

Improving the

BOTTOM LINE

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How Corporate Culture Drives Results

"The person who figures out how to harness the collective genius of their organization is going to blow the competition away." ~ Walter Wriston

If your people continue to think and act as they do now, can you expect to achieve the results you need?

If your answer is no, then changing your organizational culture is not an option—it's an imperative.

NASA's 2003 Columbia Space Shuttle disaster is a tragic example of what happens when cultural norms fail. Six months after the shuttle disintegrated upon reentering Earth's atmosphere, killing all seven crew members, NASA investigators found that "organizational culture and structure had as much to do with the accident as the [shuttle's damaged] foam."

Similarly, organizational culture had contributed to the 1986 Challenger Space Shuttle disaster, which also killed seven crew members. As Nobel Prize winner Richard Feynman wrote in an appendix to NASA's official report: "It appears that there are enormous differences of opinion as to the probability of a failure with loss of vehicle and of human life. The estimates range from roughly 1 in 100 to 1 in 100,000. The higher figures come from the working engineers, and the very low figures from management."

The ultimate responsibility for both shuttles' failures fell on NASA executives who ignored, dismissed or minimized engineering experts' testimony.

How can organizational culture prevent future disasters? And conversely, how can we use culture to drive spectacular results?

Research shows that the right culture champions high levels of performance and ethical behavior. When organizations design and support a culture that encourages outstanding individual and team contribution, they achieve amazing bottom-line results.

As with NASA, leaders who ignore a disconnected culture risk failure and potentially tragic results.



ORGANIZATIONAL
SUCCESS
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Think Big. Start Small. Stay Focused.

OSM understands that a business strategy is successful only to the extent that it is achievable—and that far-reaching organizational change, while often possible, always starts with small steps. If anything differentiates us from traditional consultants, we believe it is our ability to consistently translate theoretical goals into practical solutions.

We focus on the three fundamental organizational elements: People, processes, and strategies. By optimally aligning these three elements, company leaders can more effectively initiate action plans for accelerating, and maintaining, measurable results.

OSM Solutions

- ▶ **People** -- Coaching for individuals and groups to discover and use more of their potential in leadership, sales, and more.
- ▶ **Processes** -- Time proven methods through which organizations achieve measurable returns by enhancing the value proposition of their products/services.
- ▶ **Strategy** -- Coaching for executives to define and execute a master plan that is required to drive results that are predictable and sustainable.

Contact us for a Complimentary Review

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What Drives Results

While leaders regularly pore over financial, operations, marketing and sales reports, they generally lack specific tools to analyze corporate culture. Even worse, they show little curiosity about the ways in which cultural beliefs and attitudes affect performance and profitability.

Employee accountability and engagement are the driving forces behind achieving great results. As a manager, it's your job to help employees see how their participation contributes to your organization's success.

Employees become engaged when they can describe their role in outcomes and desired results.

Manage Your Culture

In *Change the Culture, Change the Game*, Tom Smith and Roger Connors write: "Either you manage your culture, or it will manage you."

In simple terms, "culture" refers to how people think, act and get things done in your company. It is comprised of three components:

- ▶ 1. Experiences, which foster beliefs
- ▶ 2. Beliefs, which influence actions
- ▶ 3. Actions, which produce results

Few managers excel at optimizing culture. While they're aware of surveys that reveal two-thirds of employees are disengaged, they don't know how to break down culture into readily identifiable components. They get lost in emotions, feelings, beliefs, soft skills and fuzzy thinking.

Optimizing your culture should command as much attention as performance metrics, operations, finances, sales and every other organizational discipline.

By harnessing the power of culture, you can change the game by growing faster than your competitors, surviving a bad economy, improving your value proposition and outperforming all previous metrics.

How People Experience Work

You may not realize it, but as a manager or team leader, you create experiences every minute of the day that help shape

your organization's culture. These experiences include:

- ▶ Promoting someone
- ▶ Firing someone
- ▶ Announcing a new policy
- ▶ Interacting in meetings
- ▶ Providing feedback
- ▶ Communicating through conversation, e-mail or presentations

Such interactions shape beliefs about "how we do things around here." These beliefs, in turn, drive people's actions, which collectively produce results.

