

GRADUALLY THEN SUDDENLY

Culture change is something every business needs, but it can be frustratingly hard to pin down the best way to go about doing it. At TLF's 2018 Client Conference I did my best to clarify what culture means, and to present some evidence on how to change it. I took the phrase "Gradually, then suddenly" from an Ernest Hemingway novel, in which someone explains how they went bankrupt. I think it does a really good job of capturing our human tendency to put things off until they become impossible to ignore. It also hints at the power of the compound effect - spending just a little more than you can afford every day ends up being disastrous, and saving just a little might make you rich. I'm going to argue that much of the same is true of culture.

Why do we need culture change?

Culture is of such pervasive importance that we tend not to see it, just as fish don't spend much time thinking about water. We become aware of culture when we want to change it, or more to the point when we want to change the behaviours that the existing culture supports and allows. In our line of work, which is all about changing behaviours to achieve a better experience for customers, it's impossible for us to get away from culture.

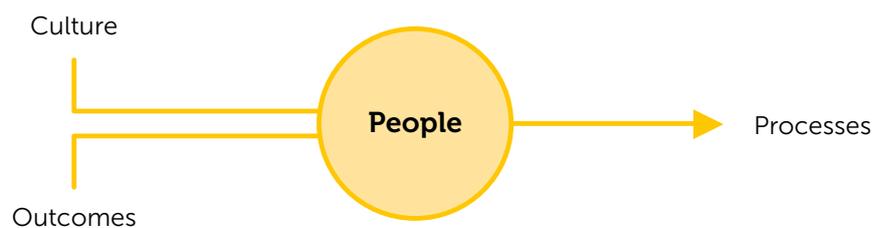
It's not that process has nothing to do with customer satisfaction, employee engagement, or other outcomes; but people are not robots, and you can't programme them to rigidly follow a process (even if it was a good idea to try, which it isn't). Culture is a filter that affects everything your organisation does.

What's the best way to change that filter? Is it a case of evolution, a slow and steady movement in the right direction built on lots of small adaptations; or is it more a case of revolution, ripping the old culture out root and

branch and starting again from scratch?

In my talk I used Darwin and Marx to exemplify those ideals of evolution and revolution. Just how radically different were these two bearded nineteenth century Londoners? One of them believed that the march of time would lead, inevitably, to radical change, whereas the other...um...well perhaps they're not so different after all. They even quite liked, or at least were polite about, each other's ideas.

Preconceptions have a lot to do with how we see Darwin and Marx. Far from being opposed, there are obvious parallels between Darwin and Marx. That's not surprising—they were contemporaries who lived quite close to each other. They were shaped by, if not quite the same forces, at least broadly similar social trends. They're a good example, in fact, of how powerful the effect of culture can be, even in those who are consciously trying to analyse or transform it. But which approach to culture change is more effective? Evolution or revolution? We'll get to that, once we've figured out what we mean by "culture".





What is “culture”?

“Culture eats strategy for breakfast.”

– Peter Drucker (attributed)

Your culture is probably more important than anything else about the way you do business. Actually, you could argue that culture is the way you go about doing your business. If you’re 100% happy with everything your business does, the way you and your colleagues work together, and your relationship with customers then feel free to stop reading, but hopefully nobody is 100% happy with where their business is.

Culture isn’t the one magic solution to all problems, but it is a factor in any change. A Towers Watson survey showed that only 25% of change initiatives succeed over the long term. Why? StrategyQ found that the 2 main reasons employees say they resist change is that they don’t understand it, or they flat out disagree with it (44% and 33% respectively). The problem is culture.

To quote Marcella Bremer, “All change is culture change, or it won’t work”. So if you’re still reading, you need culture change. That doesn’t mean where you are is a disaster, just that we could imagine it being better.

If we’re going to talk about changing culture, we’d better start by understanding what it is we’re talking about. People tend to use

definitions like “the way we do things round here”. That does a good job of anchoring culture in behaviours, and implicitly in values, but I think it’s useful to take a broader look at what culture is.

Matthew Engelke, in his book *Think Like An Anthropologist*, says that culture is “...a way of seeing things, a way of thinking. Culture is a way of making sense.” Anthropologists also often talk about material culture, which is a fancy way of saying “stuff”. The objects of a culture are as critical to understanding it as its rituals and taboos; but it is the meaning of these, the “making sense”, that is crucial. Culture helps us to create meaning from the objects we live and work with, and from the ways we behave.

This is really important. It explains why it doesn’t work if you try to copy the surface trappings of organisations you want to emulate. If you want to have the engagement of John Lewis, you can’t get there just by calling your staff “partners”. If you want to be as innovative as Google, it won’t happen just because you implement 20% time (and incidentally even Google have abandoned that!)

