Creating and Shaping a Performance Driven Culture

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"Philip Atkinson contends that if the leaders of businesses devoted only a faction of the time to creating and sustaining a strong business culture as they commit to fire-fighting, reworking and fixing things after they have gone wrong, more organisations would be making achieving results and, importantly, enjoying the process. This article addresses how management teams can measure, design, shape and create a culture that causes performance to happen." This a follow on article from that published in the July/August issue 'Control'.

The culture of your business can facilitate the speedy achievement of your business plan and can be the major cause of your success. The careful design and shaping of your corporate culture should be the driving force enabling results to happen. It stands to reason that successful organisations focus their attention on creating the culture that will generate the desired outcomes. This is what should be the norm for all businesses, yet too many either fail to see the need to develop the 'culture' or have little idea how this could be achieved.

In the majority of cases, the typical business culture that evolves is a largely matter of accident or luck. In many instances, the 'culture' may not fit the corporate plan or the company's commercial intentions. It may even be counter to the needs of and the demands on your business! It is not unusual to witness a culture that is driving customers away simply because it is too internally, rather than externally, focused. Culture is the responsibility of the management or leadership team. It is within their control.

YOU CAN'T NOT HAVE A CULTURE

The major point is that every organisation has a corporate or organisational culture. You cannot, not have one. By accident or design it will exist. It may be difficult to define. It may be hard to measure. Managers may think they have no control over it. Some even believe it is the sole province of HR – perish the thought! The culture will impact on the achievement of your objectives and will either aid or hinder your business performance. It may stop you introducing change quickly or alternatively it may be the defining factor that enables changes to be introduced with ease without fuss, confusion or panic. Most importantly, the management team can shape the culture, design and implement it to deliver results.

Whether the management team does nothing or does something, your business will have a corporate culture, which could be the result of numerous take-overs, mergers and acquisitions. It could be the result of key people impacting on the structure either through their 'joining' and or 'leaving' the business. Many of us worked in businesses where the sheer presence of one character will shift the organisation forward. Their 'charisma' is good for the business. Everything they touch, influence and shape has far reaching consequences that create improvement. Conversely, in organisations the presence of another character in a key position proves disastrous! The impact of key people on the culture is a major issue. For good or bad, the leadership of an organisation and its key operations are paramount in shaping the business culture.

CULTURE = RESULTS

What is important to understand is that the relative health of your business culture will either support you in achieving results in difficult times or it can act as a brake on innovation or change. It can slow down the implementation of recovery plans. It can even hasten the demise of the business. Culture makes things happen. A strong and vibrant culture will enable new initiatives to flourish and grow. It will encourage 'high flyers' to be attracted to work within your business. A great culture will retain these high-flyers. It will enable speedy innovations to be introduced. Your organisation will stand a better chance of holding onto your key staff. Conversely, a mediocre culture will not blossom. Results will be lacklustre. High potential people will pursue their careers elsewhere. Key vacancies will be difficult to fill. Even worse, a poor or negative culture will meander along aimlessly. Although some people will be focused and in touch with the real world, there will be no central rallying theme to provide any real focus,

guidance or energy. Not surprisingly, these varieties of business will usually generate only average to poor performance. It should be unsurprisingly that staff who have difficulty moving on in the labour market will see out their days in this sort of culture.

There is a positive correlation between strong, positive cultures and corporate performance. A healthy culture creates healthy results. Knowing this positive relationship we would think that most management teams would probably commit to creating and designing their culture to generate superior performance. This is often not the case. In reality, creating a performance driven culture is the last thing to which most management teams commit their time, resources and energy.

Why bother changing?

