The challenge of shaping organisational culture

– building, developing or changing a
successful culture and the critical roles
of the CEO and leadership team

*"I believe 100% that change is
created by people, not process"*

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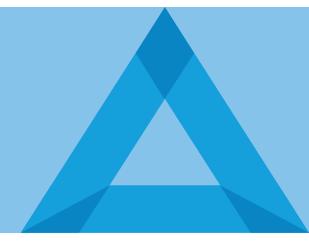## Driving effective culture change – what really works?

Business models and markets are being increasingly disrupted by change of all types and from all directions. More informed consumers, more aggressive and innovative competitors, increasingly global markets, new 'transformational' technologies, the 24/7 nature of social media, corporate regulation and transparency... are all contributing to an increasing volatility and pace of change and, as a consequence, increasing the significance of leadership accountability. Change is a constant in today's world: ongoing, layered, multi-dimensional and ubiquitous.

With research showing that of the Fortune 500 companies in 1955 vs 2015 only 12% remain[1], many leaders recognise the ongoing and urgent need to 'build more agile organisations and cultures' if they're to ensure a long term, sustainable future for their businesses.

While there is much existing research in this area, The Alexander Partnership's deep and regular contact with CEOs and senior leaders indicates that many continue to grapple with the challenges of driving effective culture change and maximising organisational potential. Our own hypothesis – based on 30 years of experience – is that culture change strategies are not fully understood by most leaders who often see change as a 'process' rather than a 'way of leading or being'.

This research programme – conducted by The Alexander Partnership, a leading provider of senior executive coaching, team and culture development across Europe – seeks to test this hypothesis through interviews with some of Europe's leading organisations by asking "when it comes to shaping effective, sustainable cultures and maximising organisational potential, what really works in practice?"

Change is a constant in today's world: ongoing, layered, multi-dimensional and ubiquitous.

Executive summary

Organisational culture: the challenge in a nutshell

New technology or the arrival of a new CEO were just two of the factors said to be driving change in the businesses interviewed. Other reasons mentioned include changing economic and social pressures, the need to deliver greater organisational speed and efficiencies, and an uncertain political environment triggered by the UK's decision to leave the European Union. Whatever the reason, respondents were unanimous that a failure to change and adapt would quickly make many businesses irrelevant or at least uncompetitive. This view is supported by a recent Deloitte study[2] – showing that only 19% of executives believe they have the right culture to deliver their future business objectives.

Shaping a culture

The Alexander survey found widespread recognition of the role that organisational culture plays in successfully delivering change, and also how existing culture can block change – whether due to poor communication, lack of vision or, most powerfully, through poor leadership particularly from the CEO. The CEO failures in leading change mentioned in the survey included:

• inadequate ownership from the CEO and alignment of the top team

• failure to create a compelling vision and positive change narrative

• lack of personal engagement and authenticity from senior leaders

• ineffective mechanisms for creating wider organisational buy-in

• and inadequate empathy and organisational listening.

Correspondingly, the most effective leaders reversed those failings as well as establishing a positive case for change and successfully 'being the cultural change they want to see'. Equally the role of the wider leadership team was frequently referred to as being just as important as the CEO's role when it comes to culture change and their need to be highly visible and completely 'on-board with both the strategic direction and the culture journey'.

"People will become braver if they have seen someone higher up the organisation say this is what we need to change – I'm trying to change but let's all try and change together."

Driving successful organisational change

When asked to say what they thought works most when it comes to successfully driving organisational culture change, the survey responses included:

• **CEO leadership**

It was seen as practically impossible to create meaningful and widespread culture change if the CEO is not onboard (as a minimum). Indeed, CEO leadership from the front was seen as the most powerful driver of effective change over time

- **Build a coalition of the willing**

Respondents to the survey were clear that change will get seriously bogged down if the top team and wider senior leadership are not fully bought-in. Launching wider 'change efforts' before this is in place is almost certain to fail. This 'coalition of the willing' must also show up with a common story, language and energy for the change

- **Make the case for change**

Embarking on a programme of culture change without establishing a powerful narrative was a common theme amongst respondents. Tied to the justification for future change is also the need to recognise the importance of past achievements and successes in shaping that narrative and retaining a positive language. The requirement for a clear vision of what the change intends to achieve – together with the consequences of doing nothing were also seen as vital

"You need to be really clear about where you are going, your vision and direction. You absolutely have to have your CEO and leadership team on point and in agreement with where that vision is."

