

CULTURAL TRANSFORMATION

IN 9 STEPS

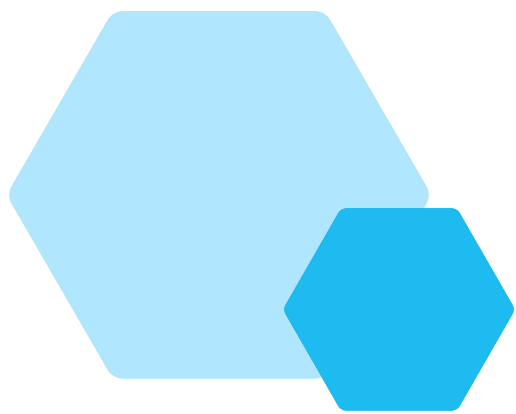
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Introduction

Organizational culture is the deciding factor when choosing a company for 47% of job seekers, according to a Jobvite study.



But what if your current culture is not working for your organization? How can you ensure that your business stays on top in the war for talent?

Cultural transformation is the answer, but this is easier said than done. That's why we have created this step-by-step guide to cultural transformation.

We will cover:

- **Organizational culture and its benefits, [Page 3](#)**
- **How you can recognize the need for cultural transformation, [Page 10](#)**
- **9 steps to successfully transform your organizational culture, [Page 13](#)**

So read on to find out how to turn your organizational culture into one of your business's most powerful assets.

When is cultural transformation needed?



Cultural transformation begins when an organization recognizes **its current culture is no longer aligned with its vision, mission, core values, and strategic objectives.**

This misalignment signals to leadership that the culture has become an obstacle to achieving the strategic objectives of the organization.

Cultural transformation is therefore the process of **realigning the culture** to its vision, mission, and core values to achieve its strategic objectives. It is a form of organizational transformation.

But why does organizational culture matter?

The benefits of organizational culture

The benefits of a strong organizational culture are far-reaching and impactful.

Confidence

90% of employees at organizations with winning company cultures are **confident** in their company's **leadership team**.

Ratings

Employees' overall ratings of their company's qualities (such as collaboration and work environment) are 20% higher at companies with strong cultures.

Feeling heard

86% of employees in strong cultures feel their senior leadership **listens to employees**, compared to just 70% of employees in non-winning cultures.

Higher annual returns

What's more, 13 companies that have appeared on Fortune's annual 100 Best Companies to Work For list every year also see **higher average annual returns**, with cumulative returns as high as 495% instead of 170% (Russell 3000) and 156% (S&P 500).

