Managing Your Corporate Culture

By Roger Plant and Mark Ryan

When HRD literature discusses the importance of corporate culture and the effect it has on performance, firms such as IBM and Hewlett-Packard usually appear as examples of companies that put a lot of energy into managing employee behavior through creating a strong culture. While these examples, and the literature in which they are mentioned, are interesting and important, few companies seem to find—or take advantage of—the opportunity to apply the same concepts in their own organizations.

One company we know of, however, decided that it was time to manage its own corporate culture. Because it had grown rapidly and acquired a great deal of diverse new managerial talent, a company we'll call XYZ Trust Company had lost its original culture of youthful, entrepreneurial drive and had entered a period of uncertainty. The company still had well-defined, quantitative business objectives but had become less clear about how it could achieve those objectives. XYZ top management had become concerned about what was happening within the company and asked us to carry out an action project within the organization.

Getting started

The first step we took was to conduct in-depth, diagnostic interviews with top managers; we wanted to identify concerns they had about organization and clarify the training needs of their middle managers. It was decided that the training programs should help develop middle management capability and should also serve as a vehicle for feedback to top managers on areas of potential improvement. As the program developed, this feedback confirmed the need for top management action. In response to this need we developed a two-day workshop for the managing director and the top 15 managers.

The purpose of the workshop was threefold:

- to identify clearly the consequences of the problems that were surfacing within the organization, such as lack of clear policy direction in some areas and lack of cross-functional communication;
- to define the present corporate culture;
- to formulate specific actions for change.

> XYZ Trust Company had lost its youthful drive and entered a period of uncertainty

We wanted to be able to use the workshop to show senior management that something as nebulous as corporate culture can be defined and that they could take positive steps to develop an appropriate culture.

Defining company culture

The two parallel themes running through the workshop were how top management would handle the issues fed back by middle managers via the training programs, and how management would apply research frameworks on corporate culture to XYZ's specific situation. We dealt with these issues alternately as each provided data and ideas for handling the other.

Because we knew that the idea of company culture was difficult for senior managers to grasp, we developed a logical framework for working, which first examined managerial values and assumptions. This framework appears in Figure 1. We examined managers' values and assumptions by giving them three sets of assumptions relating to people at work. The assumptions are as follows:

- **Rational, economic man**—Man is primarily motivated by economic interests, is essentially passive and rational, and has no self-control and self-discipline.
- **Social man**—Man is basically motivated by social needs, finds his sense of identity through relationships, and is more responsive to the social pressures of his peer groups than to the incentive and control of management.
- **Self-actualizing man**—Man seeks autonomy and independence, needs to use his capabilities and skills, and is primarily self-motivated and has self-control.

We divided the meeting into three subgroups according to each set of assumptions, and we asked the groups to design an organization that reflected the particular set of assumptions used. This exercise specifically focused on such areas as corporate objectives, communication systems, organization structure, leadership style, and rewards and penalties. Not surprisingly, this activity created three very different organization cultures stemming entirely from the assumptions made by top management about people at work, rather than from the demands of the business environment.

It also provided the first benchmark of data against which the senior managers could test XYZ's cultural characteristics. The managers recognized in their culture many of the "social man"

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values such as communication and decision making by committee, an unnecessary number of managerial levels, rewards evenly distributed, and a tendency to discourage risk taking. This exercise made XYZ senior management realize that many key decisions about a company's operation are based entirely on managers' underlying assumptions. The managers realized that unless they are conscious of the assumptions they are making, the direction of their business may well be influenced more by internal values than the requirements of the business environment.

