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# A Point of View on Organizational Transformation & Culture Change

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## Overview

This paper addresses three fundamental questions regarding how to effect large-scale organizational transformation or culture change:

1. What is at the heart of culture change in large complex organizations?
2. How can culture change be implemented?
3. What sustains culture change?

## Question 1: What is at the heart of culture change in large complex organizations?

As an organization confronts the challenge of transforming fundamental aspects of its way of operating, whether driven by the necessity of keeping pace with its market or catalyzed by a desire to set a new standard for performance, the matter of culture change or transformation becomes critical to address. More and more executives are concerned with how to work on changing the culture of their organization. In our experience, however, culture does not change by working on, or talking about, culture.

What then lies at the heart of culture change in large complex organizations?

Any enterprise, business, department or team develops a set of beliefs or transparent conversations over time that become accepted and ordinary, such as "this is the way it's done here," "we're good at this, but not that," "they'll never agree to that," "managers come and go, but we are here to stay," "there is no choice other than meeting the performance contract - so make sure the targets are achievable." These conversations engender, promote and define what is seen as being "reasonable" or "normal" for the organization.

At JMW, we consider culture to be an outcome of the totality of the interconnected set of conversations that constitute any enterprise. This unidentified but very powerful set of conversations determines the corresponding actions and results produced by the enterprise.

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To intervene in that set of conversations on behalf of creating a new culture requires generating new conversations and embedding them in the vision, performance, behaviors and capability of the organization. That the culture has changed becomes apparent after the set of conversations has altered. Working on that set of conversations is the most potent access we have yet found to culture change.

### **Question 2: How can culture change be implemented?**

In our experience, there are four major elements in successfully engaging an organization in the transformation of its culture:

- :: Vision: Creating a meaningful new context for the organization
- :: Performance: Delivering outcomes that demonstrate success
- :: Behaviors: Creating a new environment of everyday interactions
- :: Capability: Underpinning the new culture with the skill sets necessary for success

### **Vision: Creating A Meaningful New Context For The Organization**

The set of conversations that makes up the very heart of an organization's culture is unlikely to change without a compelling new purpose or context inside of which that network can reorganize. Often, the fundamental context or purpose of the organization is assumed or taken for granted, both inside and outside that organization. The creation of a new, engaging vision for the future, which takes the context of the organization from one that is assumed to one that is created, provides exactly the impetus for a fundamental reformulation of the set of conversations making up that culture.

In order to establish a new vision for the future which will be meaningful to the organization and create real change, leaders need to understand that the future doesn't live as a tangible, concrete or objective matter. The future needs to be understood as a conversational phenomenon. Specifically, there is no new vision for the future outside of how leaders actually speak about that future. This requires a different type of speaking, and ultimately, it must connect with what people value or hold most important.

Altering corporate vision in a meaningful way requires a different type of conversation than that with which most leaders are familiar. Corporate executives are asked (particularly by the market) to express their view of their business in analytically accurate and precise terms. This demand has those leaders speak of the future, even when they frame it in the context of vision, as a matter of prediction and projection - *where can we reasonably envision this company to be in X number of years?*

Consider that a powerful vision of the future is neither merely a predictive nor a reasonable creation. Creating a vision which will have meaning for people requires courageous and bold speaking from leaders about that future beyond what is predictable.

What makes this speaking bold? The conversational tools necessary are those which create a vivid expression of the future. Rather than describing the future, one is generating a vision of the future in language. The risk of authorship is required. Engaging imagery becomes a must.

Creating a picture of the future requires expansive, imaginative expression in language. The struggle to think and express that which is not yet "real" is part of what builds both engagement and ownership of what gets created.

Finally, for the vision to be meaningful for people, it must describe a future which embodies the fulfillment of aspirations, values or beliefs deeply held by the individuals creating or engaging in it. Having people care deeply about the future they envision for their company creates a new dynamic wherein today's performance can be driven by the context of their long-term vision.

To build the connection to the future vision, it often helps to formulate this image into some type of compelling expression - a bold statement of "where we stand" or "who we are" for that future. The process of formulating the expression engages people in a creative conversation, affording them the opportunity to create a powerful personal connection to the vision. The question "why am I doing this" is answered in such a compelling way, it no longer bears asking.

### **Performance: Delivering Outcomes That Demonstrate Success**

Once people have the opportunity to get connected to a new vision for the future, to get excited about it, then the critical challenge becomes: will we actually work differently?

Will we live up to our new vision?

Will we "walk the talk?"

People need to see specific, tangible examples of commitments to goals which demonstrate operating in a new way. Through acting on these new goals, people learn where they need to break new ground and invent new pathways to performance. Through seeing real evidence of progress, they build the confidence that a new future is actually achievable.

