm that may have a major influence on the organization but is frequently unconscious. For an insider, this is difficult or impossible to see, particularly if the individual has "grown up" in the organizational culture. Recently hired employees and external consultants are frequently in the best position to identify these unconscious assumptions or values.

Espoused or secondary values are at a more conscious level; these are the values that people in the organization discuss, promote, and try to live by. All employees of Hewlett Packard, for example, are required to become familiar with the values embodied in the *HP Way*.

Some of the most visible expressions of the culture are called artifacts. These include the architecture and decor, the clothing people wear, the organizational processes and structures, and the rituals, symbols, and celebrations. Other concrete manifestations of culture are found in commonly used language and jargon, logos, brochures, company slogans, as well as status symbols such as cars, window offices, titles, and of course value statements and priorities. An outsider can often spot these artifacts easily upon entering an organization. For insiders, however, these artifacts have often become part of the background.

The Role of the Leader in Transmitting Culture

One of the critical factors in understanding a corporate culture is the degree to which it is leader-centric. Ask yourself, how central is our leader to the style of this organization? If you are the leader yourself, the culture of your company is likely to reflect your personality, including your neuroses. So if the CEO avoids conflict and tends to sweep it under the carpet, don't be surprised if you see avoidance of conflict played out throughout the organization.

The behavior that is modeled by the leader and the management team profoundly shapes the culture and practices of the organization. What management emphasizes, rewards and punishes can tell you what is really important. The behavior of members of the senior team—their reactions in crises, what they routinely talk about—all set the tone of the culture.

If the culture was already firmly established when the CEO assumed leadership and he or she simply inherited a strong set of traditions, then he or she may play the role of the guardian of the old culture. On the other hand, CEOs such as Lou Gerstner at IBM or Lee Iococca at Chrysler were brought in to be change agents charged with dramatically transforming the organizational culture.

Why Assess Culture?
Closing The Gap Between The Real And Ideal Culture

Why would a company be interested in assessing its culture? If the organization wants to maximize its ability to attain its strategic objectives, it must understand if the prevailing culture supports and drives the actions necessary to achieve its strategic goals. If it does not, what "ideal" culture would support the company's purpose, goals, and strategy more effectively? Cultural assessment can enable a company to analyze the gap between the current and desired culture. Developing a picture of the ideal and then taking a realistic look at the gaps is vital information that can be used to design interventions to close the gaps and bring specific elements of culture into line. If your competitive environment is changing fast, your organizational culture may also need to change. However, you may need only to change some of its practices and secondary values while keeping a few precious and non-negotiable core values intact. Often an objective assessment tool can zero in on a limited number of elements of culture that need to change, rather than embark on a futile attempt to change the entire culture.

Value and Goal Alignment across Subcultures, Divisions, and Geographic Regions

In many companies there is a strong dominant culture that is pervasive throughout the organization and across business units or even regions. This kind of organization is said to possess a high level of cultural integration. However, often the culture in large organizations is not singular or uniform. Organizations can vary widely in terms of the degree of cultural integration and the strength of the subcultures that coexist. Subcultures may share certain characteristics, norms, values and beliefs or be totally different. These subcultures can function cooperatively or be in conflict with each other. In general, subcultures can differ by

function (engineering versus marketing), by their place in the hierarchy (management versus administrators, assistants) by division, by site, or by geographic region and country.

It may be both undesirable and unrealistic to try to homogenize the organization across all of its parts. Still, a thoughtful assessment of the culture can facilitate the alignment of values and strategic goals across subcultures and geographic areas. It is very important for global companies to tolerate and support a certain amount of cultural differentiation. Yet there may be a set of core values, four or five deeply held principles that management thinks should cut across subcultures, divisions, and international settings.

Individual-Organization Fit

Corporations that are growing fast must hire a large number of new employees. It is critical that these new hires are a good fit with the current culture. If an individual is out of synch with the culture, the organization's cultural antibodies will often attack. In addition, there must also be a good fit with the culture that you are trying to create. It is now possible to make hiring decisions based on quantitative assessment of the compatibility between the candidate's personality, values, and behaviors and both the current and desired culture.

Organizational Change

Today the pace of change is blurringly rapid, particularly in the high technology sector. Only organizations that can adapt to this fast changing environment can survive. However, as Jim Collins and Jerry Porras emphasize in their book *Built to Last*, enduring great companies are characterized by both a solid foundation of timeless core values as well as adaptability in their behavioral practices, secondary values, structures, and other cultural artifacts. The secret to a company that outperforms others in its industry over a long period of time is its ability to manage both continuity and change. Such companies are capable of responding with nimbleness to the environmental drivers that necessitate change in strategy and practices. These drivers include: rapid technological change, changes in industries and markets, deregulation, aggressive competition, the global economy, increased organizational complexity, and new business models. Getting a profile of the current culture can enable organizations to thoughtfully bring the elements of the culture into alignment and move forward towards an ideal.

Organizations develop cultures whether they try to or not. Whether your intention is to appraise individual-organization fit, align culture with strategic goals, understand subcultures, assess mergers and acquisitions partners, or to make organizational changes in practices or values, understanding your culture in an objective manner can give you a business advantage and spare you enormous time and money. Not understanding your culture in today's business world can be fatal. Sometimes the CEO needs to be told that his or her baby is ugly. Having objective measurement tools such as Hagberg Consulting Group's *Cultural Assessment Tool* can provide a consultant or coach with valuable objective measurement of existing culture. Executives are frequently analytical and quantitative in their orientation. Having data and an assessment tool to deliver a painful message may be the key