



IMPROVING COMPANY CULTURE:

*Everything You Need to Know About
Culture Transformation*



ORGANIZATIONAL CULTURE HAS A TREMENDOUS IMPACT ON EMPLOYEE ENGAGEMENT, PRODUCTIVITY, AND BUSINESS GROWTH.

Organizations of all sizes need to understand how to build a positive, productive culture that reflects their core values and unites employees around a shared vision and common goal. A truly great company culture doesn't typically develop on its own, nor can it be created overnight. Depending on company goals, the industry, and other factors, it is often necessary to undergo a transformation that will allow you to build the culture you desire. A study by Deloitte found that 82 percent of executives and HR leaders believe that company culture is a potential competitive advantage, but only 19 percent believe that they have the "right culture," and more than 50 percent are currently working to change theirs.¹ Depending on your specific goals and objectives, one kind of culture may be more appropriate than others.

When you look at the culture of an organization, you are actually looking at the sum total of the behaviors of all the employees. The company's culture may have a place in a strategic document somewhere, or be on posters on the walls, but really the culture is defined by what the people of the organization do — which may or may not match a written definition.

It's not sufficient to know what the people in the organization do in general. Culture is more closely aligned to what the people do in times of stress, at the time of an acquisition, or when the organization is in some kind of transition. The behavior of the people at these times is what really defines a corporate culture.



WHAT IS A CULTURE TRANSFORMATION?

Culture transformation is an opportunity to move an organization forward in an exciting way that will give it a competitive advantage or address a significant challenge.

Widespread culture transformation involves changing the behavior of all employees and leaders at the organization. They will be asked to approach work, relationships, and accountabilities with different skills and mindsets. Ultimately, a culture transformation has the potential to refocus and reenergize the entire workforce.

WHY IS CULTURE TRANSFORMATION IMPORTANT?



Sets Organization Up for Future Success and Growth

More than 50% of respondents said corporate culture influences productivity, creativity, profitability, firm value, and growth rates.²



Boosts the Attraction and Retention of Top Talent

72% of C-suite and board members say culture is a strong reason people join their organization.³



Leads to Improved Employee Engagement

Organizations that create a culture defined by meaningful work, deep employee engagement, job and organizational fit, and strong leadership, are outperforming their peers and will likely beat their competition in attracting top talent.⁴



Improves Safety

A company with a strong safety culture typically experiences few at-risk behaviors; consequently they also experience low incident rates, low turnover, low absenteeism, and high productivity.⁵



Delivers an Excellent Customer Experience Through Engaged Employees

79 percent of employees at companies with above-average customer experience are highly engaged in their jobs, compared to 49 percent of employees at companies with average or below-average customer experience scores.⁶

WHEN IS A CULTURE TRANSFORMATION NEEDED?

An organization's leadership, its board of directors, or the results from customer or employee surveys may clearly indicate the need for a change in the culture. Although the words "culture transformation" may not yet have been spoken by anyone involved, there is an acknowledged desire to change individuals' behaviors so that the organization benefits in some way as a result. These benefits can — and should — be expressed using the metrics that typically matter most to an organization: improved customer feedback, increased sales revenue, fewer safety incidents, or decreased turnover, for example. If those benefits are deemed critical to the success — or the survival — of an organization, then a culture transformation is necessary.

Sometimes an organization's pain points are obvious; at other times a specific opportunity presents itself. In these cases, the reason for the change, and what needs to happen in order to achieve the desired outcome, can be clearly articulated. Having this kind of clarity increases the chances of a successful transformation. However, organizations are often a blend of many subcultures, so clarity on which behaviors are desired and rewarded can be difficult to achieve. This is especially common in large, geographically dispersed organizations or those that have recently acquired other businesses, gone through massive hiring rounds, or struggle with siloed departments. Here are a few steps to take to help know when a culture transformation is needed.



Step 1: Conduct an Analysis of Organizational Culture to Get Insight on Where You Currently Are

A transformation of corporate culture must begin with a clear understanding of where the culture is now. There has to be a reason for the organization to want to change the culture in some way, and the more clearly this reason can be articulated, the easier it will be to change it.

