



E-BOOK

**THE 5 STEPS OF CULTURAL CHANGE
WITHIN YOUR ORGANIZATION**

THE 5 STEPS OF CULTURAL CHANGE

This e-Book is about cultural change and the challenges it brings.

I like to make organizational culture as simple as possible. In this book you will find a simple definition of culture as well as a five-step approach to culture change.

Culture is not an easy thing to change. It requires the necessary insights, a thoughtful approach and a lot of dedication to get it done well. The approach described in this e-Book is based on thirty years' experience and it is used in our projects every day.

CULTURE CHANGE – 5 STEPS



STEP 1: ANALYSIS

Before you start changing culture, it helps if you first understand what your current culture is and why you want to change it. And to know: what is culture anyway?

What is organizational culture?

A lot has been written about what defines culture. However, a lot of what has been written is, in my opinion, unnecessarily complicated. Culture can be many things, but the only thing that really makes a difference is the behavior of people in (a part of) an organization.

To make it (very) simple: **culture = behavior**. How do people communicate with each other and with people outside the organization? What choices do or don't they make? And what do they do? This is all observable behavior that affects issues important to the organization, such as: performance, employee satisfaction, customer satisfaction, costs, turnover, and profit. Culture, therefore, determines the success of every organization and should be a top priority for every leader.

Is it really that simple? Yes and no. The question as to what determines the behavior of people in the organization is important. And.....*that* is a little more complicated.



Since we defined culture as people's behavior in the previous paragraph, we can now ask ourselves what is it that determines people's behavior in an organization? Organizational culture, or people's behavior, is determined by three factors which we refer to as perspectives:

1. The human perspective is about who you have on board exactly. What is their identity and personality, and what knowledge, attitude, and skills do they bring into the organization?

2. The context perspective relates to the factors that influence people's behavior in an organization that are external to the people themselves. When you work in an organization, there are many different factors that influence how you behave. Think, for instance, of how your manager behaves, the content of training sessions and courses, the systems and tools you work with, the reward systems, internal communication, and so on. These factors are generally the same for groups of people (departments) in the organization.

3. The patterns perspective concerns the interactions between individuals and groups, and the images they develop of one another. Think of self-fulfilling prophecies, dormant or concealed conflicts, and competition for resources or power. Such dynamics and patterns are hidden in plain sight for members of the organization and difficult to see for outsiders.

They are, however, strong influencers of behavior. This perspective is often missed in cultural changes. If this is the case, it can limit the successful realization of a new culture.

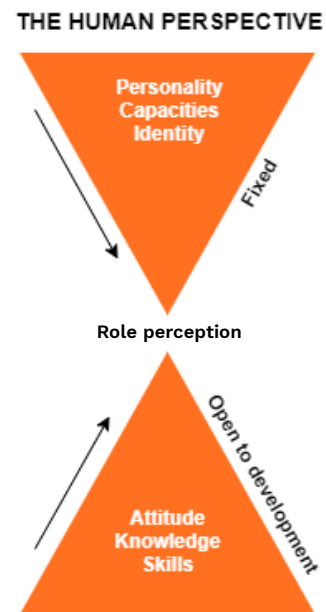
Analyzing your organizational culture consists of describing the relevant behavior of employees in that part of the organization you wish to change. So, think carefully about the scope of your analysis. Once you have completed the analysis, you can think about the three perspectives and how they affect the behavior you observe.

People who have been around the organization for a long time become culture blind. They don't see their own culture as sharply anymore as it has become the norm. In order to get an unbiased analysis of the existing culture, use outsiders or people who have not been working in the organization for that long and are still amazed at how things are done.

1. The human perspective

The first perspective is primarily about the people you have on board. Who are they in terms of identity, personality, knowledge, attitude, and skills? People's background, personality, and abilities are largely fixed: identity and personality are hardly subject to change over the course of a lifetime. If these factors make the development of the desired behavior impossible, then there is not a good enough fit between the people and the aspired culture. Either your ambitions will have to be adjusted or you have the wrong people working at your organization. If this is the case, it is better to conclude this as soon as possible in the process.