- **Having a plan**

While many felt that culture change was not just a process – respondents also believed strongly in the value of an aligned plan and approach – including a clear definition of what the desired culture looks like. Supporting effective change also required, at times, key decisions on structure, rewards and wider enabling systems

- **The role of good leadership**

As well as the CEO and senior leaders authentically 'modelling the change' and being consistent in the messaging and communications, it was recognised that the wider leadership community frequently needed support and development to equip them with the self awareness, capabilities and insights needed to lead change effectively

- **An ongoing dialogue**

Many respondents felt that the best change efforts flow from an ongoing dialogue with the organisation about their unique business environment, challenges and organisational strengths. Part of this required that leaders make a mental shift from – as one respondent put it "hero to host". Here leadership is more about 'framing good questions and enabling the organisations to find their own solutions', than feeling the need to 'have all the answers'.

The anatomy of change
From new technology to a new CEO

Survey participants reported a wide range of factors influencing their businesses and driving the need for cultural change. High up on the list was the growing threat to existing business models posed by disruptive technology and a realisation that a failure to change and adapt could quickly make many businesses uncompetitive or irrelevant.

"The retail model has shifted really dramatically in the last five years. There has been a huge channel shift so you can't rely on bricks and mortar anymore. It is a digital world where the customer wants to shop on their phone, in the store, from anywhere, at any time."

"Now we have a complete convergence between broadband services, TV entertainment services, entertainment and content services generally. If we hadn't done that then we wouldn't be a step ahead or competing like we are now with any of the other providers."

Some respondents mentioned that they were working for businesses that were many decades old, operating in industries that had barely seen changes until the last five or ten years 'when everything was thrown on its ear'.

Political pressures

Economic, social and technological pressures all featured as drivers of change as did political developments, particularly in the light of the UK's referendum to leave the European Union.

"There is uncertainty with politics. There is real pressure on day to day security. And what is happening with Brexit is a challenge."

"We have the regulators with their oversight and challenge around creating the right environment for people to behave and conduct themselves in the right way and to be doing the right things for customers."

For some businesses formed to tackle a specific project for example, the change cycle takes on a unique path.

"I have worked for nearly ten years on project-specific organisations. They have a life span which consists of gestation, evolution, rapid growth, peaking, rapid decline, and, wrap-up – as that is the way they do things. Agility and ability to manage change is absolutely engrained in what we do and how to manage change. If you don't get that right, then you have some big problems."

A changing of the guard

Other drivers of organisational culture mentioned in our research often included a new CEO taking over with a different approach, and takeovers which throw up some interesting observations around how cultures can clash.

"The business we acquired really lost a lot of the energy, enthusiasm and initiative which we bought it for in the first place. One culture dominated the other and that forced a lot of pressure."

And how ultimately, if the business doesn't adapt, then it can easily wipe out the value of a business it is investing in.

"It was quite inspiring when we bought those guys, they were really smart people with a lot of energy and were very, very good at what they did. The culture killed it."

Creating an environment people want to work in

There was an awareness that ambitious, successful people repeatedly deliver great products and services for customers and attractive returns for shareholders. Part of the challenge of shaping organisational culture is therefore in continually renewing the organisational environment to attract, retain and empower the best people.

Many commented that their organisation frequently look outside when seeking new talent – a sensible strategy in certain times – but some felt that truly 'healthy' cultures also promote talent from within.

"I think we've swung too far to external talent. We're losing some very good people because of a belief that 'external is better'. Of course we should hire externally – but we need to take some more risks on our own talent; it's having an effect on the wider culture, on how people feel working here."

Speed and competitiveness

Ultimately, most respondents noted that many and varied changes – in both their markets and the wider macro environment – were impacting competitiveness and profitability. A number also commented on the constant drive to reduce costs while at the same time creating new products and services to meet the changing needs of consumers.