The first step is to conduct an insight discovery, which gathers authentic quantitative and qualitative information that focuses on key areas and provides invaluable information that is the cornerstone to the success of a culture transformation. All too often, culture transformations do not take into account the unique reality of an organization. To conquer this challenge, you must understand the current reality and define where a shift in behaviors will optimize productivity and results. You must also understand which contextual elements are barriers, and which are enablers, and address those in the design of your culture transformation strategy.

An insight discovery may also utilize the following tools:

- **Small focus groups** gather together 5-6 individuals from different levels and functions to discuss how they feel about the culture and their own division; running several groups will allow you to pinpoint viewpoints from all areas of the organization
- **One-on-one interviews** with senior management and executives, which can help in gathering concrete, specific, and detailed examples of the current culture
- **Interactive discussion sessions** are an innovative and practical approach where large groups of people are brought together to engage in interactive discussion sessions; this method encourages communication and allows you to collect feedback from more employees simultaneously
- **180°/360° surveys** give managers the opportunity to provide detailed feedback to their direct reports (and vice versa), which is a powerful way to identify how leaders are leading the organization; this tool should measure behavior rather than performance

With the aid of the tools above, you will want to conduct a corporate-culture gap analysis to fully understand the culture you have and how it compares to the culture you want. A gap analysis not only helps you define the existing culture, but it can also deliver new insights into employee attitudes and beliefs that might have been previously unknown or misunderstood.

Step 2: Define Where You Want to Be and Commit to It as a Leadership Team

Once you have collected all the necessary qualitative and quantitative information on the current status of the company culture, it is time to define where you want to take it. This means casting a vision for the future and showing why what is currently in place will not allow the organization to make it there. Whether a culture transformation is necessary to improve engagement, reduce safety incidents, maximize the effectiveness of sales, or become more customer centric, the reason for changing and the way the transformation will happen needs to be cemented. At this time, company leadership will need to come to an agreement that this is in fact the path forward, and commit to doing their part to seeing it succeed.

Step 3: Prepare the Organization Mentally for the Impending Transformation

Culture transformation takes more than everyone agreeing that the culture needs to change. It also requires long-term commitment and a vision for change. For employees to see and understand the culture transformation journey they're about to embark upon, leaders need to establish a vision for the desired change, outline the reasons for the change, and help employees understand how the change will impact their individual roles. For the vision to become a reality, it also needs to be communicated to employees broadly so they have a chance to express their concerns, ask questions, and get the clarity they need to support the initiative.

WHAT ARE THE TYPES OF CORPORATE CULTURE?



A Culture of Leadership Excellence

A culture of leadership excellence is one where company leaders at all levels are committed to continuous improvement. This instills a sense of confidence within individual contributors that they are led by a team of leaders who truly care and want to see individuals, teams, and the organization succeed. Leaders show their commitment to upholding this type of culture by participating in ongoing training, leadership development, mentoring, and coaching. Also, those who have inherent leadership skills are far more likely to be recognized and nurtured appropriately to eventually step into a position of leadership, thus building a pipeline of future leaders for the organization.



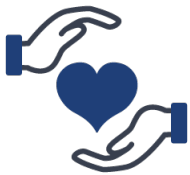
A Culture of Collaboration

A study conducted by the Institute for Corporate Productivity found that companies with a collaborative culture are 5.5 times more likely to be high performing than companies that don't have one.⁷ In a culture of collaboration, organizations maximize employee knowledge and capabilities because the ideas and information created by employees spread more easily. This is a result of communication and collaboration across functional and departmental lines, which positively influences company performance and the bottom line.



An Inclusive Culture

An inclusive culture develops when organizations put a concerted effort into ensuring that every individual in the organization feels that their input is welcome and valued. As a result, employees are more likely to contribute their ideas, champion new projects, and be more engaged with growing the organization overall. Also, when employees work for an organization where they feel their contributions are appreciated and valued, they are more likely to have higher levels of employee engagement and stay with the organization. This means increased employee retention rates and decreased recruitment costs.



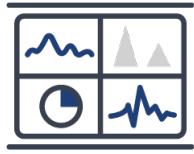
A Customer-Centric Culture

An organization with a customer-centric culture always considers the viewpoint of the customer when making decisions, creating processes, defining expected behavior, and developing strategy. It's an all-encompassing philosophy that is all about the consumers who buy your company's products or services. This type of culture permeates your entire organization, including those who are not customer facing.