McHale, who has extensive experience with large cultural changes, says that a specific part of identity, role perception, can be changed in the context of a cultural change. Role perception is the way a person views their own role within the organization. Reframing roles is, therefore, a useful route to help individuals break free from existing patterns and explore new avenues.



Attitudes, knowledge, and skills are easier to develop within the framework of an organization. We can focus on the development of these factors through learning programs, workshops, and other interventions. Many change processes are focused on addressing these individual factors only. A lot of money has been wasted on trainings for individuals or groups aimed to change culture.

It is certainly not wrong to make learning or development pathways aimed at the development of people part of cultural change programs. In fact, they are a part of it.

It usually goes wrong when these development pathways are used in isolation, too much is expected, and it gets especially complex when the context in which people work does not change sufficiently. If this is the case, an extinction effect often occurs, and behavior quickly reverts to how things were before. As a result, not only will the investment be lost, but people will also lose confidence in the feasibility of the change and the next intervention will require much more effort and money.

2. The context perspective

The context in which people work, in addition to individual factors, is a strong driver of behavior. This perspective looks at how the environment (in this case the organization) influences you as a person or as a group. There are all kinds of factors in every organization that give indications of acceptable or unacceptable behavior. A factor is stronger when it is clear, able to perceive people's actual behavior, and has power over the consequences of that behavior. The most common context factors are:

- > Managers;
- > Structures and processes;
- > Systems and tools people use;
- > Performance management;
- > Reward systems;
- > Colleagues;
- > Internal communication;
- > Learning and development;
- > External parties.

Different factors can demand similar things from people, but at the same time result in different or contradictory expectations and communications. The more unambiguous and consistent the context, the more influence it will exert on people's behavior.

People's behavior (i.e., culture) and context factors form a balance. If you want to change culture, you will also have to change the context factors. If you don't do this, behavior will revert to what it was over time. An intervention on individuals or groups with the aim of changing long term behavior is deemed to fail if the context factors are not considered in the change effort. The context is stronger than any external intervention, as the context is still there once an intervention is concluded.

The role of leaders in a culture change

Leaders' behavior is one of the most important context factors that also exerts a major influence on the other context factors. How leaders behave, therefore, has a major influence on a cultural change. The way leaders collaborate, are rewarded, do their own work, the measures they decide on, and the way they implement them have a major impact on the rest of the organization. The way leaders behave is under scrutiny, especially when things are about to change in an organization. Leaders often underestimate this aspect as they go about their work.

Leaders should not think too lightly about culture change. A lot is already asked of leaders and a culture change brings on an additional workload. A leader needs to think carefully about the right approach and make conscious choices regarding their own role in change. It is up to them to give it the right kind of attention, to take people along, help, facilitate the change, and to take employees seriously. A leader must choose a clear position, set the tone, but also dare to show vulnerability, encourage and live desired behavior, and lead by example.

For culture change to be successful, a leader must do things more consciously than before. This requires reflection: "How am I supposed to change within this organizational change process?" What has worked up to now and may have contributed to previous success may not work anymore. Everyone must change, starting with the leader!

In addition, everyone always has a certain degree of resistance to a culture change, including leaders. As a leader, you may also have your own resistance, doubts, and uncertainties, even if you can't always express them openly. This also allows you to set a good example, in addition to supporting the change and going for it. Show vulnerability and openness about your own process. The art of good leadership is to find the right balance. Give direction, dare to make choices, express them, and at the same time show your own personal side.

Leadership in a culture change is not easy. If you really want to be a good leader, it requires a continuous confrontation with yourself. With your limitations, your images, and your own resistance. Making a change offers the opportunity of a meaningful and informative journey, but by no means the easiest.



The why question

You need dedication and diligence for a culture change to succeed. A leader needs to help people see that change is necessary. It is important to be able to answer the 'why' question in a clear and simple message and often, perhaps to the point of boredom, repeat and explain it.