"We need to learn to adapt as a business far more quickly. The industry is much more competitive and we're still too cost heavy and slow moving. Shifting to a more agile culture is absolutely crucial to our future success"

What are the challenges of shaping an organisation's culture?
And why it can fail

What is culture?

We asked a number of respondents to define culture and many used the 'how we get things done around here' descriptor. However, there was no clear consensus on what culture was. Other's comments included:

- "it's what happens when you're not looking"

- "*how* you influence and bring people on the journey with you – that's culture"

- "culture is really the sum of the values and behaviours of the people at the top"

There was, however, a recognition that culture isn't just about 'doing' but importantly needs to embrace 'being' i.e. deeper values and a powerful sense of purpose; especially for new generations. Many commented that the central purpose of developing or changing organisational culture is in creating an environment that brings out the best in people, future-proofing the organisation for competitive advantage and enabling the organisation to fulfil its true market potential. Culture is therefore the central engine of growth and frequently the major blocker of change.
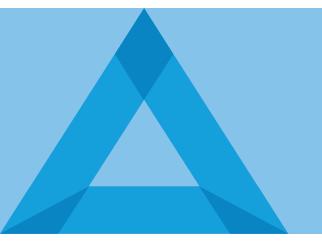
It was acknowledged by all that culture was the 'ultimate enabler of strategy' and frequently the 'biggest barrier to successful and sustained organisational change'. The ability to shape and change the culture was therefore seen as a central role of leadership – and one that many leaders ignore at their peril.

"As a leader you need to carry the message and live it so it is unique, genuine, and very strong. Our current CEO really struggles with that."

A tussle between old and new

For many businesses interviewed – trying to change their culture in response to the many and varied external and internal pressures they face – the challenge often came down to a tussle between old and new.

Culture is the central engine of growth and frequently the major blocker of change.

"There is a push/pull from people with new thinking and people who are trying to hold on to old values. Finding the balance between those two things can be challenging, especially if under pressure to get things done."

One respondent felt that it can also be one thing to outline the case for change – painting a picture, surveying employees, running focus groups – but turning the case for change into reality is an altogether different challenge.

"It's often approached as a top-down process or as an employee-led process – but neither really work. It needs to be much more of a co-creation between management and employees."

Gaining widespread buy-in

A significant challenge for successful cultural evolution was described by many as the need to gain widespread buy-in for the need to change – aligned to a sense that 'we're all in this together'.

"I think there has to be a very real dialogue centred around the vision. So if this is where we're going what cultural strengths do we have that we can draw upon and what other strengths should we develop."

Of course, within all organisations there will be business units and functional groups that are performing better than others. And the temptation will be that leaders focus attention on the areas they perceive as most underperforming or culturally entrenched.

However, many commented that the most successful leaders 'must bring the whole enterprise with them' if they are to create a sustainable change effort and truly embed new behaviours and values into the DNA of the organisation.

Critical elements of securing widespread buy-in included developing a compelling picture of the future and a narrative that answered the "why" question. It was also recognised that leaders can unwittingly create resistance where they fail to honour the past. Additionally it was seen as important to define the future culture and have a way of describing the critical gaps, together with the consequences for the organisation of not changing.

"There are probably three elements to the change narrative – the changing world we're operating in, the future we want to create and where we are now. You need all three if people are to really get why this is important."

Retaining the good

Some also talked about the danger of 'losing what's good' about their existing culture – with many seeing this as an inevitable consequence of driving change.

"If the organisation is not successful, you can break the culture and say it hasn't got us anywhere so we can do things differently. When the organisation is successful, if you cannot see a direct evolution [from your existing culture] you run a risk."

One respondent recognised that his organisation had a particularly strong and successful culture which stood out amongst its peers – he wanted to understand what had created such a culture so that the core could be preserved and strengthened further.

Others talked of the challenge of leading a mutli-generational workforce where some employees may have been with the organisation for 25 years or more and others are 'newly qualified'.

"There was a values and expectations difference which can be quite challenging to work with."

Successful culture change was seen as about integrating different generations – with varying strengths and often differing values – so that the organisation could draw on the very best of what everyone had to offer.