A Culture of Accountability

In this type of corporate culture, individuals feel accountable for both their own work and that of their teams. As such, they feel empowered to take ownership of tasks and outcomes, and trust their colleagues to do the same. In a culture of accountability that functions well, every team member actively and willingly contributes to the success of the organization, because they understand that their contributions have value.



A Culture of Sales Effectiveness

A culture of sales effectiveness is centered around supporting the activities that generate revenue for the organization. For organizations with a large sales force, developing this type of culture within the team can improve their ability to sell new products and services as solutions to customer pain-points, to approach new markets, to develop a sales process that is in line with their company values, and to use the tools that will help them maximize sales.



A Culture of Safety and Compliance

A culture of safety and compliance is one that is committed to protecting the health and well-being of every individual, meaning that employees inherently protect not just themselves, but also their colleagues. Building this type of culture requires having safety procedures in place, requiring specific behaviors, and providing ongoing training to ensure that everybody has all the necessary information and conviction to perform their job safely.



A Culture of Innovation

Innovation is highly valuable and necessary for the ongoing success of the organization. A culture of innovation is one that focuses not only on coming up with new ideas, but also on following a rigorous process to bring those ideas to fruition. It is a culture that actively engages in creative thinking and executes on new ideas to drive organizational growth.

ORGANIZATIONAL CULTURE TRANSFORMATION AND LEADERSHIP

Leadership is absolutely vital to any culture transformation. It is the difference between success and failure. From the words they speak to the way they behave, leaders play a critical role in setting the tone for what's acceptable or expected within a company. In fact, when leaders model the behavior changes they are asking employees to make, a culture transformation is 5.3 times more likely to be successful.⁸

What Is the Role of the Leader During a Culture Transformation?

1. Communicate the Vision to Their Direct Reports

It can be overwhelming — even a little scary — for employees to be told that they need to change significantly, especially if they've been in a role for a long time. But if leaders communicate the vision for the transformation, the rationale behind it, and a general idea of what will be required of individual employees, they help their direct reports to see the big picture and the anticipated benefits. The more leaders share the vision in positive ways, the more employees will be able to connect with it, and the more willing they will be to alter their behavior to align with the vision.

2. Set Realistic Expectations

Leaders also need to set clear and realistic expectations. Strong leaders are able to work with each employee to set achievable, measurable goals, helping them to understand exactly what is expected. By providing this clarity, leaders help to create an environment where employees are positioned to succeed and perform at their best.

3. Provide Timely Feedback and Coaching

Once expectations are set, leaders need to deliver clear, actionable feedback to help guide employees toward the expected behaviors. This takes both candor and empathy, so that employees can accept and incorporate the feedback, rather than feel that they are being scolded for poor performance.