Walk the talk

Leaders who seamlessly align their actions, choices, and communication do well in a culture change. Especially if this is consistently aligned with the desired culture. A lack of consistency or walking the talk from leaders makes it harder for the rest of the organization to believe in the change and to go full steam ahead with it.

Keep the conversations going

A good leader is a catalyst and facilitates open and safe conversations. By talking a lot about the change, its impact and having conversations about any resistance, you contribute to the smooth running of the change process.

Persevere

When the choice for the change has been made, you must see it through. This means, discussing it with people who oppose the change and consciously rewarding those who go along with it. It is especially important to pay positive attention to the changes that are already progressing. It is never an option to leave a change stranded halfway through as it creates mistrust and fear.



3. The patterns perspective

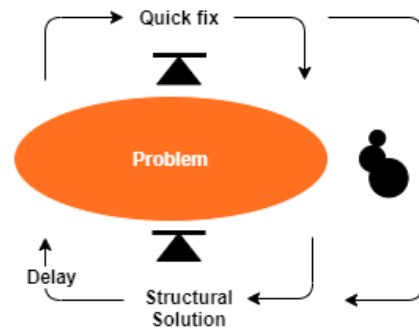
The patterns perspective is about the undercurrents in organizations. The deeply embedded habits and the underlying images supporting them, the flow of causes and effects that hugely influence people's behavior. They are almost imperceptible yet at the same time the most powerful and hard to change part of a culture. They are constantly active and become stronger over time.

Mental models

An organization is a very complex thing. Therefore, people who work in an organization need to simplify that complexity in order to make it workable daily. This is done by not always looking at the whole, but at parts. Not by looking at individuals, but at groups. And so on. There are many ways to simplify a complex reality. We all make mental models of the organization as well as of our colleagues. This includes images, impressions, and assumptions that do not automatically change when reality changes. We are also inclined to look for validation and evidence for our existing mental models rather than challenging them. These mental models can become outdated and rigid over time. People no longer have an unbiased view of their surroundings. Peter Senge talks about learning disabilities in this context, which means that we misinterpret actual information and, thereby, reinforce patterns and images. For example, people have limited insight into their own role in creating undesirable situations, and often see events as separate incidents rather than as part of a pattern or a dynamic.

Shifting the burden

There are unique patterns that can arise in organizations, but we can also recognize many standard patterns. Senge calls these patterns 'system archetypes.' An example of this is 'shifting the burden,' where a problem can be solved in different ways. There is the short-term solution, the quick fix, which can be implemented almost immediately, and the structural, longer-term solution, which takes a little more time and involves more effort. In a rush and under pressure to solve problems quickly, people often opt for the short-term solution instead of the structural one. In the short term, this is fine, because the problem is being solved, at least for now. What is less obvious is that the continuing choice for the short-term solution weakens the entire system in the long run. Each time it becomes harder to find the structural solution.



This archetype can often be seen in different sections of organizations. We can compare this to repairing complex machines, where fast short-term repairs solve the problem for a while, but because of all the quick fixes, no one knows exactly what parts are in the machine or what parts may be missing. Structurally solving the problem has become impossible due to the continuous implementation of quick fixes.

Circle of mistrust

Another example of a system archetype is the 'circle of mistrust', described by Ryan and Oestreich in their book 'Driving Fear Out of the Organization', in which two groups slowly but surely become alienated from one another, for example managers and employees. Both groups start with a (slightly negative) image of each other. That image creates cautious, defensive behavior, such as managers who add extra layers of control to employees' work, or employees' who do not share all the information about a problem in the workplace with their supervisor. That cautious behavior is interpreted by the other group as an attack and reinforces the negative image the other group has. That in turn causes more caution, and so the circle is complete. Each subsequent cycle of action and reaction then creates increasingly negative images and forms the basis for the justification of one's own negative behavior. As a result, people can explain and justify, to themselves (and others), withholding information, micro-management, gossip, opposition and many more negative behaviors.