Figure 1 — Six stages of managing corporate culture

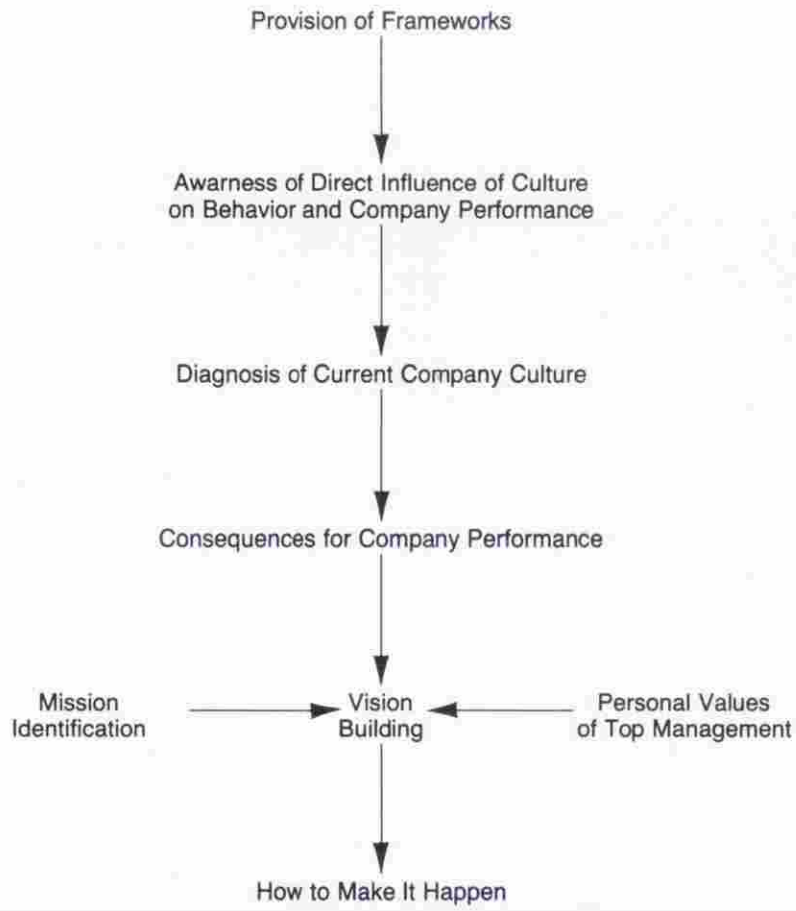
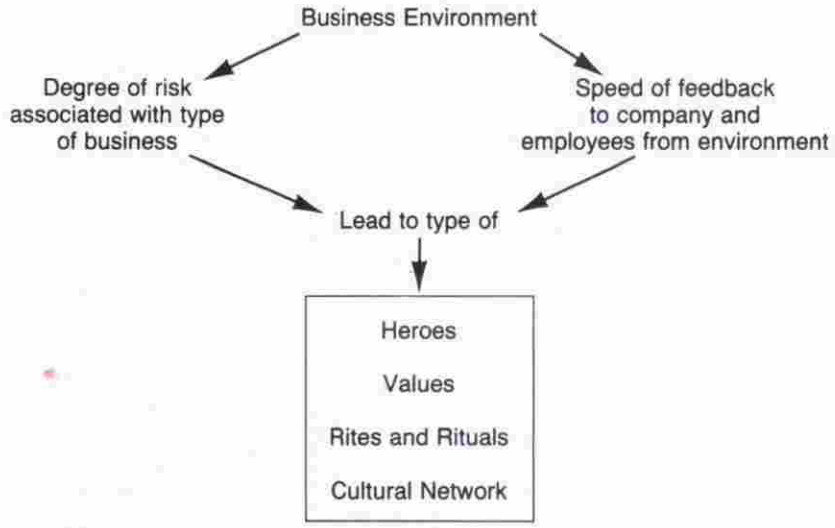


Figure 2 — Key elements in corporate culture



Four company types

Our next step was to provide a framework for understanding and categorizing corporate culture, as shown in Figure 2. We used the Deal and Kennedy classification of four company types, illustrated in Figure 3. (For more on this, read *Corporate Culture—Rites and Rituals,* published by Addison-Wesley.) This further helped the group to relate its own experience to the frameworks presented and to acquire a language with which to describe their own company's current culture.

The missing link was to demonstrate that the behavior of senior managers and the examples they set transmit corporate culture to employees. In order to do this we asked, "What is the culture of this group as expressed by its behaviors and rituals during this workshop so far?"

> The direction of a business may well be influenced more by internal values than the requirements of the business environment

The following five themes emerged:

- "Individuals want to see which way the wind will blow before committing themselves."
- "Ritual disagreement."
- "Concentration on unnecessary detail."
- "Avoidance of conflict."
- "Avoidance of decision making."

We also observed a number of behaviors characteristic of the group, particularly that employees did little or no building on comments and ideas and that there was consistent evidence of unexpressed frustration. What we and the group had described as characteristic of senior management behavior during the workshop began to mirror the issues the middle managers raised about the present organization. This reinforced the uncomfortable reality that the organization is a reflection of the behavior of its top executives.

The company's culture

Our next step was to identify systematically the current company culture. To do this we used a diagnostic questionnaire—developed with one of the senior managers prior to the workshop—concerning six other companies in finance, retail, and manufacturing that were well known to the managers. This would give us a comparative analysis. This questionnaire contained a checklist of 40 paired culture characteristics and showed the group what kind of analysis we would be using on XYZ. Each senior manager then completed another questionnaire that concentrated on the organization, marketing, and management aspects of XYZ.

Next, in three groups, senior management decided what were the strongly positive and strongly negative dimensions that employees commonly perceived. The managers clearly identified one strength—a positive attitude toward market-oriented product development—and three problem areas:

- too many layers in the organization;
- too much centralized control;
- too little differentiation in rewards.

In addition to this identification of current XYZ cultural dimensions, we shared with the group a summary of interview data collected two years previously from top managers. We presented the managers with this to remind them of key words they used to describe the company at that time. There were some remarkable similarities in the themes, which are listed in Figure 4.