The problem for most organisations is that, given the choice, those who manage the business would change their current culture today for a new vibrant culture that delivered outstanding results tomorrow. Because business people are so busy growing and running their business – the growth of the culture can be left on one side. A vibrant culture will not grow by accident. And although business culture is talked about a great deal, few understand how to build and sustain a successful culture. A weak culture will yield poor results and negative attitudes, not just within the business, but is also reflected in the negative response of customers. Left to its own devices, a business with a weak culture will decline in terms of both profitability and customer loyalty. Without rejuvenation or radical surgery the business will not survive.

CULTURE – EXISTS BY DESIGN OR DEFAULT

80% of organisational cultures exist by accident or default, rather than design. Most are shaped through critical incidents or key events that have happened in the history of the organisation. Many are shaped by key personalities moving through the business. Generally, few organisations really have a clear understanding of identifying the core factors that shape culture and how to orchestrate them to best effect. Their management groups devote their time to their core competence – producing product of better quality, or servicing existing customers. Few senior management teams actually spend any time at all thinking about how they can shape a culture to better deliver business results. Culture is left to chance. It is something which is not generally understood by committed technical professionals and often unfortunately can be left to those who operate from the human resources arena. HR may be the best and the worst to shape the culture. My experience tells me that 'culture can be de-mystified' very quickly and should be in the realm and under the control of line management. It might be heresy to some, but 'culture change' should reside with those who control and manage the operational activity and the majority of people delivering to customer needs. No matter whether the business is manufacturing, engineering, service, logistics, sales, marketing research and development or maintenance focused, shaping the culture should reside with those who actually manage the business processes.

CULTURE IS NOT THE DOMAIN OF HR

The role of HR varies radically from designers of policies and having extensive expertise in change management, to little more than providing basic training, recruitment, induction, salaries and wages or welfare services. Beware, they are not and never will be the guardians and designers of the culture. They may have great intellect, powerful debate, excellent input and some have the experience and policies and practices that can support you in building your culture. You should use that expertise. However, control for design and rolling out, maintaining and sustaining the desired 'culture' must reside with those who manage day-to-day behaviour, team working across boundaries, and the achievement of results. Always use what HR expertise is available but always take ownership for shaping the culture the way you want it, keep ownership in 'line management'. This means that HR can do what they do best – acting as an objective resource when required. They do not manage the business or operations.

LEADERSHIP – SHAPES THE CULTURE

Research suggests that leadership has a major impact on shaping corporate culture. Edgar Schien [1] proposed that two factors are critical in shaping the corporate culture – they are "To what leaders pay most attention" and "How they respond to critical incidents". People are 'Boss Watchers' – they pay attention to where their business leaders focus their attention. If key people talk a good game and fail to deliver, that highlights the culture is less than serious. If, however, action results from debate, staff recognise that their leaders are leading not just talking.

Leadership is an interesting issue for most organisations. I consider it to be the single most important issue defining whether organisations will survive and prosper, be downsized and merged with others or merely continue performing at a low level of performance. Leadership is critical to shaping a culture.

Leadership does not reside solely at the top of the hierarchy. Leadership is a term that I use to focus upon anyone who manages others. Leadership is critical even if there is no team to manage. If someone leads or is critical in the 'supply chain' they constantly interact and shape events and deliverables across the organisation. In my opinion they lead that aspect of the process.

Traditionally, managers have been seen as delivering results rather than being leaders in terms of shaping new horizons. Consider that everything in our organisation was once an 'idea'. Ideas are not created

or managed into existence – they are created by people with vision and imagination. So we should be focusing on helping people liberate their leadership gene and use it to make things better.

GIVING BAD NEWS

Taking a firm line and identifying those in the organisation who are to lead this process is critical as a first step in building a culture. Working with the 'movers and shakers' who convert the 'early adaptors' to emulate their thinking is one sure way to destroy resistance. In the average organisation, there are too many who sit on the sidelines or on the fence and it is the role of leadership to convert indifference, apathy and cynicism into action for improvement. Dealing with the issues that underpin is central to strong leadership and an issue that too many shy away from. It is my firm belief that people need an example to follow, before they in turn model their intentions to win the hearts and minds of those who are less than willing to follow.