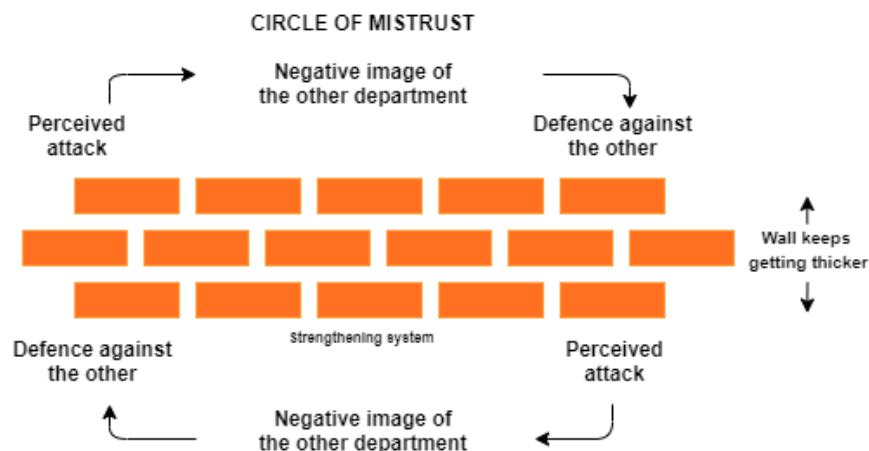
Breaking patterns

This is the most profound part of culture. Starting a change process requires courage, transparency, and the ability to reflect on patterns and systems that people themselves contribute to, that they also help maintain, and which cannot be changed without transcending one's own thinking.

Having a dialogue under supervision in which an issue is explored from all sides, an organizational system workshop, or a simulation can be a good way to make things transparent and address them.

People need to see the whole thing and strive for transparency and understanding, so that blaming others disappears. Mapping your own patterns together with others can be a huge step forward.

Only if everyone involved takes full responsibility for their contribution to a pattern or system can it be understood and changed. This is extremely difficult without the guidance from someone outside of the organization.



STEP 2: AMBITION

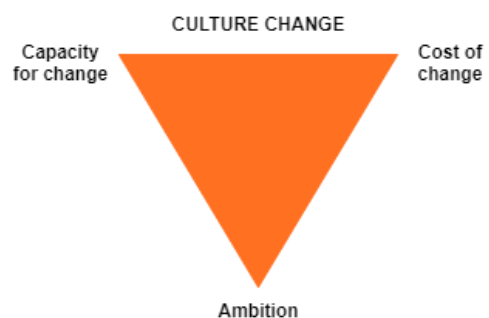
After you've completed your analysis, the next important step is determining the ambition you have for the culture change. What does the changed situation look like?

This conversation needs to be held with a large group. The top executives have an essential role here, but also cultural leaders, informal leaders, and representatives of different groups in the organization. The wider the conversation, the greater the support will be for the change you want to bring about. The group you're bringing together now will continue to play an important role in implementing your cultural change.

Your ambition is nothing more than the gap between the current situation (from the previous step) and the desired situation, preferably expressed concretely and specifically in terms of behavior. In short, what do people in the organization do, say, and decide. The larger the gap between the current and the aspired culture, the more capacity for change the organization will have to exhibit.

The second question to ask at the start of a culture change is, to which extent the organization and employees can cope with the proposed change? Examples of factors that influence the ability to change are workload, mutual trust, flexibility, and existing knowledge and skills. The greater the ambition, the more capacity for change is needed.

The third question is about the cost of change. A change always comes with a price to be paid. We are not only referring to a financial cost, but also the unintended consequences of a change that you may not want. Such as, good employees who decide to leave the organization, a temporary decrease in customer satisfaction, or a period in which productivity is lower than usual. The ambition, the ability to change, and the willingness to pay the price of change are three factors that must be weighed against each other and brought into balance. High ambitions require a great capacity for change and a willingness to pay a high price for the desired change.