Achieving True Accountability

In organizations, accountability is often viewed as something negative that happens to you when things go wrong. This kind of accountability never works. Real accountability is achieved through a step-by-step process that makes things go right.

Accountability should not be defined as punishment for mistakes. It's a powerful, positive and enabling principle that provides a foundation to build both individual and company success.

The way we hold one another accountable defines the nature of our working relationships, how we interact and what we expect from one another. With positive accountability, people embrace their role in facilitating change and take ownership for making progress happen.

When people adopt a sense of accountability, they recognize that their participation can and will make a big difference. They go the extra mile because they know what to do, and they know how their job and their actions will drive results. This adds energy to their work, as most people crave meaning and fulfillment.

Accountability is the single biggest issue confronting organizations today, especially for those engaged in big change initiatives. When you build a culture of accountability, you have people who can and will achieve game-changing results.

Accountability steps include:

- ▶ **See it:** In order to see what needs to be done, you must take responsibility for reality. Because reality

frequently changes, you need to stay alert and be flexible. There's no hiding behind what used to work. When you see something, you must rise to a new challenge. This means obtaining others' perspectives and candidly asking for and offering feedback. You must be courageous and relentless in your pursuit of acknowledging reality.

- ▶ **Own it:** Accept being personally invested in outcomes. Be willing to take risks and learn from successes and failures. Align your work with what the company needs. Link where you are and what you've done with where you want to be and what you're going to do.
- ▶ **Solve it:** Obstacles can always get in the way of achieving results, so apply persistent effort. When thwarted, find another way. Keep asking, "What else can I do so this gets resolved?" You must learn to overcome cross-functional boundaries, limitations and "no" responses.
- ▶ **Do it:** Focus on top priorities, overcome obstacles, do what you promise to achieve, and avoid blaming others. Work to sustain an environment of trust for all participants, even those who are unwilling to help.

In a culture of accountability, people step forward to become part of the solution — often when they begin to see others doing it. Managers should seize every opportunity to model this behavior with their own attitudes and actions, which will create a trickle-down effect.

The payoffs for positive accountability are better performance metrics, but perhaps more significant is what people report internally. When people participate more fully in their jobs, they create meaning and fulfillment. Work becomes more pleasurable. And when people start achieving better results, they are most likely rewarded in tangible ways, as well.

When to Change the Culture

How do you know if your current culture needs to be changed?

Most companies could use a few improvements in the way people think and act. These shifts may be necessary because of needed improvements in performance, anticipation of a large change initiative or a change in the business environment.

Connors and Smith point out that, by definition, your culture produces your results. You cannot expect your current culture to produce new results. It may not be a bad culture; it

simply isn't what's needed if you want different results.

Shifts in culture are required anytime you want people to think and act in new ways to achieve new outcomes. Most of the time, they don't involve a total transformation, but rather a transition to new cultural norms.

Remember that cultures are powerful, and persistent, and that people are entrenched in their habits and work routines. If you want to achieve new or different results, you will need to create a new culture. To do so, you must define the needed shifts in the way people think and act so they can create new experiences that will translate into new beliefs and actions.

Change Begins with Desired Results

To accelerate a change in the culture, start by defining the new results you wish to achieve. Everyone in the organization needs to be focused on and aligned with the desired new outcomes. Culture changes one person at a time.

Your people must believe that these new results are obtainable. Only then can they change their thinking and actions — something that usually happens when they can verbalize their job descriptions in terms of how they contribute to successful outcomes.

For example, in a restaurant case study, one waiter stated: "My job is to achieve a 5.5 percent profit margin, and here's how I do it. The faster I clean and set a table, the more people we seat per hour. The more people we seat, the greater our contribution. The greater our contribution, the better our margin. That's what I do."

This response is powerful, representing a cultural shift from a mere two months previously. During that time, the restaurant realized a 200 percent increase in profits.

When everyone buys into creating new results, you are accelerating the necessary cultural transition. It doesn't happen easily. It requires dialogue, engagement, debate and leadership.

Your culture produces your results. If you need a change in results, then you need a change in culture. Your culture is always working, either for you or against you.