There are times when those leading the process will be tested and have to give bad news to those who oppose change. It is my belief that most people 'go along' with culture change if they can see the benefits of the process and where they fit within the plan for action. For those who still refuse to join the throng there is fairly specific action to be taken. Most organisations cannot persist with staff who will not align with the required changes. At this stage a more robust style of management may need to be instilled. In my experience, once a clear road map is highlighted, benefits explained and the role of all people identified in the master plan only a very small percentage persist in resisting. At this stage, leadership is about encouraging the dissenters and the cynics to work for the competitors!

BE DECISIVE – TAKE ACTION

For too many organisations 'culture change' can occupy too much 'thinking' time never seeing the light of day. This is particularly prevalent in scientific or technical based organisations. Some have difficulty defining, designing and delivering a performance culture. They spend too much time talking and going around in circles. Because they do not know how to shape a culture they prevaricate. Sometimes, they believe a new training regime will somehow create a culture. Numerous organisations have purchased the latest 'quick fix' or 'training fad' and then found after the training work-shops had been delivered that the culture was exactly the same as it was before the intervention. Change is never going to happen by only investing in something external to the business. Change only comes about from within the business – driven by the management team. That is where leadership comes into the process. In many organisations, especially in the scientific-technical fields, the 'thinking-doing' process is weighted too heavily to thinking. 'Thinking' means conceptualising, intellectualising, debating and is a divergent activity. Everything should be in its place but time spent 'thinking' and conceptualising without action is time wasted. I worked with a Genetics business some years ago who had formed a steering group on 'culture change' which met regularly for over three years and achieved nothing. Once they committed to taking thoughtful action – and actually 'doing' things in sequence and then measuring performance, they realised that their culture could deal with change much faster than had been thought possible.

For every organisation that prevaricates, there comes a time when the thinking stops and action begins. Assess your organisation commitment to 'thinking - doing'. When most assess this process they realise they put off 'doing' something with more thinking. This risk aversion is perceived as intransigence by others who want changes to happen. After careful and thoughtful analysis characterised by 'thinking', commit to 'doing' and making the business culture live, breath and perform. Create a culture that focuses on preventing problems arising by

working together across boundaries. For those organisations which take the time to move beyond 'thinking' to 'taking action' they will shape the culture. They will find that they deliver results fast and the organisation becomes a hotbed for innovation and improvement.

WHAT PRECISELY DO YOU WANT THE CULTURE TO ACHIEVE?

Start with the end in mind. Cultures can be weak or strong, negative or positive, forcefully shaped or cast and blown about like a paper bag in the wind – unsure of focus, intention and purpose. The first question I ask managers is "For what purpose do you wish to shape your culture?" Starting with the end in mind is the only criterion for development at the early stages. Talking through what the culture needs to deliver and how this fits with the business plan is critical. Surprisingly few management teams realise how easy it is to take an apparently intangible concept and make it live. If a culture is not tangible and concrete in its basic design, how could you possibly measure cause-effect relationships that lead to deliverables in terms of profitability, customer retention and new business growth?

CULTURAL DIAGNOSTICS

But what is culture? It is the infrastructure, the glue that binds together people and processes to generate results. The culture maps tangible processes and activities that permeate the organisation. These should be geared to improved performance. The culture should become the major force that propels the organisation onward.

But sometimes the real problem is not knowing enough about how our current culture works, and the specific impact that aspects of our culture has on overall performance. These must be teased out and clearly defined. Those organisational practices, behaviours and processes which exist but are not understood by all in the organisation need to be fully comprehended. To achieve this requires a diagnostic phase where the relative strengths and weaknesses

of the culture are identified. The aspects of the culture that support performance improvement need to be explored and differentiated from those 'cultural' practices or behaviours that are counter to objectives. We should focus all our attention on identifying all the forces, real and tangible, so we may differentiate those that add value from those that consume resource and contribute little.