Types of organizational culture

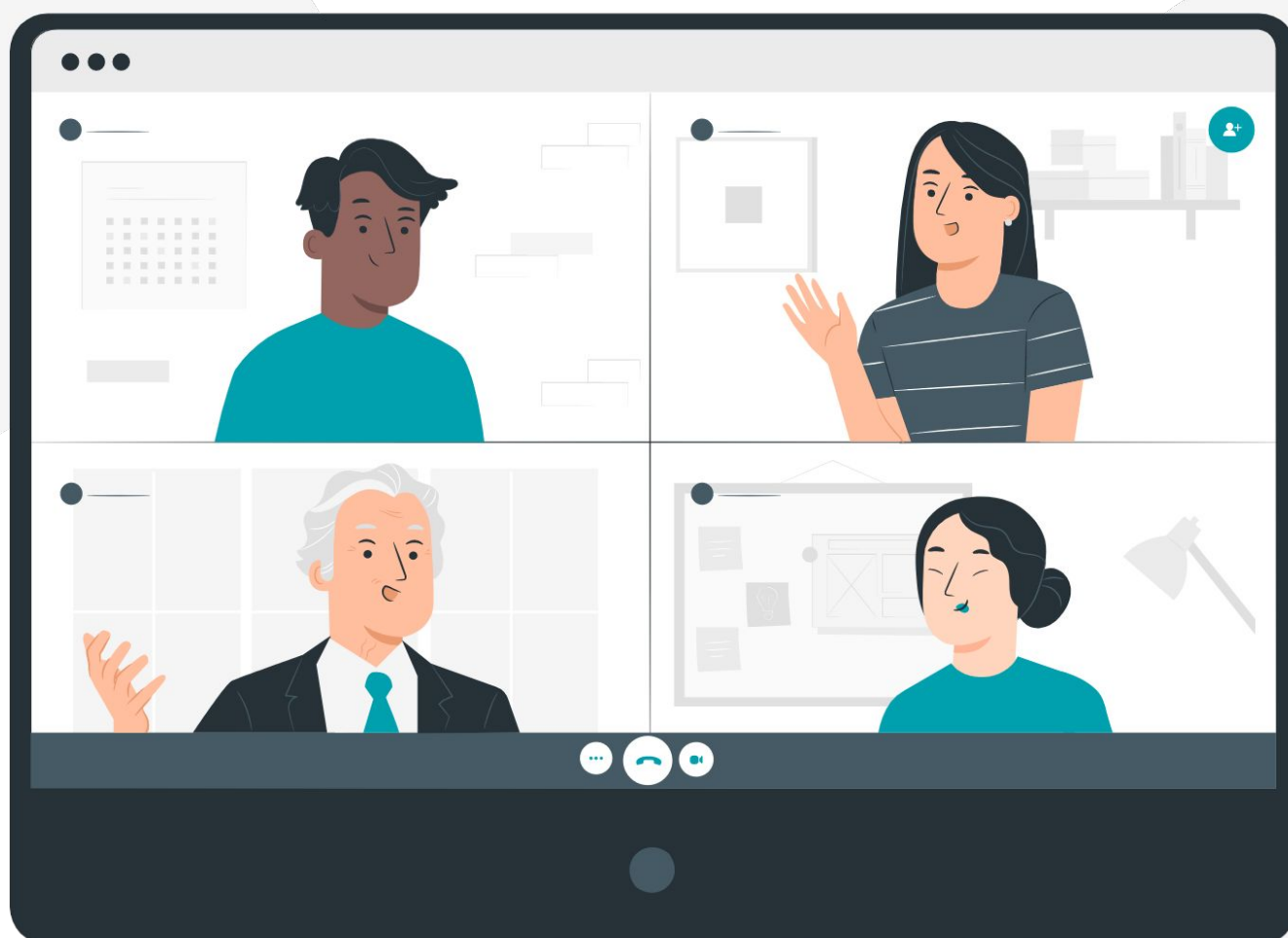
There are four types of organizational culture.

In order to find and work towards the best culture for your organization, you first need to understand what type of culture currently exists in your company.

The OCAI (Organizational Culture Assessment Instrument) is a useful tool to assess your culture.

Organizational culture is divided into four types:

- **Adhocracy culture**
- **Clan culture**
- **Compete culture**
- **Hierarchy culture**



Types of organizational culture



Adhocracy culture

An organization with this type of culture is characterized by its **agility, innovative nature, and readiness to learn from its mistakes** and change accordingly. Adhocracy culture is common in tech companies.



Clan culture

An organization with this type of culture nurtures its members and focuses on **interpersonal relationships, communication, and collaboration**. Clan culture is common in start-ups and family-run organizations.

Types of organizational culture



Compete culture

An organization with this type of culture is driven by **targets, deadlines, and outward results**, with staff performance closely monitored. Compete culture is common in larger, more established companies.



Hierarchy culture

An organization with this type of culture operates in a **formal and traditional corporate structure**, with leaders at the top and an established chain of command. Hierarchy culture is common in big corporations.

The four levels of cultural transformation

What do you do if
your culture isn't
helping your
organization?

