



Fundamentals of Cultural Transformation

Implementing whole system change

By Richard Barrett

Abstract

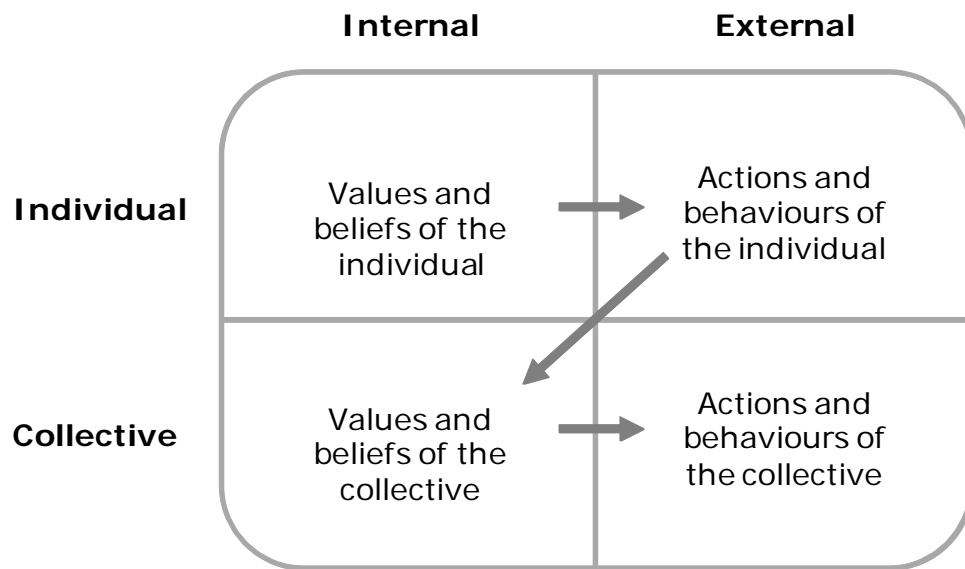
This paper explores the concept of whole system change. It identifies the four principles necessary for whole system change, and provides a nine step process for implementing cultural transformation.

Whole system change

As the title of this paper suggests, for cultural transformation to occur the whole-system has to change. I can best explain what is meant by the term “whole system” by referring to Figure 1. The four quadrants in this figure represent the four different perspectives of a human system.¹

- The perspective as viewed from inside an individual—personal values and beliefs (top left quadrant)
- The perspective as viewed from outside of an individual—personal actions and behaviours (top right quadrant)
- The perspective as viewed from inside of a collective—cultural values and beliefs (the bottom left)
- The perspective as viewed from outside of a collective—social structures, systems, processes, actions and behaviours (bottom right quadrant).

¹ Ken Wilbur. *A Brief History of Everything*. New York: Shambala, 1996; p. 71.



The four quadrants are linked in the following way. When individuals change their values and beliefs (top left quadrant), their behaviours change (top right). When sufficient numbers of people change their values, beliefs *and* behaviors, then a shift in the collective values and beliefs occurs (bottom left). This results in a change in the behaviours of the whole group (bottom right).

Figure 1: The four quadrants of human systems

In an organisational setting, the values, beliefs (top left quadrant), and behaviours (top right quadrant) of the leader and the leadership group significantly influence the values and beliefs of the collective (bottom left quadrant) and the behaviours of the collective (bottom right quadrant). In other words, the leaders' values, beliefs and behaviours significantly influence the culture of the organisation.

To be even more precise, the culture of an organisation is a reflection of the values and beliefs of the present leaders and the institutionalised legacy of the values and beliefs of past leaders as reflected in the structures, systems, processes, policies and procedures of the organisation.

Four conditions must be met for whole system change to occur. These are described below and shown in Figure 2.

- **Personal alignment:** There must be an alignment between the values and beliefs of individuals and their words, actions, and behaviours. This is particularly important for the leadership group. It is important that leaders are authentic—that they walk their talk.

- **Structural alignment:** There must be an alignment between the stated values of the organisation, and the behaviours of the organisation, as institutionalised in the structures, systems, processes, policies, incentives and procedures. It is important that the values of the organisation are fully reflected in all the structures, systems, processes, policies, incentives and procedures of the organisation to institutionalise the culture.
- **Values alignment:** There must be an alignment between the personal values of employees and the stated values of the organisation. It is important that all employees feel at home in the organisation and can bring their whole selves to work.
- **Mission alignment:** There must be an alignment between sense of motivation and purpose of all employees, and the mission and vision of the organisation. It is important that every employee, manager and leader has a clear line of sight between the work they do each day and the mission or vision of the organisation, so they know how they make a difference.