The challenge of structure

Some participants talked about the structural challenges of effecting change and, in particular, the key element of accountability which can be difficult given that many multi-brand or international organisations operate 'matrix structures'. One participant commented that the 'horizontals' within a matrix need to be relatively 'light-touch' with an emphasis on empowering action and collaboration through appropriate frameworks.

"The challenge with a matrix structure is the potential for complexity and role ambiguity. And where you have ambiguity and complexity you often experience a lack of real clarity and accountability."

It was suggested the antidote to such ambiguity was for the leadership to pursue absolute clarity on where 'decision-rights' sit.

"With matrix structures you get cross-functional teams and committees – which can be great – but often there is an unwillingness to make decisions and to take risks. This can kill an entrepreneurial culture very quickly."

"While you need representation from different parts of the business, you have to retain one decision-maker. Otherwise nothing gets done."

As well as enabling good decision-making, others commented that it can be necessary to look at and align wider systems and processes to really support a process of change.

"People tend to do what gets measured, so you have to look at everything from rewards systems to recruitment, etc. We've started placing as much emphasis on the how [living the values] as the what [delivery of objectives] and you can see it's making a difference – it affects how people get paid."

Why does culture change fail?

- Inadequate buy-in at the top,

- poor communication and engagement,

- lack of proper planning,

- and lack of vision

all rated highly as reasons for change efforts that failed. While it became clear that culture change wasn't just a process – it was noted that if leaders don't have a process then there is no basis for pointing to progress.

Further disconnects were mentioned by leaders who felt the culture change failed because what was being said didn't align to what was actually being done. People getting anxious about their future and change that was too frequent were also cited as reasons for failure.

"I am wary of repetitive or ill-considered frequent change. People do need a chance to settle down and do things, you have to leave them to it and have patience as well."

Another challenge mentioned was the tendency for many businesses to slip back from the change being implemented.

"You have to be fanatical about looking out for counter-cultural behaviours or actions and address them straight away otherwise they take hold and the culture starts to erode."

As well as a failure to sufficiently make the case beyond cold hard logic.

"We don't really engage the heart at the same time as the head in the case for change, and we start to wonder why people are slow taking it up."

Additionally, some felt that employees were sometimes too frightened or intimidated to speak up; perhaps they worked in a 'top down' culture that hadn't promoted more inclusive behaviours.

"Some of the people were not able to express their opinions."

Ineffective leadership

Underpinning everything however was the mention of ineffective leadership as one of the most often cited reasons for a failure to deliver culture change.

"No matter what tools or external help you put behind the change, if you do not have the right type of leader for that change it will not happen."

Change is seriously impeded when the CEO (or business leader) doesn't champion it or lead from the front. For example, leadership development and culture programs that aren't visibly supported by CEOs and their executive colleagues are greatly undermined by a lack of visibility and sponsorship. The unconscious message going out to employees is that 'something else is more important'.

The role of the CEO in leading change
Failures and successes

Recognition of the CEO's (or the leader's) critical role in leading culture change was universal throughout those interviewed – whether it is in 'setting the tone and the approach' through to communication and influencing skills, and the ability to 'understand another person's perspective'.

CEO failures in leading change

Not driving sufficient buy-in and alignment at the very top was cited as a critical impediment to enabling successful change. One participant talked of 'two members of the Executive Committee who were well known to not get on', and yet whose functions needed to collaborate to enable critical change. The result of this dynamic was to create wider 'politics and sideshows' that did nothing to further the change effort.

"The leader really must be willing to call out the elephant in the room where Exec relationships are concerned. Without genuine alignment and teamwork at the top – it's almost pointless trying to cascade something. It all unravels very quickly."

Poor communication also ranked highly as a CEO failure with many citing the inability of their leader to deliver clear, consistent and regular messaging as a barrier to successful change.

"As a leader you need to carry the message and live it so it is unique, genuine, and very strong. I've seen many CEOs really struggle with that."

Communication of course is a two way process, and others highlighted an inability to listen as being equally damaging.

"He had been preaching in a way with no listening. It was more 'you will sit in a room and I will tell you what is happening'. There was a lot of top down telling people what to do and then jetting off."