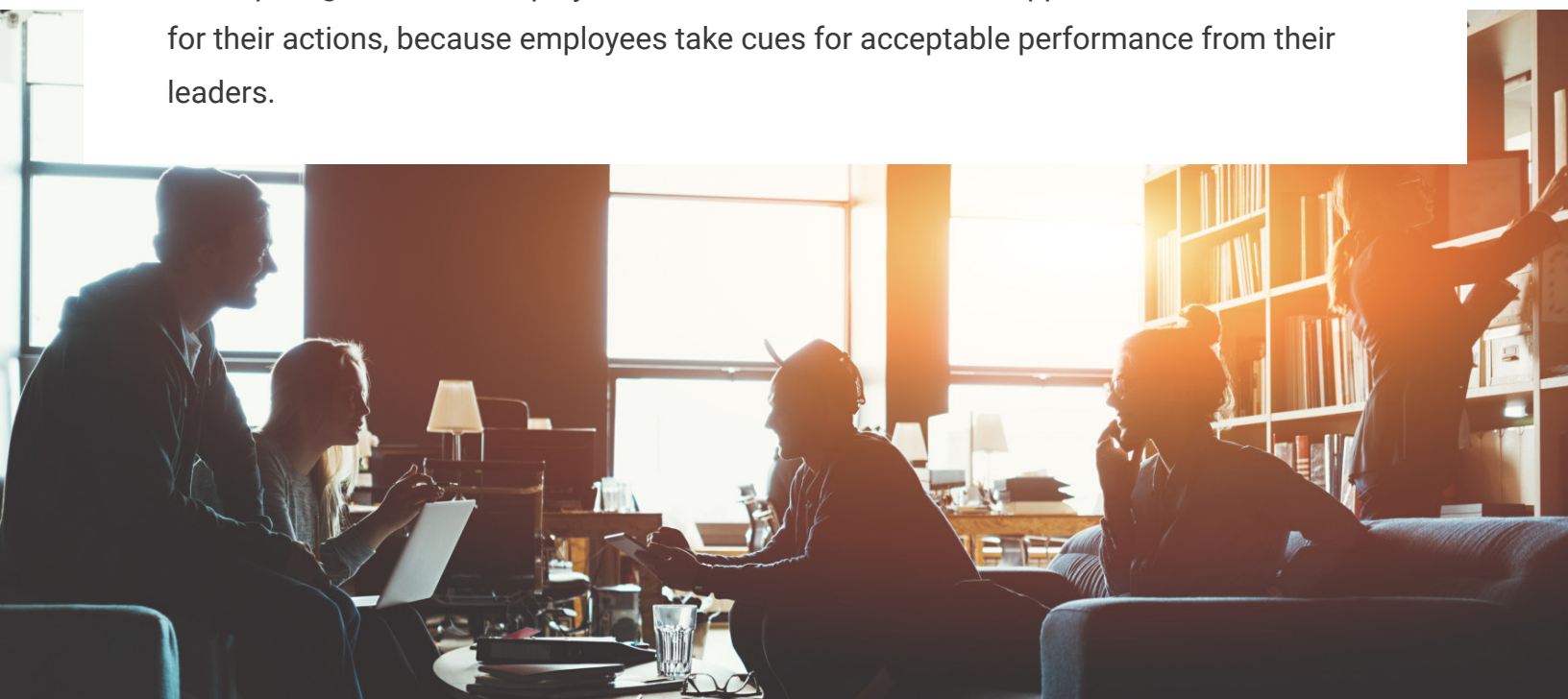
4. Attend Training and Development

Changes to behavior often require new skills — either technical skills, soft skills, or, most likely, a combination of the two. In a Wall Street Journal survey, 92 percent of employers said that technical skills and soft skills are equally important, as skills like communication, teamwork, and critical thinking can help organizations to innovate and grow.⁹

Learning and development bridges the gap between knowledge and action, and leaders play a critical role in helping employees on this journey by coaching them on how to apply the learning from training back on the job.

5. Lead by Example

The biggest role of leaders during a culture transformation is to lead by example — none of the factors above will have much impact if leaders are not modeling the changes they are requiring from their employees. Leaders must be honest, supportive, and accountable for their actions, because employees take cues for acceptable performance from their leaders.



THE CULTURE TRANSFORMATION PROCESS

Get Aligned as an Executive Team

Once the need for culture transformation has been identified, the executive team must get aligned on the path forward and commit to seeing it through until the expected results are realized.

Involve All Levels of Leadership

Within a culture transformation, leaders are the ones who should be providing the motivation for success. They should be reinforcing the rationale for the transformation and should be front and center in encouraging people to persevere when it's challenging to adopt the new behaviors.

Regularly Communicate the Anticipated Benefit

Frequent communication helps foster openness to new ideas and behaviors. In fact, one study found that regular communication around change-management initiatives can help to reduce employee resistance to change.¹⁰

Provide Training on What to Stop, Start, and Continue

The new behaviors and skills required for a culture transformation will require training. This training should provide employees and leaders with an understanding of exactly what they should stop doing, start doing, and continue doing in order to support the desired culture.

Build Conviction, Not Just Skill

Emotions are a vital part of who we are as human beings, and are a powerful motivator. Therefore, undergoing a culture transformation requires significant attention to building personal conviction so that each employee believes in the reasons for change and acts accordingly.

Consistently Monitor Progress

In a study, 73 percent of C-suite respondents said they had no formal process in place for measuring corporate culture.¹¹ Although measuring culture has its challenges, it is imperative to do so in order to demonstrate that progress has been made, and keep people motivated to see the initiative through to completion.

Celebrate Success

When the organization is in the midst of organizational transformation, it's possible to get caught up in daily challenges and lose sight of the progress that has been made. Keep your employees motivated and focused by intentionally taking the time to recognize and celebrate key milestones, so everyone can see the progress being made, and notice the difference.