The purpose of an organisational culture is to shape the people and processes to deliver business results and customer satisfaction, retention and new business acquisition. The future direction and focus of shaping a business culture is to develop a competitive edge over so that your organisation becomes the obvious, and preferably the sole supplier, to the market. (In the public sector this should be defined as delivering best quality at an economically efficient cost). The creation of such a culture should ensure that your

business is chosen as the natural partner in any potential business venture and, more importantly, the way your organisation does business is admired, valued and perceived as being a role model or benchmark for continuous improvement.

The diagnostic phase should highlight precisely the relative health of the organisation. There are several tools used by various consultants but we believe that it is important to identify the key issues starting from where we are culturally. This should be examined from our current position before we design the culture of the future. Diagnostics [2] should be tailored to the business and not 'off the shelf'. It is important to collect qualitative as well as quantitative data and for this reason some fairly unique data collection techniques can be created, whose output can be used very quickly to address some of the cultural weaknesses.

BUILDING A ROBUST HIGH PERFORMANCE CULTURE

After developing the diagnostic phase the core activity is building the culture for the future. This process has been devised to act as a major building block in developing a high performance business culture. The content inherent in each stage can help support building a resilient corporate culture supporting many functions and processes including different locations and geographies.

The culture is the infrastructure, the fabric that binds together people and processes to generate results. The purpose of the culture change process is to enable much faster generation of a business culture that enables people to achieve results. If you are adopting a logical approach to this process as you progress, you will create 'small successes' that act as milestones along the way. The culture change process makes that which was intangible, tangible, that which was assumed, the stable, and that which was practised in some localities and unknown to others, open to debate and discussion. Much in culture change is focused upon diagnosing the current culture. [3] It requires assessing the culture which is desired and then becomes a simple exercise or 'gap analysis'. What should be avoided is starting off to shape a culture in a format without knowing what positively or negatively we are upon. When you are designing a culture you should focus on the following

- Provide a 'visual map' of the building blocks of culture from vision to KPI's (Key Performance Indicators).
- Highlight and identify the core values that drive behaviours.
- Enable the designers of the culture to focus upon a sequence of key stages and activities to build, rejuvenate or generate a desired culture.
- Provide a roadmap of activities to pursue, apply and implement within your own organisation.
- Identify the precise components of a business culture that will cause significant business improvement.

"When I hear the word 'culture' I reach for my gun"

Turning people off with vague definitions of culture will discredit a performance enhancing tool. The quote is attributed to Field Marshal Goering. I had the same experience with clients who have been sold the 'cultural panacea'. They have been assured that culture is the driver to achieve business results but had been pursued a route where culture was perceived to evolve as if by magic! The approach they had adopted had the same correlation with improved business performance as 'wildly casting runes to the winds'.

A business culture should be tangible, observable, measurable and the results quantifiable. If it fails to measure the specific impact of improvement upon the bottom line, forget it! The culture of the business reflects how we focus people and processes to create a strong emotional value and attachment of the customer to the business - thus generating bottom-line results. My definition of culture is "the strategic focus of the business being actualised in actions and behaviours that deliver outstanding corporate and competitive performance".

A common myth which must be exposed is that cultural change is about 'being nice to people' 'tree hugging', 'working together', 'developing a caring environment'. This approach is seriously flawed and misses the point completely. Cultural change can only be about shaping behaviour and processes to become more competitive. It is about maximising the potential of people to drive business performance. Improved business performance does not accrue by just 'being nice to each other'.

An interesting paradox exists. The majority of people in industry and commerce have a strongly analytical background. They trust in that which is tangible, observable, specific, practical and quantifiable. In order for 'culture change' to work, it must address the key issue - what precisely do we need to do to influence how people work, in order to drive and deliver corporate and competitive performance? Devote attention to answering that question, and there's no need to reach for the gun.