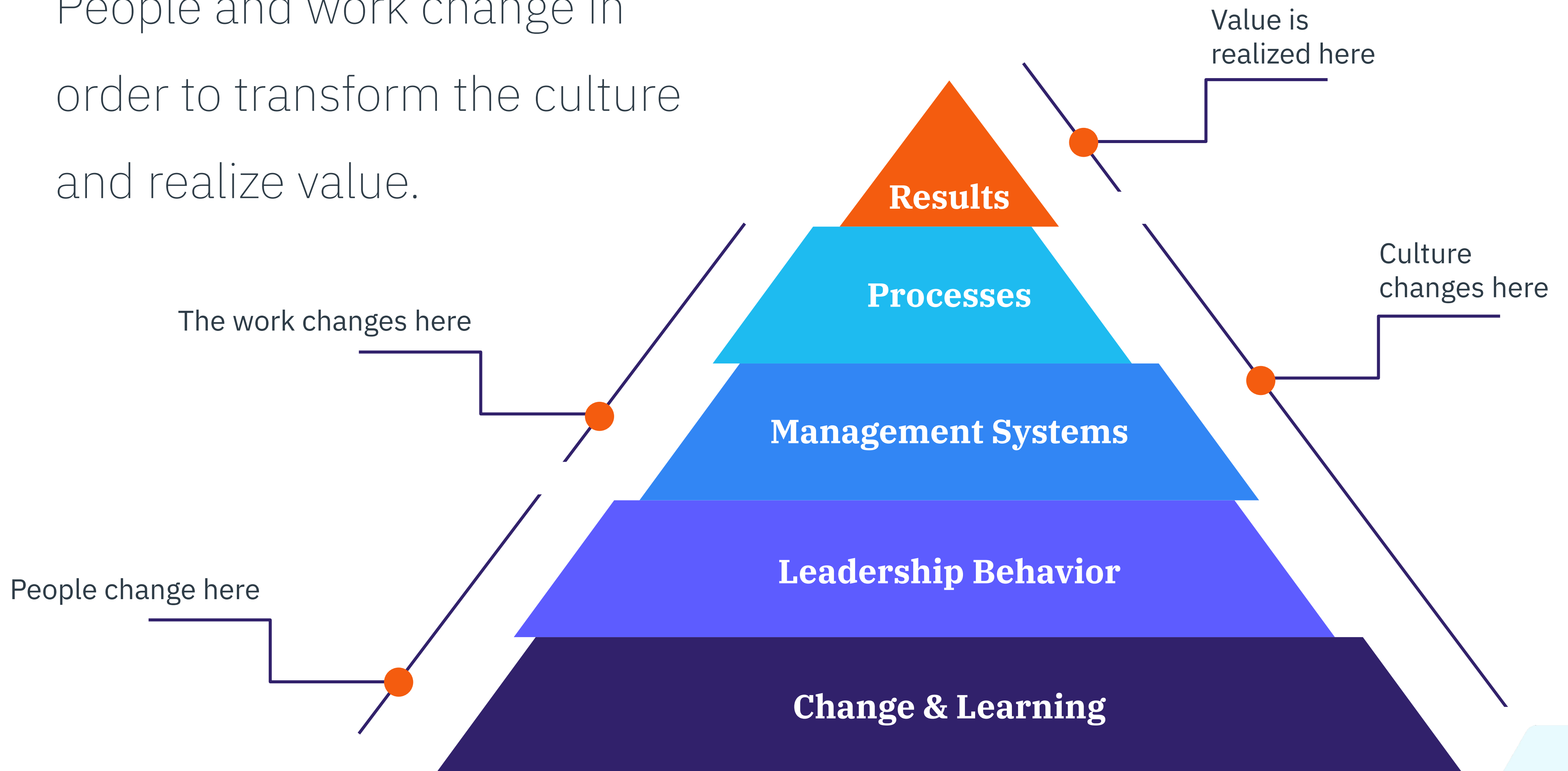
Cultural transformation can take place throughout the entire organization, or in individual departments and teams.

A culture change happens on four levels:

- **Change and learning**
- **Leadership behavior**
- **Management systems**
- **Processes**

Cultural transformation

People and work change in order to transform the culture and realize value.



Cultural transformation

How do you recognize the need for cultural transformation?