Maintain Focus on the Initiative for a Minimum of Two Years

Culture transformation is a long-term commitment with its share of highs and lows, so you'll need to take specific action to ensure that the impact of culture change is sustained over time.

Include Everyone

When embarking on a culture transformation, everyone affected by the transformation should be involved from the outset.

Ensure That HR Practices Are Integrated and Aligned

During a culture transformation, Human Resources will need to update talent management practices and programs to support the new organizational culture. Recruiting activities, performance-review systems, and training programs are all areas that should be adjusted to ensure that the organization is hiring, developing, and retaining individuals who embody the values and behaviors of the desired organizational culture.

FAQS OF CULTURE TRANSFORMATION

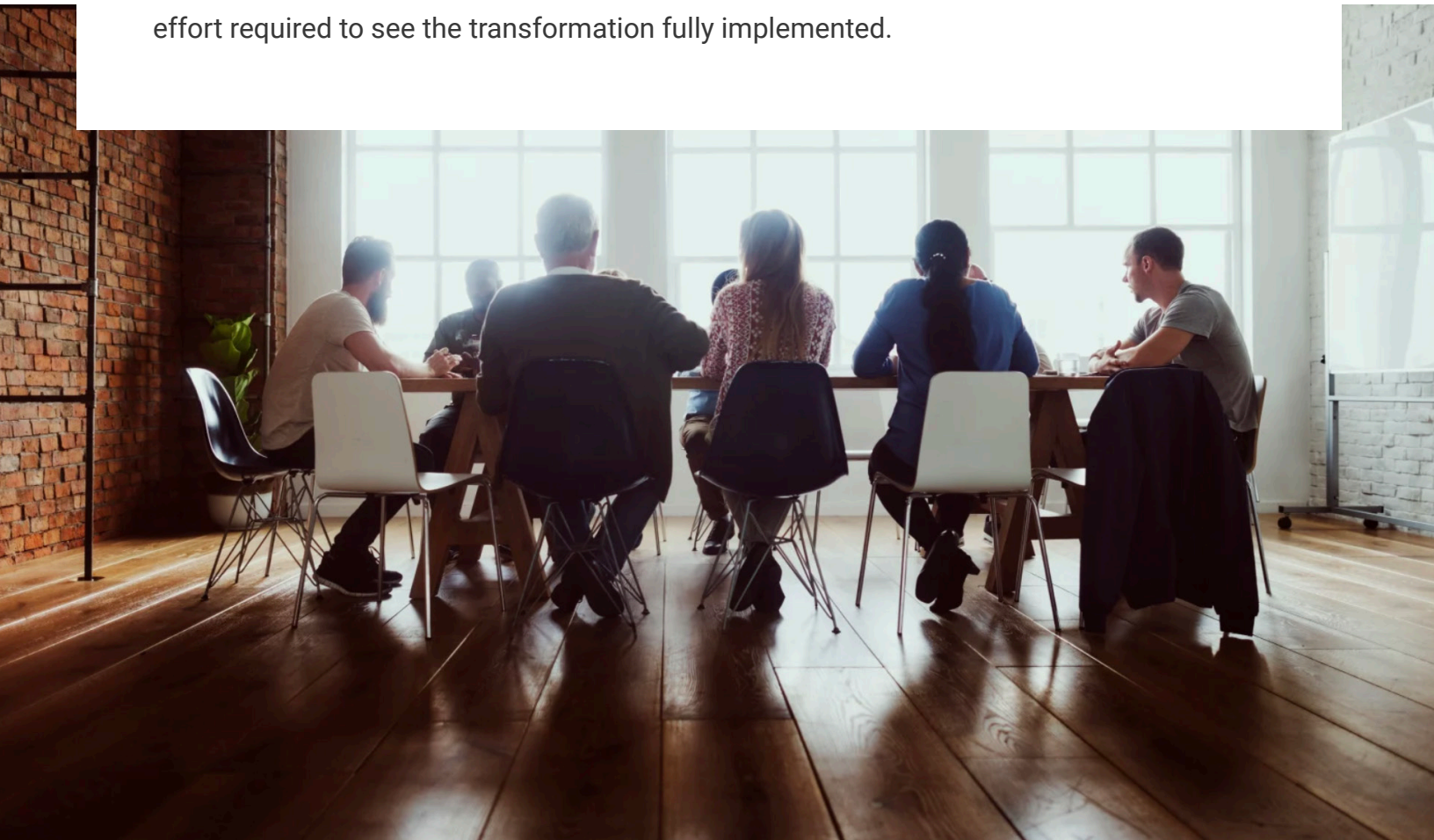
When is the best time to begin a culture transformation?