Once all these aspects have been considered, the analysis of the current situation can be compared with a detailed plan for the aspired situation. In both cases, behavior is described in detail (saying, deciding), including the most important factors gathered from the three perspectives that determine the current and/or the desired behavior. The next step is to plan and develop an approach to close the gap.

STEP 3: APPROACH

There are roughly two different schools of thought on tackling cultural change. One is based on a top-down approach, in which leaders determine the desired culture and then bring it deeper into the organization, layer by layer, and enforce it if necessary. The other school says let people experiment with new behaviors in their own teams. If they succeed, other teams will want to take over the behavior. This starts a viral change with the help of change managers and so the culture slowly but surely transforms.

In my experience, a culture change without commitment, sponsorship and involvement of senior leadership is doomed to fail. On the other hand, a cultural change can only start to come alive when teams can actively contribute to the effort and thus determine the direction and interpretation of the cultural change.

Ultimately, your approach will have to fit your analysis, your ambition, and the nature of your organization. Nevertheless, there are several pointers that I would like to give you when thinking about your approach.

1. Leaders first. Get senior leaders to take the initiative and be the first to live the desired culture, translating it into their own behavior before the culture is introduced deeper into the organization. Few things are as devastating to a culture change as a leader who doesn't lead by example or who shows little commitment to cultural change.

2. First break, then build. Building a new culture requires safety to master new behavior as well as trust in the organization and leadership.

However, in a change process, including a culture change, sometimes you must bid farewell to cherished habits, structures, processes, and to departments and functions. If painful measures need to be taken, do them as quickly as possible, so that they are out of the way. After that you can focus your organization on building your new culture.



3. Start with patterns, then the context and finally the people. You will eventually influence all the factors determining behavior in the three major perspectives simultaneously. However, it is wise to start by tackling patterns, if they play a role, as they often block trust. Then take a first step in the context factors and only then start working directly with people to influence their behavior. This gives you the greatest chance that investments in culture will have the highest return. It is important, for any change, to think carefully about its impact on your people.

Try to form an idea of the impact of the changes on different groups within the organization. How are they affected and how can they be considered in the culture change and preferably even in the design of the change itself? You must direct a change. It is not necessary and often not possible to let everyone be a part of every discussion. However, you can include people in the narrative associated with the change and give them influence on the part of the change that relates to them. You can do this by explaining things, engaging in dialogue and giving people influence when and where possible.

STEP 4: ACTION!

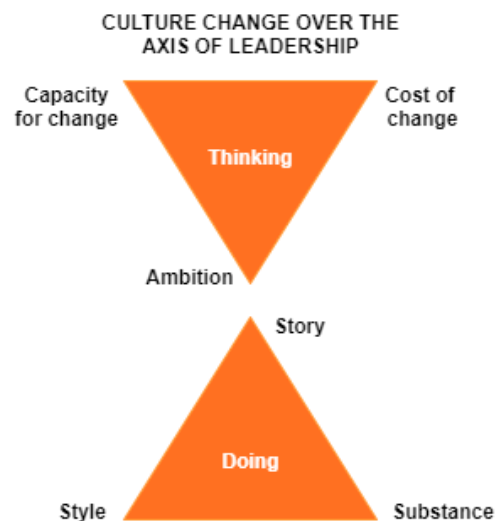
Now it comes down to putting the plans and ideas into practice. The first step lies with the leaders, starting at the top of the organization.

Leaders lead the way

Every leader of a culture change must be able to formulate the ambition in their own way and be able to tell it in an engaging manner within the organization. In line with this story, the leader must critically review their own behavior so that the story is congruent with the leader's own behavior. In addition, the decisions that the leader makes must also be in line with both the story and their own behavior. In this way, the leader starts influencing the context in which the cultural change must take place. If we combine the picture from step 2 with the points for leaders described, we get the picture on the right, which is a good summary of important points for leaders in a culture change, both in the formulation of an ambition and in its realization.