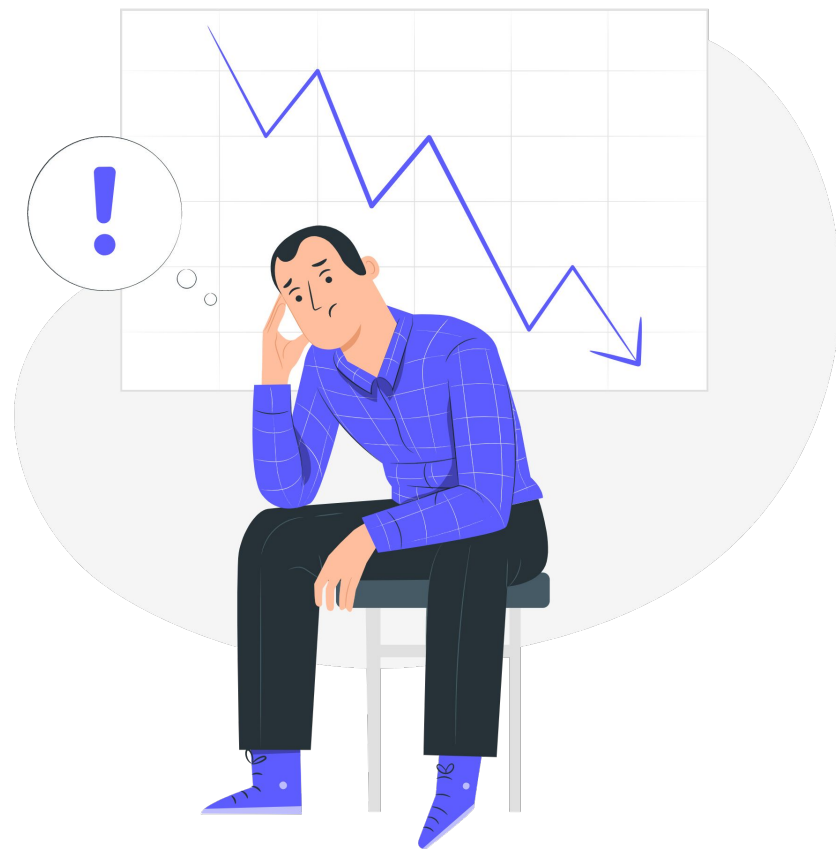
Culture is never static.

A great culture ten years ago does not guarantee a great culture today. Therefore, you need to closely **monitor, measure, and manage** the culture of your organization.

So what are the triggers that you need to look out for? Here are three signs that it may be time to think about cultural transformation.



Cultural transformation triggers



Poor financial performance

Loss of profit can happen from time to time — but if you **can't find an obvious cause**, and if other metrics (like NPS score or quality standards) are also falling, your culture might be to blame.



No employee feedback

Are your people unwilling or unable to communicate during times of crisis? Are they siloing information out of fear of retribution? When **communication stops flowing**, a culture change is needed to create trust and openness.



Difficulty reaching consensus

When team members or leadership **cannot get on the same page**, you may have a mission and value misalignment.

Cultural transformation triggers

Take the next step in your journey towards a better organizational culture.

Other triggers for cultural transformation can be high turnover among new hires and high-potential employees, or a global pandemic that requires changes to the company's current work model and distribution.

But once you've recognized the need for cultural transformation, **which steps do you need to take** to make sure that your transformation succeeds?



Transform your culture in 9 steps

Discover how to transform your organizational culture, and see the change in action.

The following 9-step model that we've developed is based on Kotter's 8-step change model. As an example, we'll use the case of British telecommunications organization, 3UK, which went through a radical cultural transformation that resulted in a **successful overhaul of its culture** within four years.



1: Identify what needs to change

How to

To get to where you want to be, you need to understand what your current culture is. You can use the four OCAI types for this, which we've talked about on [Page 5](#).

Look at your organization's objectives and look for ways to help the culture evolve to a new dimension that **more effectively supports your strategic objectives and workforce needs**.

Case study

3UK was making a loss, and **the business was experiencing problems** with network and device reliability and distribution strategy.

Their issues were:

- **Weak organizational culture**
- **Divided leadership**
- **Low employee engagement**

To address this, 3UK used the Organizational Culture Inventory tool from Human Synergistics to assess its current culture and the need for change.

2: Get leadership support

How to

Employees are inspired by leaders and mirror their behaviors, beliefs, and perspectives. That's why the leadership team is key to setting the behavioral norms within the organization. These norms need to reflect the organization's values.

Three actions that can help you achieve this are:

1: Identifying key leaders and stakeholders

You should include people with different levels of seniority and job experiences. Prepare **to get support from multiple levels of management**, including those closer to the employees whose day-to-day work is most affected by the change.

2: Creating a “change team”

This is the team that will **take responsibility for the success of the change**. Make sure to create this team in the early stage of the change process. An ideal time would be when you're assessing your current culture and deciding on the culture type you want to switch to.