As soon as the need for change has been recognized, that is the time to get started. Don't be delayed by other priorities, or by concerns that employees are overworked. If you are going to change the way people do things, and this change will be for the better, then the sooner they can learn the desired behaviors, the greater the impact will be — and the easier their jobs will become. If handled correctly, the behaviors introduced as part of the change initiative will feel seamless, complementary, and helpful to team members.

How long will a culture transformation take?

A culture transformation, even one done on a smaller scale for only a single department, will take several months, and for a company-wide one, as long as four years.

Throughout that time, the plan will require the same focus and attention that it initially received, despite the possible hindrances or distractions which can occur. Once begun, people need to know that senior management remains fully committed to the sustained effort required to see the transformation fully implemented.



Is culture transformation painful or exciting?

The common folklore is that creating a new culture will probably be painful; either it will require people to do things which they do not want to do, or take too much time that they don't have, or be something which is felt to perhaps be important but not urgent. By no means should this be the case.

A culture transformation can be a very exciting time that harnesses the energy and enthusiasm of the entire workforce. In fact, a culture transformation of any shape or size should be recognized as an opportunity to fully engage the workforce. It is an opportunity to provide them with skills that can last a lifetime. When it is done properly, and seen to be led by management, then the organization will be quick to support it and eager to reap the benefits.

This is not to say that learning new behaviors is easy, or that existing ways of doing things are not deeply ingrained and well entrenched. They are. However, changing these existing behaviors to new ways of doing things does not have to be painful; it can be a welcome change that breathes new life into a workforce if done well.

What role do a CEO and executive team play in a culture transformation?

The CEO and executive leadership team of an organization play a critical role in shaping company culture, whether they do it intentionally or not. Their influence on the culture is far-reaching, which means that if the organizational focus is on a company-wide culture transformation, then the CEO and the executive team have to be fully involved. On the other hand, if the organizational focus is simply on a culture change within a division, then only the divisional head needs to be seen as its leader. Similarly, if the culture transformation is occurring at a local level, such as a distribution center, then the head of the distribution center needs to be fully involved. The principle is that the most senior individual in the area undergoing a transformation needs to spearhead the initiative.

What is the role of Human Resources in a culture transformation?

Human Resources plays a vital role in any transformation, but they should not be seen to be the primary driver. The lead drivers of any culture transformation must be senior management. The Human Resource function covers off a number of key components critical to any transformation, including:

- Training
- Communications
- Line manager support
- Assessment and measurement
- Performance management
- Recruiting
- Succession planning
- Promotions
- Rewards and recognition

Is training required in a culture transformation?