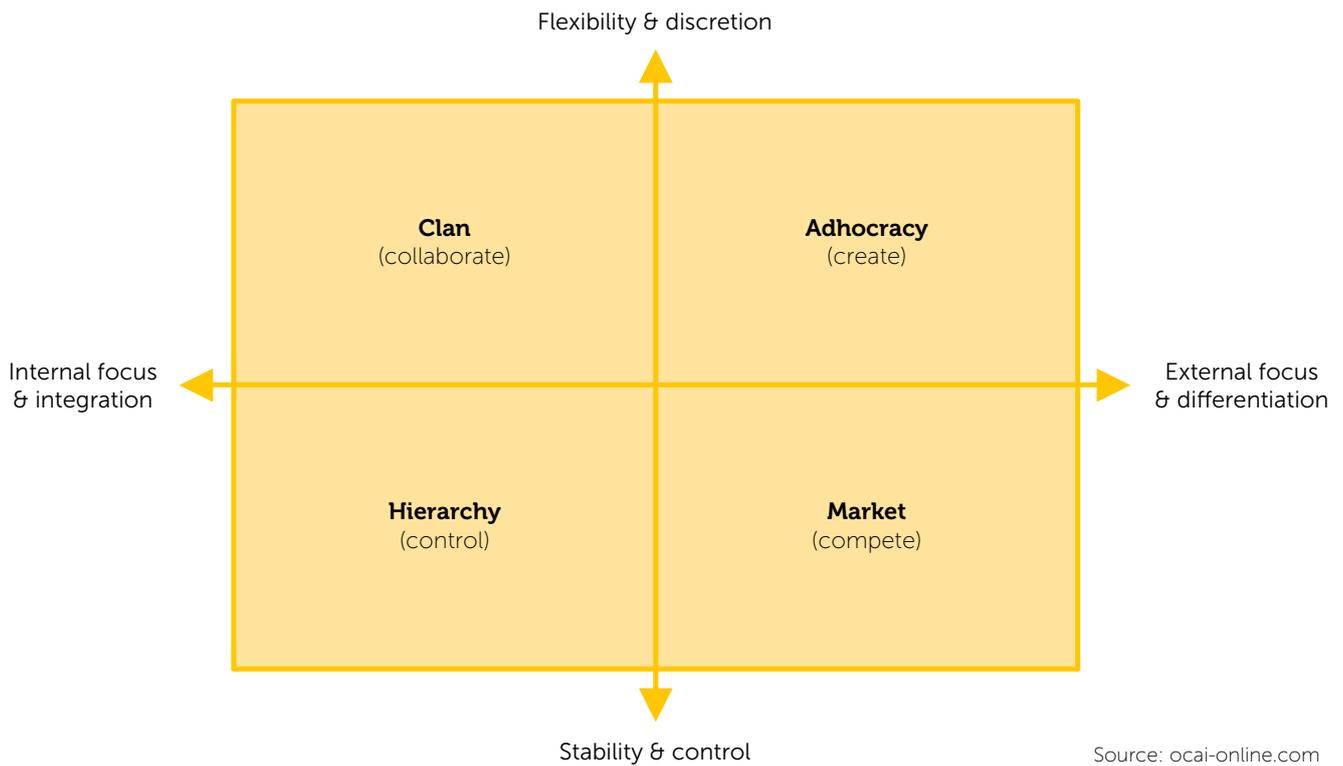
Richard Feynman used to talk about cargo cult science, as a way to describe people who adopt the trappings of the scientific method without really applying its principles. The name comes from the cargo cults that sprang up in

some Melanesian societies at the beginning of the 20th century, where people created bamboo airstrips, bamboo radar, and bamboo radios in the hope they could tempt planes into landing with their valuable cargo.

We’re often guilty of practicing cargo cult management, cherry picking processes (rituals), structures, and objects without understanding how they do the job they do in the culture we’re lifting them from. Understanding that culture is not the objects and rituals themselves, but what they mean to people, makes it clear why it’s never as simple as copying what works in other organisations and pasting it into ours.

Similarly, I don’t think “the way we do things around here” is actually a very good definition of culture, or it would be relatively easy to change. Culture is what the things we do mean to us. It’s a shared way of making sense and finding meaning, and it’s an emergent property of any community, not something that can be controlled or created.

There are many different models of organisational culture. One that I like for its simplicity is the OCAI, based on the competing values framework, which identifies four types of culture based on two underlying dimensions. All four culture types can manifest in ways which are healthy or unhealthy, but mapping the landscape is an important first step towards change.



You might like to think about where your organisation (or team, or department) sits at the moment. The model consists of a vertical continuum from “flexibility and discretion” (you all do what you think is best, lots of empowerment, but perhaps not much consistency) to “stability and control” (lots of rules and process, little room for judgement). And the horizontal axis goes from “internal focus and integration” (inward looking and focused on harmony or structure) to “external focus and differentiation” (outward looking, focused on shaking things up, innovation or outcomes).