Every culture change or transformation initiative must aim at satisfying all four of these conditions if it is to be successful: it will fail if the whole system doesn't change.

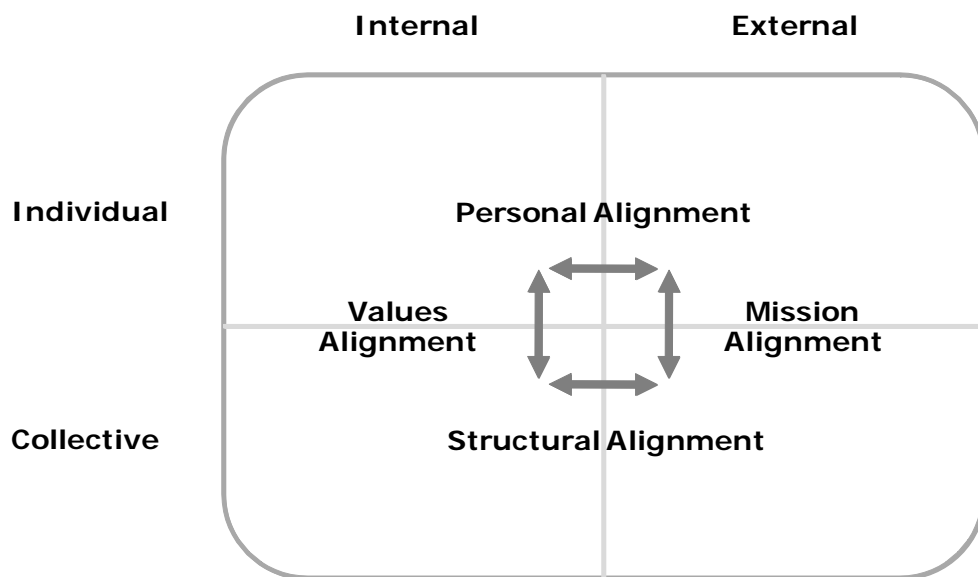


Figure 2: The four conditions for whole system change

The process of whole system change

With this background and understanding we can now delineate the key steps in implementing a cultural transformation process.

Step 1: Commitment and ownership

The process of whole system change begins with the personal commitment of the leader and the leadership team to their own personal transformation. This is necessary because the culture of the organisation is a reflection of leadership consciousness. If you want transform the culture of your organisation, the leaders must transform or the leaders must change. Organisational transformation begins with the personal transformation of the leaders.

If there is no commitment by the leader and his or her leadership team to personal behaviour change it will be pointless embarking on any form of cultural transformation process.

A culture change initiative must be owned and personally supervised by the leader of an organisation, and fully supported by the leadership team. Cultural transformation is not something that can be delegated: nor can it be handed off to a team of outside consultants. It is something that the organisation has to do for itself, and it is always ongoing: it is not a project, it is a process!

At this stage it will be important, if he or she has not already done so, for the leader to hand pick his leadership team. Getting the right people on the bus and sitting in the right seats is extremely important.

It is quite usual for there to be one or two naysayers in the leadership team who are not willing to sign up for personal transformation. They are happy for others to do it, but they are not interested themselves. This is the point where they have to decide to either get on or off the bus. There is no room on the bus for anyone who is not a willing participant and committed to the process. It is usually at this point that the naysayers start looking for alternative employment. It is important that the leader be aware that this might happen, and is willing to go ahead for the good of the company.

Step 2: Baseline measurement

After the leader and the leadership team have committed to the process, begin by carrying out a cultural values assessment of the whole organisation, and, at the same time build a scorecard of the organisation's current levels of performance—revenues, employee engagement, customer satisfaction, cultural entropy, values alignment, etc. The idea here is develop a set of baseline measurements from which you can measure the progress of your cultural transformation initiative.

Step 3: Vision and mission

After you have completed your baseline measurements, the next step is to define where the company is going and how it is going to get there. It is time to develop an internal and external vision and mission for the organisation using the Four Why's process described in *Liberating the Corporate Soul*.²

If the organisation already has a vision and mission, it will be important to revisit it, especially if there are new people in the leadership team. Setting the vision is the job of the leadership team. This task cannot be delegated. The direct reports of the leadership team (the teams of the members of the leadership team) should be asked for their inputs and comments once the leadership team is comfortable with the vision statements they have produced.

The vision statements should be:

- Short and easily memorable
- Inspire people in the organisation to make a difference

Step 4: Values and behaviours

As part of the process of the developing a vision and mission for the organisation it will be important also to define the organisation's values and behaviours. The results of the cultural values assessment will be useful in this regard. To the extent possible, all employees should be involved in this process. The values should:

- Be single words or small phrases that are easily memorable
- Support the vision and mission
- Be four, and not more than five
- Include relationship values as well as organisational values— i.e. trust and continuous improvement

Once the organisation's espoused values have been identified, two or three behaviour statements should be developed for each value. The purpose of developing behaviour statements is twofold:

- To give clarity to what each espoused value means in the context of the day-to-day operations of the organisation
- To provide a way of evaluating executive and employee performance.