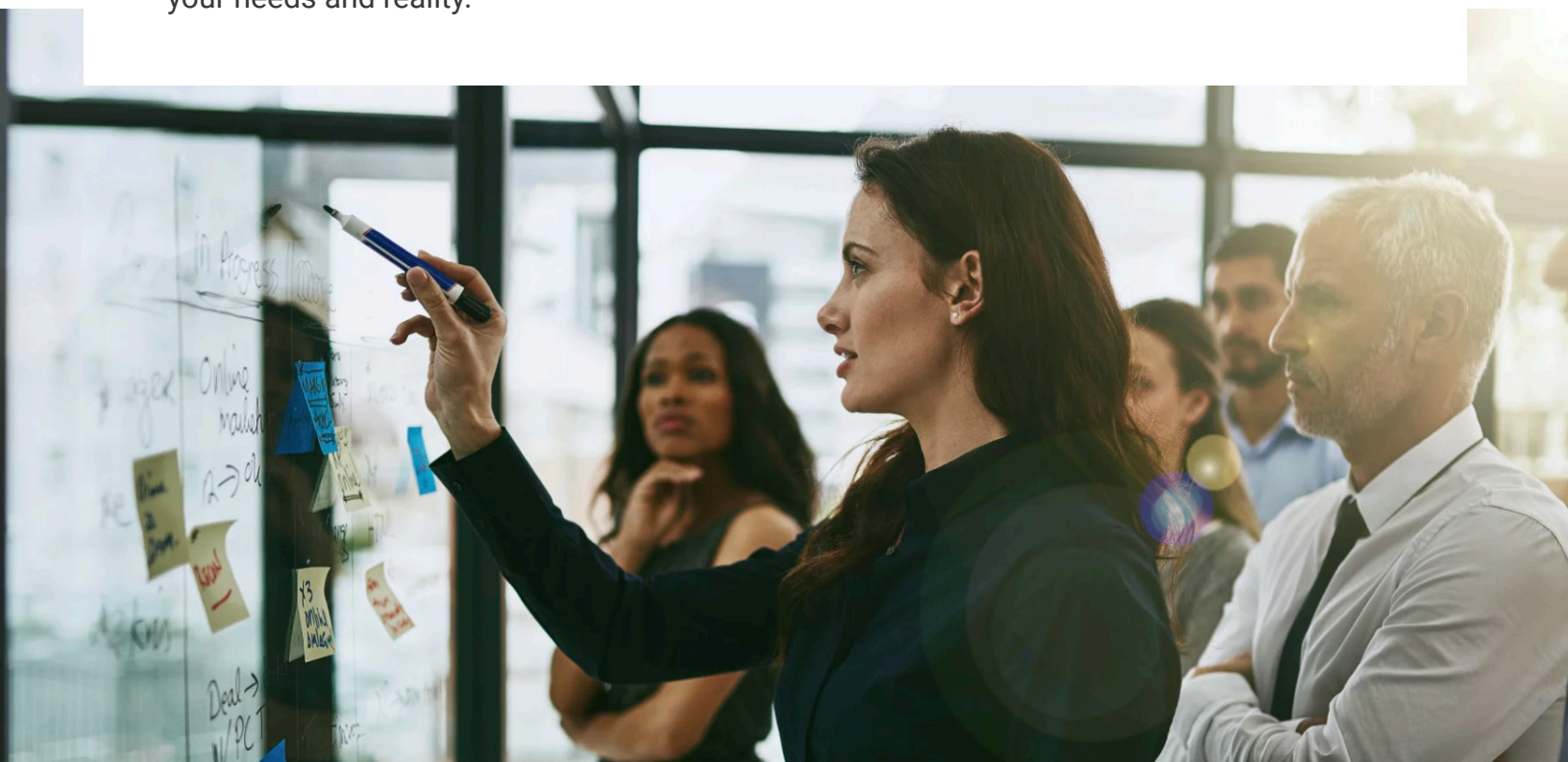
Training is a critical component of any culture transformation and will be required in some form. This is because employees within the organization who are directly affected by the transformation will need to know what new behaviors are expected, and how to demonstrate them. To do this, training will be essential. Keep in mind that training must be done with care, since training can actually change the entire direction of an organization, and radically influence the outcomes.

BEGINNING YOUR OWN CULTURE TRANSFORMATION

Organizations have unique cultures, and it's important to understand that "one size does not fit all." There are some organizations where a great culture will be defined in terms of hours worked and revenue brought in, such as in a company where billings are paramount. Another company will define culture in terms of impact on people's lives and communities, such as an organization committed to community service.

Each organization needs its own culture. This culture should be a reflection of what is important to them, and what is necessary for them to succeed in their marketplace. Therefore, there is no single definition of a great culture. What makes a culture truly great is whether or not it optimizes the talent and ability of its people.

If it has been identified within your organization that a shift in the corporate culture is needed, or if you are not certain but feel that many organizational challenges may be rooted in the current culture, a transformation may be required. To begin your own culture transformation, start with a chat with our experienced team. In that conversation, we can help you better understand what all this means in the context of your needs and reality.





Since our founding in 1988, Eagle's Flight has developed and refined a framework for creating predictable, sustainable behavior change. We specialize in experiential learning and provide organizations with a better outcome by truly engaging the learner. Successful organizational development programs require ongoing work, but this can easily get lost in the shuffle of daily tasks that feel more urgent. Partnering with a provider that has a strong track record of helping organizations achieve long-term measurable change will help ensure that your development goals are met.

If you would like to learn more about how Eagle's Flight can support your corporate culture goals, contact us today.

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