Emotions before reason

A lack of empathy and an inability to back up the argument for change with more than just cold hard logic was also mentioned, which points towards the CEO's need to tap into employees' emotional response when leading cultural change or, as one respondent put it, 'emotions come way before reason'.

"There is something important about how you [the leader] make people feel, not just about how you make people think."

Not surprisingly, authenticity also came high up on the list of reasons for a CEO's failure to successfully lead change with some respondents saying they didn't really believe what the CEO was saying, or whether the change really mattered to them. Empty promises and an erosion of trust were also mentioned.

"Poor leadership for me is someone who does not believe in what they are asking others to do. That will never work no matter what your leader says because it becomes contrived and that is when a leader will fail."

Leaders cannot be all things to all people and by trying to be so, they can put themselves in an impossible position. One respondent felt that some leaders viewed leadership as being about having all the answers rather than accepting that their role is about living with ambiguity and ensuring that the answer is created together from within the organisation.

"A couple of leaders here I have seen have a need to control, a need to make a decision, a need to know everything that is happening. I think that is almost impossible to do"

CEO successes in leading change

It is tempting to start a change journey with a compelling case for change and a vision for the future. However, before the leader can develop a change strategy that will 'stick', he or she must first have, or develop, personal credibility and a relationship with the enterprise. Many leaders ignore this vital step, dictate a solution or direction and fail to take their people with them.

As mentioned previously this sense of connection must start at the top.

"The CEO is only going to be successful where the [top] team has taken the time to develop meaningful relationships – so you've got real honesty, openness and challenge in the team. You need lots of trust. Only then will debating a change vision and strategy really work – one that people will stand behind."

"She created a strong team who very much worked together with a strong vision. They took people on the journey step by step. This made people feel a part of the culture change. She was there in the background, very quiet and softly spoken."

Hosting an ongoing dialogue

A number of respondents felt the most successful change leaders and CEOs were highly effective at making cultural change 'an ongoing dialogue – or conversation' in their business. The key point here was that CEOs have an overview of the organisation in ways that no other leader has – they are the ultra-generalists and can truly see the big picture.

This then provides the basis for shaping or leading a wider conversation about change than may naturally be happening.

*"The best leaders talk to their people a lot – whether town-halls, conferences, webinars etc. And the best talk **and listen** continually. It's not a one off event or an initiative – it's an ongoing dialogue about how we can get better everyday – even if we're already great."*

Interestingly, the emphasis here – while the importance of shaping the conversation was acknowledged – was on authentic listening and being willing to 'not have all the answers'.

"In the past you could look at leaders and say they were people who brought the answer and told us where to go and how to get there and we followed them. Now I think leadership is more about identifying the question and helping to find an answer."

But listening also has its challenges – not least in drawing out the nay-sayers and cynics who want to resists change at all costs. Many different views were shared on how to respond.

"I've seen them handled in different ways – some [leaders] taking them head-on and others asking them to share their 'alternative' strategy – they almost never have one. The key thing is having an unarguable narrative on what happens if we don't change – ie. the negative consequences – and a far brighter picture if we do."

Importance of values and good communication

Effective change leaders are uncompromising on values – they have a very strong core of personal values and emanate integrity; demonstrating congruence between what they 'say' and what they 'do' through their everyday actions and decisions.

"It's pointless the leader saying publicly, for example, 'we need to drive growth', you know – we really need to focus our efforts and energies on finding new ways to grow – and then the next thing is you're called into a meeting and he wants you to shave 10% off your budget. It's inconsistent – so people don't believe it."

Examples of CEOs who had led successful change projects had clear and consistent communication high on the list. And they were good story-tellers.

"Our previous CEO was a very clear communicator. I think that the straightforwardness he addressed issues with sometimes was a contradiction with the culture in which we operated which was very helpful. He brought the change to life."

Now I think leadership is more about identifying the question and helping to find an answer

And communicating is not just about sending out the odd email but really making communication an intrinsic part of their role.

"He kept communicating, communicating and communicating. It wasn't just lots of memos, e-mails and websites. He would go to the meetings and get involved."