- This process can be used at various levels within the organisation – or used in smaller business units, functions or across processes to refine performance and build strong committed teams who will implement, sustain, measure and pursue improvement.

RATIONALE FOR DE-MYSTIFYING CULTURE CHANGE

Using the Model (Boxed insert below) it is relatively simple to examine the major components that contribute to creating the desired business culture. In effect, the diagnostics undertaken are central in driving the design and building of a culture. Without doubt, the vision for the business must be stated and clearly articulated because around this the eventual strategy will be created. In many cases an organisation's vision is no more than surviving through the next couple of quarterly financial reports. Vision articulates why the organisation is in existence and its key role in the scheme of things. Vision does not have to be grand, it can be very simple. For instance, I worked with a Plastics business and the vision for one plant in Scotland was very simply to maintain its presence as lowest cost producer within their larger business and within the market place. Granted, the vision may not be grand or very exciting to outsiders but to the two hundred staff who working within the organisation ten years after this proud claim it was important. They knew that each of them had the opportunity of maintaining the vision for the business, and as long as they achieved their vision, they had a job.

How many organisations are you aware of that lack vision in any form? Without vision, it is difficult to focus time and resources to what you should be, do, and have in the longer term. Other client companies such as General Electric have a very strong Vision [4] . Being number one or two in any industry is the GE mantra. It does not matter what industry sector you work within, the GE approach is always to achieve that goal – which is particularly important to understand when you realise that much of GE's growth has come through acquisition of other businesses [5]. This sends some pretty clear signals to those who work within GE. Just think of the impact in your organisation of having a clear statement that was credible and passed the BS factor. Imagine if staff at all levels were not just aware, but believed, that your organisation was deadly serious about achieving the vision. Imagine the impact that would have.

VALUES & LEADERSHIP STYLE

As organisations have a culture they also have values that drive that culture and behaviour. Values tell us what is acceptable. They are the foundation for key behaviours. Simple values include 'meeting customer requirements' or 'cost leadership', ' working across boundaries'. The values tell staff, customers and stakeholders what is important to the business. For instance, Diageo has as core values, 'freedom to succeed', 'being the best', 'proud of our brand' and 'passionate about customers'. Wherever you go within Diageo you will find these values. They indicate the approach the company wishes staff at all levels to portray. The great thing about these particular values are they are common sense and reflect the values that most people hold themselves. For instance, most of us want to 'be the best' we can be and 'have some freedom to take risks and succeed.' These values are sensible and not wrapped up in jargon or consultant speak – they actually have meaning.

Values translate clearly into leadership behaviour. At the start of the article I drew attention to the importance of leadership modelling the way forward. 'Boss watching' is an aspect of values that should be important to people. In other words, the values are those things that are paramount in our mind in how we transact business. We can witness when people are living the values. They indicate what is 'important' or

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Business Culture Drives Performance

Vision – Where is the business going? What is important to the business? What does the organisation want to become, do and have as an entity?

Values & Leadership Style – Which values, if displayed in management style, will optimise the successful achievement of performance improvement? What values do we need to live to create and sustain a strong and positive culture? How can we demonstrate that we lead and live the values?

Strategies & Goals – Are we confident our strategies and goals are encapsulated in our strategic vision and how we transact business through our values?

Behaviours – What behaviours are consistent with our values of how we transact business? What specific behaviours, if practised consistently, will project us forward to achieve our vision, strategies and goals?

Processes – What core processes unite disparate functions? How can we instil and reward cross organisational working? How can we create a non-ego driven style to working outside the business units and silos?

Structure & Roles – How can we best organise ourselves to achieve our strategies and goals?

Key Performance Measures – To what actions, processes and metrics should we commit, which strongly indicate our achievement of our strategies and goals?

'not' in behaviour and is summed up in the phrase, " We do what we value and we value what we do".