Based on which quadrant you put yourself in you might be the “Clan” culture type, friendly and people-focused; an “Adhocracy”, dynamic, creative and entrepreneurial; a “Market” culture, results-oriented and competitive; or a “Hierarchy”, process-centred and highly structured. I asked the audience at the conference where they would put themselves, and it probably won’t surprise you that the Market and Hierarchy culture types dominated.

If you’re not sure, one of the best ways to work it out is to observe one of your organisation’s meetings with an analytical eye.

Meetings are the windows to a culture’s soul. Is there a rigid agenda, or is it more free-flowing? Does everyone take part? Is there a clear sense of hierarchy? Is it all about the numbers?

You can see that each culture type has pros and cons, but the OCAI’s data shows that when asked for their views on current and desired type, most people would rather work in an environment that was less process and market-oriented, and had more room for people and creativity. The question is, how do we get from here to there?

Revolution

What often happens is that a leader will try to drive through their vision of what a successful culture should look like. They try to lead a revolution. How well does that work? I think it depends.

Leaders have a range of tools at their disposal to try to get people to behave the way they want. Steve Denning groups them into three tiers – leadership tools, management tools, and power tools. That doesn't mean a trip to B&Q, it means using coercion, threats, and punishment to enforce your will, and it's very easy to default to.

You don't have to be a tyrant to fall into this trap. As a leader you can specify exactly how you want everyone to behave, make sure everyone is accountable for their own behaviour, and use discussion about those behaviours in coaching and so on.

Will that work? Well, it will definitely foster a certain type of culture. That approach is almost bound to lead you to a culture that would fall in the bottom half of the OCAI framework. Pretty much by definition, if you try to instil a culture in which your ideas about behaviours are policed or measured then you will end up with a hierarchy or market type of culture.

That isn't necessarily a bad thing. There are good and happy cultures that fit those types. The army is an obvious example of a very hierarchical culture that can be a great place to work, for the right kind of people. A lot of sales people would be happiest in a strongly market culture – “I don't need a hug, pay me on my results”. It's not the case that there are “bad” culture types and “good” culture types, they all have a good side and a bad side.

An example of this kind of top-down approach to culture change is Jeroen van der Veer's tenure at Shell from 2004 to 2009, where he forced through a programme of standardisation across the world. Facing resistance from some countries, it was essential to use power tools to force through changes that would benefit Shell globally, even if it meant losing market share in some local markets.

Another new CEO, Antonio Horta-Osorio had a similar situation in bringing together and modernising the various UK financial institutions that Santander had acquired. A combination of forceful management and clear communication allowed him to embed a new culture.

What if you want to lead your organisation towards one of the culture types at the top of the chart? You need to start thinking differently. You won't be able to make change happen.

“Instant cultures are artificial cultures... Artificial culture is paint. Real culture is patina. You don't create a culture. It happens.” – ReWork

If you want culture change to stick it can't be something that is simply done overnight. You can't make one big change, whether it's to structure, or working practices, or what your mission statement is, and expect it to change the deep and shared sense-making machinery inside your people's heads. One offsite is simply not going to cut it.

Revolutions, after all, are about the people. If you try to force it through, however good your intentions, there's a real danger you end up betraying the revolution and becoming a tyrant. Not so much Marx as Stalin.



Evolution

So perhaps evolution is the way to go? It's certainly true that culture, like evolution, takes time to change. It's an accumulation of lots of small adaptations in the thinking and behaviour of everyone in the organisation. It has to be collective and collaborative.

Marcella Bremer outlines 7 Cs of culture change – Commitment, Clarity, Consensus, Communication, Copy/Coach/Correct, Critical Mass, and Consistency. Perhaps the most important is Consensus, successful change has to be bottom-up, including everyone. But that seems to introduce a paradox – how can I make the change I want to see happen if I

let all these other people decide what the new culture should be like?

“Evolution never looks to the future.”
– Richard Dawkins

The problem with evolution, as Dawkins points out, is that it doesn't know where it's going. It doesn't look to the future. It doesn't have a purpose or a goal. Evolution shapes organisms to be “fitter”, to thrive more effectively in their environment. As the environment changes, organisms evolve in response—that's where the leader comes in