"The vision was set and never disregarded. There was never any confusion in anybody's mind with regard to where he was going."
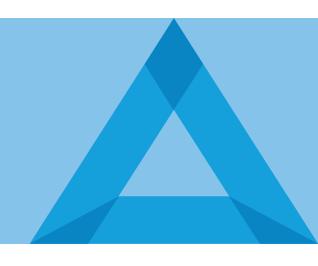

Be the change you want to see

'Being' the cultural change they want to see was also a recurrent theme amongst those interviewed with many seeing this as one of the most powerful change agents that a CEO or senior leader can control.

"The Group CEO is a strong character, he has very strong views about what he thinks should and should not be done or the way he wants his leaders and managers to act. He absolutely puts time and effort into saying what is required to be a leader in the company. Very much holds himself to account."

"The wonderful thing about [the CEO] is that he really embodies the culture and you see him every day at lunch in the staff room, he will pull up a chair and say 'what can we do differently guys?' He not only speaks about it but you can see him doing it. Everybody sees him and that sets a really good example."

'Being' the cultural change they want to see was one of the most powerful change agents that a CEO or senior leader can control.
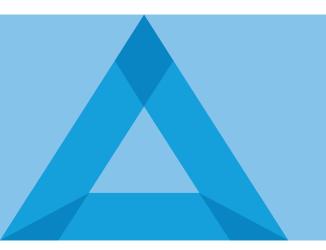
The power of signature actions

'Signature actions' by the CEO – powerful, visible demonstrations of change – were also identified as having a huge impact on employees.

While using different language, 'signature actions' were mentioned by several respondents. The leader can signal change most powerfully by purposely selecting visible or public actions that say 'we really mean this' or 'change is here to stay'.

There was a gang doing a repair scheme on the infrastructure near where [the CEO] lives and he happened to hear about it. He went out to see the gang at 9pm in winter and said "Hi chaps, how are you doing? I just wanted to see if everything was OK?", "Hope it all goes well" and then went home. About two hours later he came back in his car (about midnight) with his wife and a big cool bag of hot bacon rolls and a big flask of coffee and said "Here you are chaps, something to warm you up". It was amazing, he just left it with them and drove home. He does go to that sort of trouble to look after staff and I think that is fantastic. That's what makes it authentic.

The leader can signal change most powerfully by purposely selecting visible or public actions that say 'we really mean this' or 'change is here to stay'.

The role of the leadership team in leading change

Understanding the change and being the change

As mentioned previously the CEO plays a critical role in selecting and shaping a leadership team that co-creates a set of common goals and whose decisions and actions are driven by clear values and a unifying sense of purpose. The leadership team is then most powerful and effective in securing change when it works in unison and speaks with one voice.

"I think one very important part is uniformity of vision. They can have all their arguments behind closed doors but when they come out they have to believe in it."

One respondent argued that the charismatic CEO was 'all well and good' but there is a danger that the charismatic leader cannot be represented by the team – which then presents a disconnect.

"I think whilst the CEO does set the tone, the confidence in where the company is going comes from the team. Investing that responsibility into the leadership team [is vital] to really drive that forward as a collective."

Part of the challenge mentioned was ensuring that the broader leadership system (or the wider leadership community) understood its role in the changes and that they were 'aligned rationally and emotionally' as well as being open and clear on 'what the objectives were'. The necessity for the leadership to perform as a collective was also emphasised.

"Top team behaviours are vital and the most influential. If the culture is 'competitive performance' rather than 'collective performance' then it [the change] is unachievable."

They need to believe in it too

According to those interviewed, it is important for senior leaders to 'be the change' as much as their CEO. If the leadership team couldn't exhibit the right behaviours or model the desired culture, the whole change effort would be weakened.

"I really do think that the environment and tone is set by the leaders from their values, behaviour, beliefs and language – whether it is conscious or not."

"They need to believe in it and give the same message. They need to bring it to life for their own teams. The leader shouldn't be doing it all. They need to buy into it, understand it, challenge it, and ask for help."

Many felt the wider leadership needed to be highly visible in times of change and to be seen to be involved – driving decisions and keeping up the pace.

