

# MEASURING THE OUTCOME OF CULTURAL CHANGE

Because a true transformation is a very expensive initiative to undertake, both in terms of hard and soft costs, any change should have the people responsible for implementing the transformation working side by side with the office of the CFO. The CFO is charged with the financial health of the organization and, as such, looks at any initiative in terms of its impact, either positive or negative.

The CFO can provide the performance metrics that are applied to other areas of the organization, such as improved sales skills, additional marketing, new locations, additional software, or an acquisition. These metrics should apply equally to organizational change, if not more so: A culture transformation could have far more significant and wider-reaching implications than most other initiatives within the company, so it should have even closer financial scrutiny and support from the beginning. Key questions to ask include:

- What were the initial hard-and soft-dollar budgets for this transformation? Did we stay within these limits?
- What key areas have we changed? What are the associated business key performance indicators that we use in order to measure those areas?

# 1. EMPOWERMENT OR ENGAGEMENT

When you've changed your organization successfully, you should see increased employee engagement and empowerment. If your change management hasn't been up to par, your employees are likely less engaged than they were at the beginning of the process. Keeping your desired outcome in mind, develop a list of questions or characteristics that will measure the engagement of your workforce.

Key questions to ask and areas to consider when assessing engagement and empowerment include:

- Do employees willingly participate in projects or events, or is management seeing only minimal participation in the context of "required" meetings?
- Is work completed at a high level, meeting deadlines and exceeding expectations?
- Do employees speak up when they have new ideas or a better way to complete a project or task, or do they follow only protocol, even when it's inefficient?
- Are employees willing to take ownership of projects? Do they welcome challenges or shy away from new opportunities?

# 2. INNOVATION

A common area where culture transformation is often initiated is in the area of innovation. The first step of innovation is "ideation," coming up with new ideas or thoughts—essentially "blue sky" thinking. Innovation occurs after ideation has happened, and then a rigorous process followed in order to bring those ideas to fruition.

Once the organization has benefited from innovative ideas, then true innovation has occurred. In order to measure innovation, ask:

- How many innovative ideas, thoughts, processes, or activities have been initiated and executed through to the end?
- What kind of value have these ideas added to our organization?

# 3. SALES

If you have initiated changes within your sales team, either to equip it to deliver a new product or service, to approach a new market, to approach existing markets in a different fashion, or to adopt new tools or ways of behaving, measuring success is typically easy. The intention behind this type of transformation is clearly to grow sales and presumably customer loyalty. Some questions to ask include:

- How do our sales since the change compare to the previous period?
- Are we retaining our customers for longer than we did previously? Are we able to upsell or crosssell products more easily now?
- Are our sales reps able to follow programs and protocols?

# 4. CUSTOMER FOCUS

Measuring the achievement of customer-centricity through culture change should be twofold. First, you should ask customers if they feel the company is, in fact, becoming more customer-focused and better at meeting their needs. Second, look at statistics for loyalty, repeat business, invoice or check size, and increased referrals. Key questions to ask include:

- How do our customers feel about our performance since we initiated this change?
- How likely are our current customers to recommend us to a friend or colleague?
- Has our repeat business increased since starting this change?
- How much has our average sale size increased?

# 5. LEADERSHIP EXCELLENCE

When leadership competence is a component of organizational change, as it often is when culture transformation is occurring, measuring success can be difficult. We know that the quality of any organization's output is directly tied to the quality of its leadership. The measure of great leadership is the overall performance of the organization. The best place to look for the measures of the transformation are the measures already in place that evaluate the overall success of the organization, such as productivity, turnover, speed to market, working capital, sales-per-employee ratios, process improvements, or waste elimination.

Each of these is the direct result of leaders leading people. If the leadership is great, then the performance of the people will also be great, and as leadership competence improves, so will overall performance.

The questions in this worksheet are only intended to get you started. As you plan for transformation within your organization, consider the methods for measurement that best fit your objectives.