A cursory glance at the above sample shows that even two years ago certain inconsistencies were present that many companies might ignore. But those inconsistencies prompted XYZ senior management to take the difficult steps of encouraging middle managers to voice their concerns about the way the company was operating and of setting up a workshop to identify positive actions senior management could take.

In small groups, the senior managers worked on the data from the original senior management interviews, the feedback from middle management, and the discussion from the workshop, and they presented their work in a

Figure 3 — Four classic cultural types

Figure 4—Sample of interview data verbatim comments

Descriptors of Organization Climate	Describe Company as a Person	Company Strenghts (+) and Weaknesses (–)
Top management not approachable	Young, confident	+ committed people
Feeling of lost youth	Aggressive	+ adaptable
Dynamic	Friendly	
Rank and status important		
Consultative	Gangling youth	– empire building
Fast pace		– haphazard decision-making
Wide range of styles	Frenetic	– too many meetings
Open	Ambivalent	– too much consensus
	Thrusting	– steep hierarchy

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plenary session. The major issues the group identified are summarized as follows:

- There is a lack of clarity about roles, responsibilities, and authorities.
- There is a strong functional infrastructure versus business-related structure.
- The company has inadequate lateral communication.
- Decision making is too slow.
- Managers need to prioritize increasing volume of work more effectively.
- Top management is too distant.

Building a vision

After identifying the above problem areas, the senior managers were ready to take a step into the future and begin the vision-building process. We asked the three groups to consider and agree upon the five characteristics they believed must be *central values* in the future XYZ Trust Company culture if it is to continue as a successful business enterprise. The following key words and phrases resulted from this task:

- firm but fair;
- success;
- hard work and commitment;
- good surroundings;
- frank, constructive, and purposeful;
- proactive;
- personal commitment.

While these "culture desirables" run the risk of becoming bland, generalized platitudes, they nevertheless provide some clear pointers about what XYZ employees and management should value. For example, we asked senior management what it means when it says that hard work is valued: Does that mean it is valued regardless of the results? This raised fierce debate within the group about what they really want to reward—hard work and loyalty or achievement of results.

Similar debates at this stage paved the way for the second and crucial vision-building stage. The chief executive and his three executive directors took away the data from the groups and decided what they believed should be the four or five central values and culture characteristics upon which they wanted to build the company's future success. While we couldn't expect them to finish this pro-

Figure 5 — Samples of "how to make it happen" ideas

Market Orientation

- Posters
- Create heroes
- Bulletins on results
- Market orientation sessions
- Pay staff commission for selling products
- Display stands
- Increase direct feedback from customers
- Nonmarketing people to meet customers

Executive Directors' Policy Direction

- Focus on *what* not *how*
- Define ground rules of consultation
- Clarify responsibility boundaries
- Push for upward communication

Achievement Oriented

- Clear targets
- Short timescales
- Milestones set up
- Recognize and reward
- Remunerate on merit

Approachability

- Plan language documents
- "Help" desk introduced
- Change reception areas
- More visible management
- Improve lateral communication

High-Quality Environment

- Maintain current image and quality
- Review work space, open plan
- Catering
- Sports, social activities

Fun

- "Seriousness of purpose with levity of approach"
- Increase trust
- Reduce bureaucracy and levels (which will reduce frustration)
- Individual and small-group motivation
- Clearer responsibilities will help

cess in a few hours, after a two-hour meeting they did emerge with some very clear initial statements of culture.

First, the executive group restated in clear, unambiguous terms its mission statement and six core values about *how* they wanted the company to behave in achieving this. The mission statement was "To dominate the XYZ insurance and unit trust customer base." The five core culture values were:

- the company should be market oriented;
- the company should be achievement oriented;
- the executive directors should lay down policy matters;
- the company should be approachable;
- the work environment should be fun;
- the work environment should be a high-quality one.

The executive group fed back this information to the other senior managers present so they could begin to understand and clarify it.

We then asked each of the executive directors to lead a subgroup in identifying the first steps XYZ needed to take in order to put the new plan into action. Each group took two of the core culture values and came up with a list of immediate and longer term action steps to help put that value in place. Samples of those steps are listed in Figure 5.

Looking down the road

The work outlined above clearly is only a beginning, but we are excited by how much a company can achieve in just two days, given the right process and provided there is a genuine recognized need to shift the culture.

We concluded our part in this project by leaving the last work to the managing director of XYZ, who at the end of the seminar commented, "There have been moments during the last two days when I had the feeling of being quite unsure of where I was going. But it has been fascinating and well worth the attention we have given it. I believe it is a very necessary process for any company—particularly a fast-growing one—to take stock of their culture and whether it is appropriate for the business they are in.

"What we need to do now is to build on the positive elements of our culture and to make changes where necessary."

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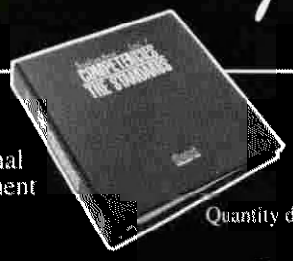

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