If leaders are not on-board with both the strategic direction and the culture journey the CEO must move them out. There is no stronger signal that 'things are really changing around here' than making some key people changes, based on the right values.

This was supported by other respondents who felt that a critical way in which all leaders can shape their organisation and culture – for the shorter and longer-term – was to hire people with the right values and attitudes and empower them to make change happen.

"If your senior people are blocking the change you have to replace them. But be careful hiring new talent – you send a powerful message by the type of people you bring in. If they don't live the values you're espousing you'll confuse the organisation."

Driving successful change: what really works

Have vision and 'live it'

In the final part of our interviews we asked respondents to summarise what they felt was 'most critical overall' in driving successful and sustainable culture change. Here is what they said:

Get things in place at the top first

A number of participants reiterated the importance of building a strong, aligned, open and trusting leadership team whose members truly collaborate in owning and driving the change. The CEO plays a crucial role in bringing this about.

"If you have a strong team with an authentic vision, then leaders can communicate that vision credibly. You will buy the vision because they absolutely believe in it themselves."

Build relationships and credibility

There was also a common view that you 'can't just show up and start a conversation about change' if you aren't seen by your people in times of relative stability.

"It is no good trying to start to have a conversation with people as you are about to introduce change. If you have the right relationship with people, your teams, your staff then change is relatively straight forward. It is no good doing the listening and dialogue bit only when you want to make changes. You must do it all the time."

Make the case for change

Embarking on a programme of culture change without establishing the need for change was a common priority theme amongst respondents. One mentioned how often change begins 'without the sense of why' which, in turn, makes it difficult to 'create a want and desire for people to take a journey with you'. Tied to the justification for change is also the requirement for a clear vision of what the change intends to achieve – driven by a leader who really believes in it.

"Framing change is important so people can understand why we are changing. It doesn't mean they will be happy with the change but at least they know why."

Build a coalition of the willing

Respondents to the survey were clear that change projects can get bogged down by process and that it is important that the focus on people is not lost. A more inclusive approach was also mentioned as a necessary part of successful culture change.

"I believe 100% that change is created by people, not process. It is supported by process; so building your coalitions of the willing, who is going to help you, who believes in it, who can foster it."

"When we think about change we don't say this is what we are doing we say 'how do you think we can make this work?' We get them directly involved in the model, decision making, accountability, structure…"

Shift from 'hero to host'

A strong theme was also the need for the leader to be open and 'prepared to not always be right', and to make sure they listen. Change leaders are authentic – or 'normal human' as one of our respondents said. They are willing to be open with their struggles and challenges – to share vulnerability and to say when they don't have the answer. For some leaders credibility starts with an admission that they are part of the problem.

"It is not about the leader being an expert, it is about the leader hosting what is going to happen. It is moving from what I might call hero to host."

As explored in the previous section, examples of good leadership in driving effective change included areas such as good communication and 'living the change'. If the CEO or leader doesn't believe in the change, why should employees?

"There is an integrity and authenticity to it [good leadership] as opposed to lecturing [as to] what is required. The intellectual dialogue is often correct but where I have seen an organisation shift is when it has been embodied in the words, deeds and the emotion of that leader."

One respondent felt strongly that it was important to get the tone right.

"We've avoided calling it a culture change programme – we refer to 'culture development'. I think it's made a difference – there's less resistance – people can feel threatened when you talk too much about change."

But also direct the play

That said, a leader still needs to 'direct the play' where necessary.

"I think you need both the 'being' and the 'doing' [of leadership]; you need the mechanics of both. In rugby there are some practical things that a leader does on the pitch, he directs the play – that's the 'doing'. The 'being' is how you motivate people. That's the other half and you do need both."

Deliver clear and compelling communications

Framing the conversation in a way that makes for a compelling and memorable story was also seen as vital.

"The storytelling probably made the biggest difference because people had a visual image that they could go back to and use/carry around."

Too often the introduction of new company values for example can be too complex or too numerous. As one respondent said, 'if you can't describe it or remember it then it is very hard'. Culture change needs to be talked about in a language that is consistent and easy to understand. Another interviewee highlighted the need to take every opportunity to continually reinforce the culture by being flexible in shaping communications that reflect different generations and different geographies.

