

## ORGANIZATIONAL CULTURE IS THE KEY TO EFFECTIVE CHANGE

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### INTRODUCTION

Research into the nature of living systems (Capra) indicates that their basic nature is a pattern of dynamic relationships. This pattern at the organizational level describes the organization's culture. Research has also determined that these patterns of dynamic relationships (the organization's culture) have a very powerful influence on the organization – so powerful, in fact, that according to Kotter and Heskett its impact supersedes all other factors when it comes to organizational performance, including affecting change.

### ORGANIZATIONAL CULTURE

Culture, as defined by Dr. William Schneider is 'how we do things around here in order to succeed' and is an organization's pattern of dynamic relationships, its 'reality', its way. It has everything to do with how things get implemented in the organization and how success is actually achieved. Even well-designed change programs which include restructuring, asset and knowledge management, and program and process change will not work in practice (implementation) if it does not fit the organization's culture. In his book *Who Says Elephants Can't Dance?* Louis V. Gerstner, Jr. states, "I came to see, in my time at IBM, that culture isn't just one aspect of the game - it is the game."

While no organization has a pure culture throughout, every successful organization has a core culture. This core culture is central to the functioning of the organization, forming the nuclear core for the way in which that organization operates in order to succeed. It is critical that this core culture is aligned with the organization's strategy and core leadership practices.

Alignment is central to any organization's effectiveness. Without it, focus is lost and energy wasted; as people, systems and processes work at odds with one another.

Effective and successful organizational change usually requires the following three-step process:

- Development of an in-depth understanding of the current organization (getting below the symptoms to core issues related to purpose or focus, culture, and leadership)
- Clearly defining the desired future or changed state
- Creation of a plan for attaining the future state as it relates to purpose, culture, leadership and processes.

Having a relatively clear understanding of the future state to begin with doesn't eliminate the need for the other two steps.

Research by Treacy and Wiersema indicates that, over time, leaders consciously and/or unconsciously create one of four core cultures from their own personal history, nature, socialization experiences and perception of what it takes to succeed in their marketplace. Core culture, as defined by Dr. Schneider, is how an organization provides and gathers information (the vertical axis in Figure 1 on the next page) and how decisions and judgments are made (the horizontal axis). The two axes come together to create the following core cultures:

**In Control:** This culture is all about certainty. It fundamentally exists to ensure certainty, predictability, safety, accuracy and dependability. The fundamental issue in a control culture is to preserve, grow and ensure the well-being and success of the organization. The organization as a system comes first.

Accordingly, the design and framework for information and knowledge in the control culture is built essentially around the goals of the organization and the

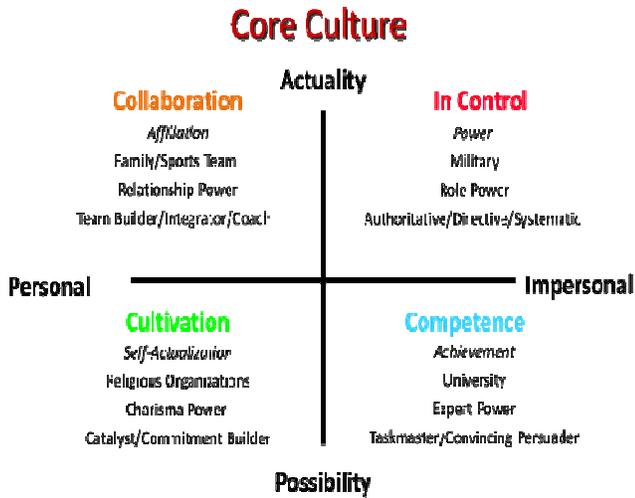


Figure 1

extent to which those goals are met. This culture is centered on organizational goal attainment.

**Collaboration:** This culture is all about synergy. It fundamentally exists to ensure unity, close connection with the customer, and intense dedication to the customer. Experiential knowing means that the fundamental issue in a collaboration culture is the connection between people’s experience and reality. The organization moves ahead through the diverse collective experience of people from inside and outside the organization. This culture is centered on unique customer goal attainment.

**Competence:** This culture is all about distinction. It fundamentally exists to ensure the accomplishment of unparalleled, unmatched products or services. This is the culture of uniqueness; of one-of-a-kind products or services. The fundamental issue in a competence culture is the realization of conceptual goals, particularly superior, distinctive ones. This culture is centered on conceptual goal attainment.

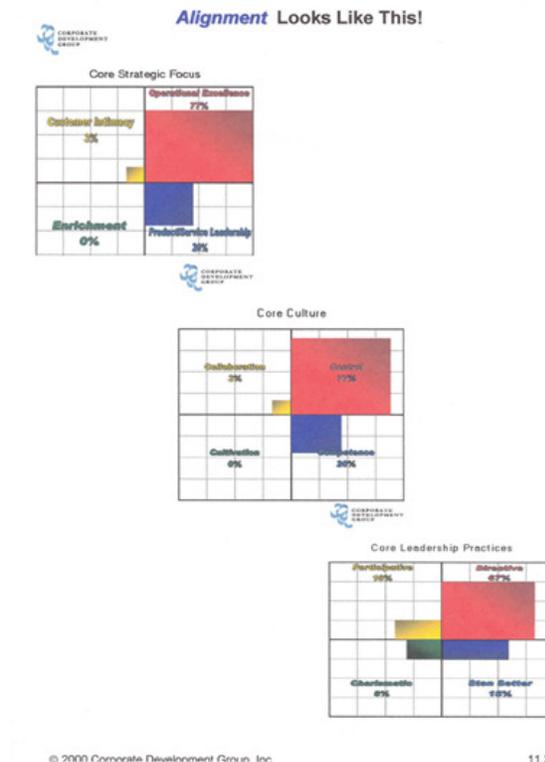
**Cultivation:** This culture is all about enrichment. It fundamentally exists to ensure the fullest growth of the customer, fulfillment of the customer’s potential and the raising up of the customer. It is about the further realization of ideals, values and higher order purposes. The fundamental issue in the cultivation culture is the connection between the values and ideals of the organization and the extent to which those values and ideals are being integrated. The key emphasis in

this culture is the connection between what is espoused and what is put into operation. This culture is focused on value-centered goal attainment.

While successful organizations are usually clear about their core culture, they must also be clear about support or secondary cultures. For example, a utility organization may have a strong control culture and still need a significant collaboration support culture that focuses on effective customer support and customer information systems.

In order to clearly understand the organization's culture, a cultural assessment is necessary. It usually consists of the following:

- Interviews of management
- A cultural assessment survey tool
- A leadership and strategy assessment survey tool
- Data analysis and report preparation
- Implementation of change plans



11.2

Figure 2

## ORGANIZATIONAL CHANGE

When implementing a change program, the more consistent the program is with the underlying aspects of the organization's core culture, the more likely the change program will take hold and significantly impact the organization. A key to the creation of a successful change program is the alignment of the program with the Culture, Leadership and Strategy of the organization (Figure 2). Effective implementation planning will enable you to not only implement the new program more effectively and with fewer struggles, it will also foster buy-in from employees.

## CONCLUSIONS

Culture is "how we do things around here in order to succeed". It has everything to do with implementation of goals and with achieving real success. A management idea, no matter how good, will not work in practice unless it is consistent with the culture of the organization. An organization can have the most superb mission and strategy, but if its culture is not aligned with, and supportive of that strategy, the implementation of an organizational change program will likely struggle, stall, or fail. Alignment between strategy, culture, leadership and process is critical; it is the central definition of organizational effectiveness and crucial for effective change.

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