The following principle becomes very powerful for leaders and organizations creating these goals:

*Instead of looking forward from today to set them, these goals are most powerfully created looking backward from the perspective of the future already fulfilled.*

This principle requires people to think from the envisioned future, rather than from the reality of today. As they imagine backwards in time, they begin to consider the pathways they would have taken to achieve the already fulfilled vision - once again, the struggle to think newly gives birth to original ideas for how to begin to work newly today.

Often, the goals that get created from an envisioned future are a real stretch for the organization, yet people find themselves motivated to get into action in new ways. The goals aren't only serving short-term needs, they are helping to embed the new culture on a day-to-day basis. This approach gives each individual a "line of sight" connection between their daily work and something they care deeply about. Very often, that leaves people with a new lease on their work life.

### **Behaviors: Creating A New Environment Of Everyday Interactions**

If a new culture is to become truly embedded in the fabric of an organization, a new vision for the future, along with performance demonstrating business delivery consistent with that vision are required, but not necessarily sufficient. The alterations in the set of conversations must also drive down into the everyday interactions and habits of the organization. As people begin to think and speak differently, those changes need to be reflected in individual behaviors.

We have found the most useful way to shape a new everyday organizational environment, consistent with building a new culture, is to proactively design the principles that shape the environment and the practices that constitute the everyday way of operating.

Generally, the principles of the organization are invisible to the people in that organization. In some cases, the organization may have some principles identified in a statement of values. Those values will be meaningful in any given organizational culture to the degree that people see everyday opportunities to behave consistent with them, and thus express their ownership of them.

Engaging people in the articulation of a few key, leveraged principles for their organization can serve as a very powerful vehicle for engaging ownership of corporate values. This exercise may consist of creating some new values to focus on, or choosing to focus on one or two out of a set of existing corporate values which are most relevant to the new vision.

What then allows for those principles to manifest as key elements of the new organizational culture is drilling them down into specific behavioral practices.

A practice will constitute a commitment to take a certain action either as a response to a given set of conditions (i.e., "whenever I hear someone speaking negatively about our team, I will take time out to ask them what gave them that impression") or a commitment to take a specific action at a given period of time (i.e., "once a week our team will meet to recognize our accomplishments and our progress towards our vision").

In creating new principles and practices, we have found the following topics to be of particular value because of their potential impact on highly visible or sensitive issues:

- :: Recognizing progress and accomplishment on a regular basis
- :: Creating open and honest communications
- :: Stopping gossip and undermining conversations
- :: Inventing a "no blame" approach to teamwork

### **Capability: Underpinning The New Culture With The Skill Sets Necessary For Success**

When an organization commits itself to realizing a new future that is a step change beyond what has come before, people within the organization are called upon to expand their abilities to deal with a new, uncertain landscape and commit to and deliver results that have not been previously achieved. Delivering on these challenges requires new capabilities that generate the means for the organization to perform in new ways.

The success and sustainability of a new organizational culture depends ultimately on the development of new skill sets consistent with implementing the three prior elements of vision, performance and behaviors. Those skill sets may be best considered in these four categories:

- :: Leadership
- :: Technical
- :: Process
- :: Productivity

### **Leadership Capability**

In our view, what constitutes organizational leadership is the willingness and capability for generating and sustaining the new conversations necessary in the areas of vision, performance and behaviors to create and embed a new organizational culture. Expanding this capability involves providing leaders with new conversational principles, perspectives and tools to shape the set of conversations in new directions for the future.

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The creation of highly effective leadership on behalf of a new organizational culture may include an expanded ability for:

- :: Articulating and effectively engaging people in a bold new direction for the enterprise
- :: Intervening in the "drift," or the predictable trajectory in which the organization is headed
- :: Committing to extraordinary objectives, even when the pathway to delivery is not clear
- :: Bringing velocity, creativity and power to the resolution of problems and issues
- :: Inspiring and motivating people to step beyond familiar ways of working and attempt what's not been done before
- :: Taking effective action in the face of uncertain circumstances
- :: Fostering commitment and action throughout the organization

### **Technical Capability**

As an organization takes on new aspirations as part of building a new culture, it is not uncommon for technical skill sets to suddenly appear as lacking or wanting. Those technical skills may be in an area already well established in the organization. The commitments in the new culture may highlight shortfalls in competence which have been previously tolerated and cannot be any longer. On the other hand, new technical skills may appear on the horizon as needed where they were never needed before.

Ensuring those technical skills are acquired in an appropriate time frame is an important ingredient for the long-term health of the new culture. If technical capability gaps are tolerated and not addressed over a period of time, they will erode the confidence of people inside and outside the organization regarding its ability to get the job done.

### **Process Capability**

Another area of capability that emerges as important in the implementation of a new culture is the organization's various processes. Similar to technical capability, an organization's processes may appear as newly lacking in light of the extraordinary commitments being taken on inside a new vision for the future. Those processes will reach across the gamut of business concerns, from target setting, to performance and financial tracking, to systems support.