"If you have an international business you have got to have a structure and approach that is flexible and smart enough to engage a workforce in [another country] as well as in the UK. This might mean crafting subtly different messages and using different tools for communications – it's about being sensitive to the local context."

Plan for change

Setting out with a clear change plan is seen as critical as well as the ability to 'course correct' where necessary. Some talked of the need to clearly define the wanted culture, and to assess where things stand today.

"That whole change in culture planning part is evidently really missing. It is entirely undervalued within an organisation and I am thinking about blue chips here: [many without] a jot of an idea. Having a very rigorous plan is critical."

Stretch and support your people

As the role of all leaders in enabling change is so key, an ongoing commitment to stretching talent and growing leadership capabilities was also said to be crucial to build the necessary change management skills.

"It is massively, massively important because if you are not supporting leaders on their journey they might not have the capabilities to help others through it. If leaders do not have those capabilities then you have a blocker."

Many talked of the link between growing people and growing the enterprise which must be owned, modelled and promoted at the most senior levels. And yet many commented that senior leaders can appear reluctant sponsors and ambassadors of leadership and team development interventions.

Change leaders are willing to be open with their struggles and challenges – to share vulnerability and to say when they don't have the answer

Engage external partners selectively

The survey participants were asked to give their views on the role and value of using external partners in any change project. Universally, there was consensus that having someone from outside the organisation without a vested interest in the outcome, can be highly valuable as a sounding board, as well as in bringing expertise and generating insight, perspective and challenge.

"I think it is a catalyst. A neutral person is like a lightning rod, people feel unthreatened by an external person, they download with no consequence and people feel it's an opportunity to get things off their chest and to be honest and open about stuff. That independent part is important. There is the whole 'I'm here to listen, I've got nothing to sell' element."

How you use the external partners was also met with some caution by one respondent who felt there can be a tendency to 'flood a place with consultants for six months and ask them to come back and provide a seven volume report on what to do'.

"I think small numbers [is preferable], of very discreetly applied individual specialists with knowledge of the sector."

In our experience this is where experienced coaches can be the most powerful; the coach's role being to 'hold up the mirror' for the change leader(s); challenging them to be more powerful and authentic versions of themselves and equipping them to interact with their organisations in different ways.

Inevitably, change of any description means that leaders need to broaden their leadership – adopting new styles and approaches so that they can both 'embody the culture' while at the same time 'listening with new ears' to what their people are saying.

Conclusion

Our research reconfirms that culture is a multi-faceted and highly colourful subject – with many different perspectives on what makes for success and failure.

Nevertheless, all respondents were driven by a desire to understand the challenge of shaping organisational culture more fully – so they can effect positive change in their own organisations.

We are reminded that good organisational cultures promote an environment people want to work in, enable easier access to and retention of the best talent, offer increases in productivity, speed and efficiency and drive the delivery of solid shareholder returns. In contrast, less progressive cultures can be the single most significant blocker to organisational change and corporate renewal.

Amongst many interviewed was perhaps an unease that their own organisations were struggling to achieve the progress they had hoped for – and that culture change remained a central challenge for leadership.

In our work with many senior leaders we frequently see the framing of culture in slightly paradoxical terms. "With so much pressure on performance our senior people don't have the time to work on the culture" or "Leadership can't agree what to do about the culture". Of course – as leaders – we 'are' the culture and, whether we like it or not, we are constantly casting a 'cultural shadow' over our organisations.

The challenge of shaping organisational culture, therefore, starts with the leaders mindset and beliefs about cultural renewal – and extends to how they personally shape and model the culture through their everyday conversations, values, actions and behaviours.

Over the coming weeks Alexander will be publishing our follow-up 'point of view' on leading culture development. See our website for details.

References

1   Research by Mark J. Perry, Professor of Economics and Finance
    at the University of Michigan (2015)

2   Global Human Capital Trends report by Deloitte (2016)

Thanks to…

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Notes

"Alexander is committed to helping leaders, their teams and their organisations, to grow, change and renew themselves in order to fully realise their potential within the new and emerging environment."