Because behaviours are always contextual, it is not unusual for different behaviours to be used for the same espoused values in different parts of the organisation. The behaviour statements should:

- Be short, memorable, one-sentence statements

² Richard Barrett. *Liberating the Corporate Soul: Building a Visionary Organisation*. Boston: Butterworth Heinemann, 1998; pp. 103-123.

- Describe the actions that support the value they represent
- Be appropriate for the context of the work unit

Step 5: Compelling reasons for change

There must be a clear understanding among the executive population about why the organisation is embarking on a whole system change process. The change process must be grounded in reality, and driven by realistic optimism that provides the employee and executive populations with hope for success. People want to be associated with success. In companies that are suffering from low performance, the compelling reasons for change are usually obvious. The issues that underlie the poor performance can easily be identified from the results of the cultural values assessment.

For high performing companies, the compelling reasons for change should focus on three factors—how the company can stay adaptable, positioning itself for the *future*, and building its long-term resilience.

Step 6: Personal alignment

Personal alignment should begin with the leadership team. To this end, it will be important for all members of the leadership team, and the extended leadership group, to focus on their own personal mastery by seeking feedback and, if necessary, receive coaching, using a 360⁰ instrument such as the Leadership Values Assessment (LVA).

Once the leadership team has embarked on a process of personal mastery to enhance their emotional intelligence, the direct reports of the leadership team should follow suit. Eventually, everyone in the organisation that has a management or supervisory role should participate in some form of personal mastery process.

Step 7: Structural alignment

The purpose of the structural alignment programme is to reconfigure the structures, systems, processes, policies, incentives and procedures so that they fully reflect the desired vision, mission, values and behaviours of the organisation, thereby institutionalising them into the culture of the organisation. The systems and processes that may need to be reconfigured include:

- New employee/executive selection
- New employee/executive orientation
- Employee/executive performance evaluation
- Employee/executive promotion criteria
- Selecting talented performers for fast track development
- Leadership development programmes

- Management training programmes
- Values awareness programmes.

In large organisations, structural alignment can take up to 2 to 3 years to implement. The responsibility for this usually falls to the Human Resource function. This step is the one that is most frequently forgotten in cultural transformation initiatives.

Step 8: Values alignment

The purpose of the values alignment programme is to inculcate the espoused values and behaviours of the organisation into the executive and employee population. Apart from the informational content, the programme should give participants the opportunity to explore their own values, and understand and practice the concept of values-based decision-making. We use values-based decision-making so that we can consciously create the future we want to experience. For example, if we value trust, then we make decisions that allow us to display trust. If we value accountability, then we make decisions that allow us to display accountability.

Step 9: Mission alignment

The purpose of the mission alignment programme is to inculcate the vision and mission of the organisation into the executive and employee population. Apart from the informational content, the programme should give participants the opportunity to explore their own sense of mission and vision, and see how their role supports the vision or mission of the organisation. It is very important that everyone in the organisation has a clear line of sight between the work they do each day and the vision and/or mission of the organisation. Without a clear line of sight, people are not able to value their contribution and understand how they make a difference.

Frequent Mistakes

The three most frequent mistakes that are made in cultural transformation initiatives are as follows:

Mistake # 1: Focus on personal alignment only

Many organisations focus on personal alignment without doing anything about structural alignment. This serves only to aggravate discontent and disillusionment in the executive and employee population. When employees return from personal mastery programmes, they usually come back with a higher personal awareness about how to interact with their colleagues. They quickly become disillusioned when they realise that although they have changed, the organisation has not changed. The new behaviours they have learned are not practiced by their superiors and are not rewarded.

Mistake # 2: Focus on group cohesion only

Another frequent mistake is focusing on team building without first carrying out a personal alignment programme that involves personal mastery. This limits the potential for success because people enter these programmes without the self-knowledge and interpersonal skills necessary to make the team building exercise a success. For maximum impact, team building or group cohesion programmes should be preceded by a personal alignment programme.

Mistake # 3: Failure to customise the transformation programmes

Change agents and consultants frequently make the mistake of using “off-the-shelf” personal alignment or team building programmes which have not been tailored to the specific needs of the organisation, the division, or the business unit with which they are working. When you carry out a cultural values assessment of your organisation, you immediately know what issues need to be tackled and what topics your personal alignment and team building programme should focus on.

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