Substantial process gaps can certainly get in the way of implementing a robust new culture. Leaders must identify which of these gaps are most critical to address, and create the structures for filling those gaps with new process capability. At the same time, overhauling organizational process can easily become a full-time occupation for scores of internal and external resources, potentially diverting attention from the core business at hand of delivering on the vision for the future. We would advise a measured approach which calls for focus on key, highly leveraged processes and process capabilities.

### **Productivity Capability**

One of the key challenges expressed by even the most effective people in organizations is the ever-increasing demand on their time. People report they are overwhelmed by everything there is to do in the limited time available. Time for strategic thinking and critical planning is extremely limited. Our view is that to achieve a sustainable shift in the culture of an organization, an elevation in people's capability of being productive is needed.

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A new organizational culture is most powerfully embedded when it reaches down to the individual in terms of the choices they make regarding how they spend their time each day. Being able to see specific occasions to work on the new future, as distinct from the "clutter" of all there is to do in the fast pace of everyday corporate life, is a key point of leverage for the new culture.

Supporting people with new ways of thinking and speaking about their commitments and choices regarding their work (and personal) time has proven to be an increasingly important factor in successfully bringing a new organizational culture to life.

### **Question 3: What Sustains Culture Change?**

Over the past five to ten years, we have witnessed a growing concern among senior executives for the sustainability of transformations in organizational culture. Given the amount of time, and more importantly, the human effort and commitment required to bring about true culture change, this would seem to be a very appropriate business concern.

We have found that there are at least four issues to attend to in bringing about culture change which, if managed successfully, will maximize the likelihood of the sustainability of the desired changes:

- :: Engaging ownership of the new culture deep into the organization
- :: Continually revisiting and refreshing the everyday behaviors that demonstrate the new culture
- :: Renewing the vision and elevating the game
- :: Creating a continuing challenge for elevating leadership capability

### **Engaging Ownership Of The New Culture Deep Into The Organization**

While culture change is often driven from the top of an organization, the ownership of that change from front-line leaders and their people may be a critical determining factor regarding the longevity of that new culture. The role of senior leaders in culture change may be to ensure that all the issues outlined above are being managed and directed powerfully. The day-to-day impact of culture, however, will generally be most vibrantly demonstrated by those with their hands directly on the production of the business, whatever the nature of that production.

The more people in the front lines have specific opportunities to create their ownership of the new culture, the more likely that culture will live beyond the initial "roll-out." Creating their ownership will often involve inventing the principles and practices they will adopt, or the particular personal expression of the new vision, or the business delivery they will take on as a demonstration of the new future.

### **Continually Revisiting And Refreshing The Everyday Behaviors That Demonstrate The New Culture**

When the organization establishes new principles and practices as part of implementing a new culture, it is best to take on a few at a time, to ensure proper focus and getting the desired effect of demonstrating the new culture in action. Over time, some will take hold and others will fall away. Maintaining the practice of examining the key principles and practices of the organization provides another point of leverage for sustaining culture change. As the principles and practices initially established get embedded in the culture (or rejected through lack of use), leaders will have the opportunity to engage people in considering the next principles and practices to be invented and/or focused upon.

This continual practice builds the organizational muscle of living the culture and vision for the future in everyday terms, making that culture real for people on a regular basis in tangible and actionable ways.

### **Renewing The Vision And Elevating The Game**

Creating a sustainable culture transformation invites a paradox inherent in organizational behavior. That which makes the new culture and vision most compelling for people - the excitement and connection with one's values and aspirations - tends to fade over time.

Moreover, as the organization focuses on that new future and moves closer to its fulfillment, however incrementally or dramatically, it is not uncommon that what appeared to be absolutely extraordinary at first becomes what is considered achievable and even expected next year.

Leaders powerfully oriented around establishing a new culture know that the impact of any particular future vision cannot be sustained. Success of that new future means that what was originally new should become embedded in the ongoing performance and behaviors of the organization.

A key element that allows for the sustainability of culture change is to know that the vision at the heart of that change must be continually reinvented. The process of inventing a vision for the future cannot be a one-time event if it is to have a sustainable effect. Leaders need to develop the ability to recognize the signs of declining engagement and reframe the current challenges in a way that enables others to regenerate their sense of vision and purpose.

### **Creating A Continuing Challenge For Elevating Leadership Capability**

Finally, the journey of elevating capability inside a transformed culture is never finished. The organization must continue to examine its capability from the perspective of its aspirations. Building a learning culture may be directly related to the ability to create a transformed culture.

Of all the capabilities to foster as an ongoing challenge for growth, continually building the leadership skills within an organization provides the greatest leverage for sustainable culture change. It will ultimately fall upon the leaders to continually generate the appetite for a new future, the vision of that future and the actions to fulfill that future. Ensuring those leaders have the skills necessary, meaning they are equipped to have the needed conversations repeatedly for the long haul, will prove the best bet for reshaping the set of conversations in a meaningful and lasting way.

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