Resistance to change

Approaching resistance constructively is essential for a successful culture change. Resistance is part of change, and it doesn't have to be a problem. The question is how you deal with it and what you are going to do about it. The moment resistance is openly expressed is the defining moment in a cultural change process. The degree of resistance is determined by the impact of the change, the opportunity that someone must contribute to the change, and the quality of communication about the change.



Resistance can be seen as an invitation to take people along with you into the process of change. It consists of two elements. The first element is irrational and emotional resistance. This is resistance based on the feeling of being pressured to do something. It is important to take the tension away and start listening. The second element is rational and realistic resistance. This form of resistance is based on well-founded opinions and arguments. This provides input for the (follow up) steps to be taken. There is no reason not to include this in the change plan.

Irrational and emotional resistance

Denying or pushing away emotional resistance is not the solution. The resistance then becomes hardened and troublesome and can even change into opposition or go underground so that you no longer have any understanding of or influence on it.

It is necessary to provide a safe working environment in which resistance has a place and can be openly discussed, where people dare to and are able to give their opinion. Active listening, asking questions and engaging in dialogue is very important. People just want to be heard and taken seriously. Critical questions and good conversations can be converted into positive energy. This energy can be of great value in the implementation of a culture change. People who were initially opposed but later become convinced supporters are often the biggest proponents and drivers of change.

Rational resistance

The rational part of resistance consists of questions such as “is it really okay to do it like this?” and “couldn’t we have handled it better if we had done this?” These arguments can be considered and help to facilitate the change process. Your change approach can only be improved by this type of resistance. Here too, creating a safe environment allows people to express their doubts, fears and concerns. Rational arguments help you see the things that need to be explained a little better or give new insights into how something could be tackled (even) more effectively.

Listening to and translating the input into an appropriate approach is valuable for a

successful cultural change. In short, the more you prioritize paying enough time and attention to resistance, the easier the change process will be. Keep the following tips in mind:

- > Do not fight resistance but encourage and use it;
- > Provide a safe environment allowing resistance to be openly expressed;
- > Pay attention to emotional resistance and make people feel they are taken seriously;
- > Use rational resistance to improve your approach of the change process.

STEP 5: ATTENTION

New behavior is fragile. Make sure that you support and care for the new culture with as many others as possible and that you stay alert for signs that old habits and behaviors are creeping back. It is essential that desired behavior continues to be emphasized and that old habits are always addressed.

The context requires long term adjustments to systems, reward systems, hiring policies and learning pathways to continue to stimulate the desired behavior. Patterns will continue to emerge, and old patterns can resurface from time to time, requiring continuous dialogue within the organization. Extensive training and development of the skills required is never a needless luxury.

FIVE POINTS IN CONCLUSION

1. If a culture change is to work well, as many factors as possible must promote and foster the newly established behavior in the organization. That's quite a task. Carefully consider whether the desired change is feasible before you start implementing. A failed culture change takes energy, motivation and trust.
2. Involve as many people as possible in the cultural change effort as soon as possible. People would rather change than be changed. For the same reason, never declare your culture change completed. Leave enough room for everyone in the organization to continue influencing their own work.
3. Culture change is only feasible if leaders step up, taking on the challenge of being a change leader. They need to realize that they can do things both consciously and unconsciously to maintain or change a culture and that their behavior is under scrutiny.
4. All three perspectives, people, context factors, and patterns must be considered if you want sustainable culture change.
5. Resistance is inextricably linked to change. You must deal with it whether you like it or not. If you deal with it in the right way, it can be of great help.

Sources

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- *The Fifth discipline, The Art & Practice of The Learning Organization* - Peter M. Senge
- *Driving fear out of the workplace* - Kathleen D. Ryan & Daniel K. Ostreich

Would you like to know more about the possibilities for your team, culture, organizational or leadership development or about one of our serious games? Want us to think along with you about your situation or challenges without any obligations? We are happy to help.

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