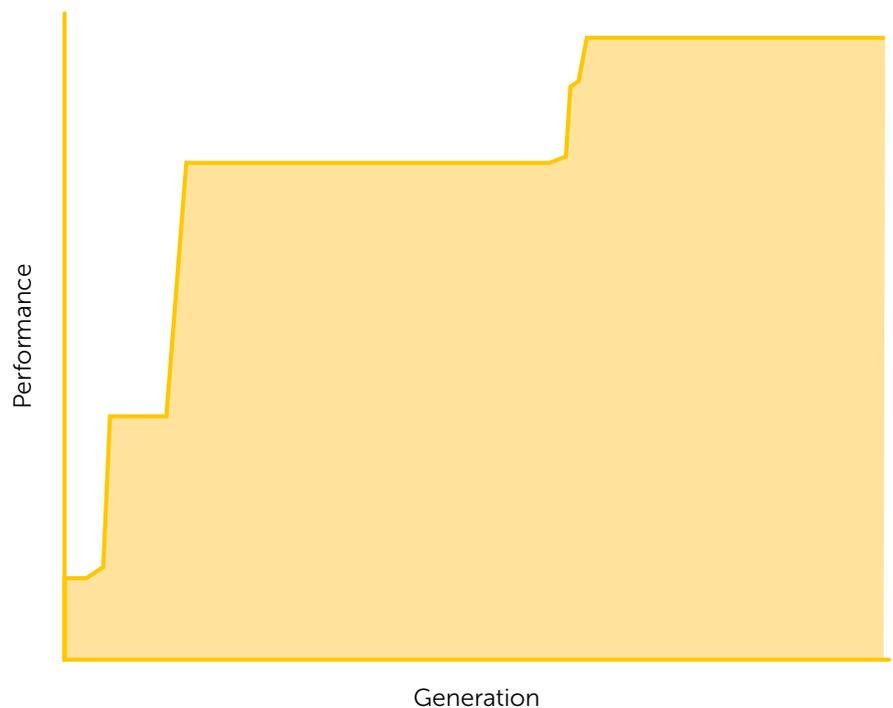
again, but with a humbler vision of what they can do.

Bremer comments that managing culture is like gardening. You can't control culture, but you can control the environment that influences it. Office design is the most literal example of this. If you want to foster collaboration and creativity, then you need the right kind of space sending the right kind of signals. But beware of the cargo cult effect, there's no point having an exciting collaborative space if your people are all individualists rewarded for individual attainment. If it doesn't fit into the right context, your groovy pods will stay empty.

Culture change

How does culture change happen? Evolution is, famously, an extraordinarily slow process. Do we have to wait generations for the small changes to accumulate and get us where we need to get to? Not necessarily. When artificial life researchers started trying to replicate evolution in what they called “genetic algorithms” in the 1980s they discovered that, rather than slowly improving bit by bit, the performance of their algorithms seemed to jump forward. They found a graph that looked like this.

Interestingly, that coincides rather neatly with what some biologists think happens in nature, which they call “punctuated equilibrium”. As Stephen Jay Gould said, evolution is a climb up a staircase, not a gradual uphill slide. Unlike the biologists the artificial life people are able to peer inside their “organisms” and understand what's happening at the level of the genes, and what they found is that although evolutionary changes at that level are always happening it often takes an accumulation of lots of changes working together and interacting to create an observable difference in fitness.



Source: Stephen Levy, Artificial Life

“Punctuated equilibrium, in particular, is a claim that evolutionary trends have a geometry that resembles a climb up a staircase rather than a slide up an inclined plane.”

– Stephen Jay Gould

This is an effect called “epistasis”, and I think it is a profound metaphor for organisational culture. They’re evolving and changing all the time, but visible change is rare and looks deceptively revolutionary. How does culture change happen? Gradually, then suddenly. Like punctuated equilibrium, it’s an emergent phenomenon built on the interaction of innumerable small behavioural and environmental changes.

If you want to accelerate the process, you have basically two options. Lead a revolution, but live with the knowledge that will inevitably take you down a path towards a hierarchical or market type of culture. Or turn the conversation on its head, and start listening and reflecting on your own behaviour. If you want to move the culture towards collaboration or creativity, it starts with humility. The revolution will take you, step by step, where you and your colleagues collectively decide. A Journal of Management article found that humble leaders are more likely to lead collaborative organisations, had lower turnover, higher satisfaction, more innovation, and greater shared vision. In other words, they led cultures that were more collaborative and creative.

So you have to work together. The starting point is a clear map of where you are now. Something like the OCAI framework is a useful way to think about that. Then you need to know where you want to get to. Based on that aim you can begin to identify and agree the behaviours that will get you there, and commit to individual ones. The revolution starts, for all of us, inside

our own heads. The first step is to change your own behaviours.

Finally, don’t forget the importance of environment in shaping the way culture evolves. That doesn’t just mean your office space, although that is important, but the whole “material culture” of objects and structures, processes and targets, that provide context for our working lives. How do they help or hinder our desired culture?

The only way to achieve lasting culture change is to embrace the interacting, emergent, nature of epistasis and punctuated equilibrium. Like Darwin’s theory of speciation by natural selection, or Marx’s theory of revolution arising from social evolution, if you commit to it you’ll see it happen...gradually, then suddenly.



Stephen Hampshire

Client Manager

TLF Research

stephenhampshire@leadershipfactor.com