We may want to consider which values, if displayed in our leadership or management style, will optimise the successful achievement of performance improvement? What values do we need to live that will help us build and sustain a strong and positive culture across all organisational functions and boundaries? How can we demonstrate that we lead and live the values and how can we build them into a performance management system?

Strategies & Goals - Of course these are distilled down through the strategic vision and will find themselves articulated in business plans. Strategies and goals will constantly change dependent on market conditions but hopefully they will not shift in substance or lurch from one extreme to another as quarterly financial reporting periods come and go. We have to build a long term future for the business and in order to create some consistency, short term goals and long-term vision should have some coherence.

Communication strategies are incredibly important in conveying the strategic vision and more immediate strategies and goals for the shorter term. There is no organisation that could not improve communication. This does not mean doing more of it – but doing it with intent so that the communication process is valued as a two way process.

Behaviours – Behaviours are key to any cultural change process. A colleague stated that all people want to know is "what do you want me to do more of....and what do you want me to stop doing". That is the behaviour issue in a nutshell. Of course there are refinements, but generally staff just want to know the acceptable standards of behaviour – what is expected and, more importantly, what is rewarded? It is important that there is alignment between leadership and behaviours. The behaviours expressed should be distilled from a leadership model. There is also a

synchronised check between values and behaviours to ensure that what we say, do and how we act is consistent.

Processes – Processes determine everything and unite disparate functions. Processes highlight the 'vision' of why we are here. They demonstrate what is important rather than merely consumes resources – adds to empires but adds little of value. Process management determines the structure and roles but is driven by behaviour that requires people to work across functions. Process driven management is not focused on egos, empires or 'turf wars' or silos – it is focused on the customer and flows directly from the vision.

Structure & Roles – How can we best organise ourselves to achieve our strategies and goals? Too often management groups get the change process the wrong way about. They take the structure and roles of people as given and then build a strategy around it. Of course the strategy determines all these factors. This is usually a major sticking point or point of resistance in the more traditional companies. Too much energy is directed into protecting 'turf', guarding 'silos' and generally being defensive. Vision, strategies and goals determine structure, not the other way around!

Key Performance Measures – KPM' or KPI's are easy to manage and process when the rest of the picture is clear. But again, managers all too often start developing measures and metrics that do not bear any semblance to the strategy, goals or the business plan. "Measuring everything and understanding nothing" is a phrase that comes to mind, and reflects the bureaucracy often encountered in too many organisations more concerned with controlling resources than actually doing good business.

The core issue for consideration is to what actions, processes and metrics should we commit, which strongly indicate our achievement of our strategies and goals?

REVIEW: SHAPING THE CULTURE

Management teams do need to get to grips with this model in order to shape and build a business culture. The key rests on having the openness to explore the strengths and limitations of the current culture. This can be achieved quickly if all managers are involved in the process. Many groups consider that it takes a long time to change or build a new culture for the business. I maintain that it takes 'as long as you want it to take' It is possible, with an average business, to create significant shift within a period of three months. Working with the top team creates far more change than working on initiatives at the 'lower levels' of the organisation. I recall working with a large bank with over six thousand employees. The process was not difficult because the focus for change was through internal change agents with line managers as facilitators of change. We created a team of committed staff who were keen to see the culture implemented. Most importantly, we did not work with six thousand staff with lots of branches – but concentrated on working with 1% of staff - the 60 top people who ran the business. Focusing upon the top sixty ensured that the change was ingrained within the culture and that the change was brought about through the line on special projects focused on working across boundaries. Building a new culture can work if you win the commitment of the line to bring the change about. Most importantly, HR were not seen as the driver of change but rather the facilitator that enabled things to happen.

CONCLUSION

Building a culture requires a realistic approach. It requires working with the culture as it exists currently – not how you would like it to be. It requires a down to earth attitude. It works on the premise that the culture is central in delivering organisational performance. A strong positive culture will deliver stronger performance figures than a culture which is indifferent, haphazard and