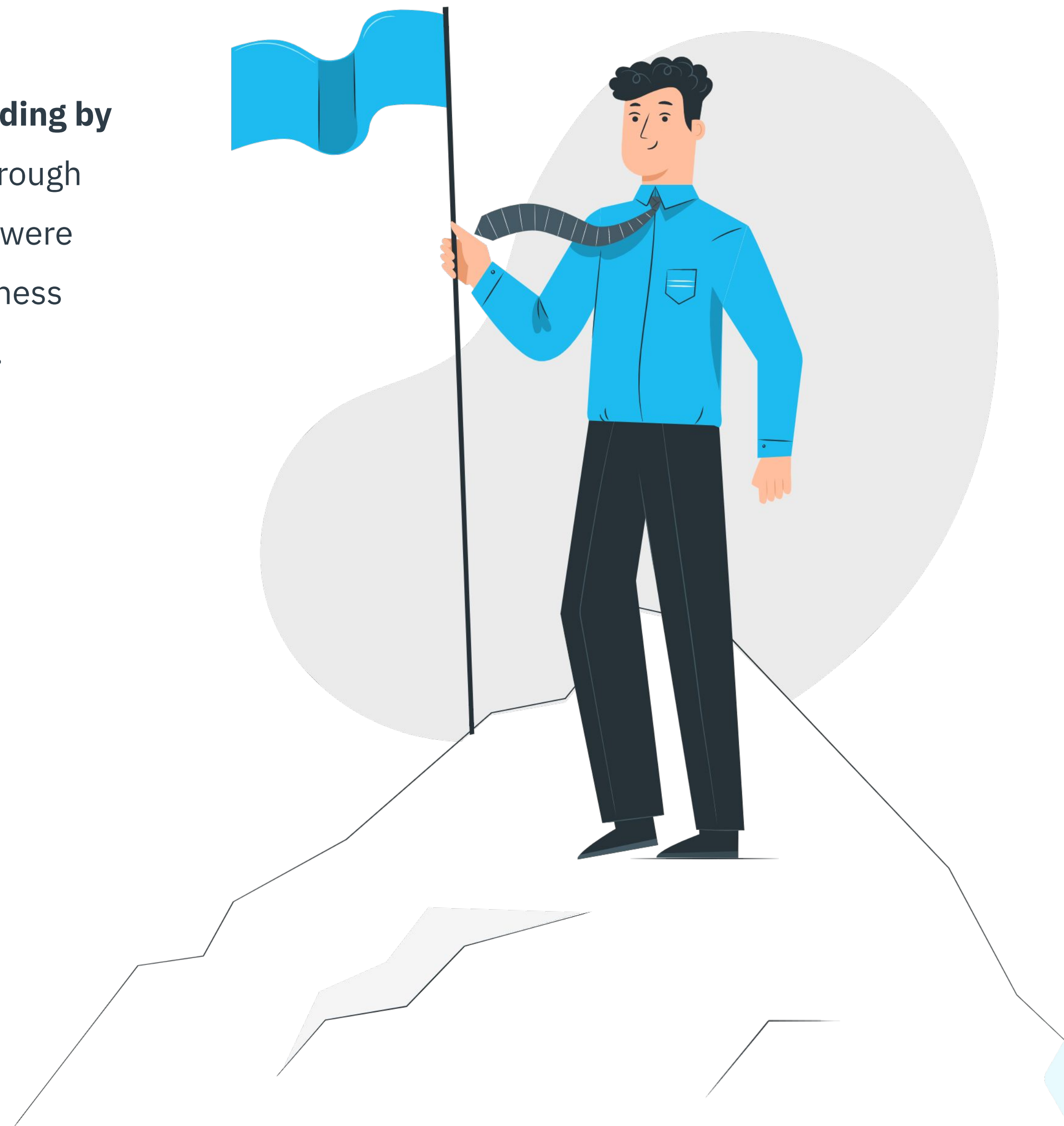
3: Setting up an empowerment session

Help your leaders and stakeholders **understand the process** and prepare them for objections and difficult questions they might be getting from their own employees.

2: Get leadership support

Case study

3UK's CEO, Kevin Russell, strongly believed in **leading by example**. He drove the cultural transformation through his management team. He chose individuals who were already aware of how their behaviors impact business outcomes to engage others in the change agenda.



3: Focus on key behavioral shifts

How to

Create a vision that everyone in the company can understand, and remember to set goals. **Target your interventions on a couple of critical behavioral** shifts you want to achieve.

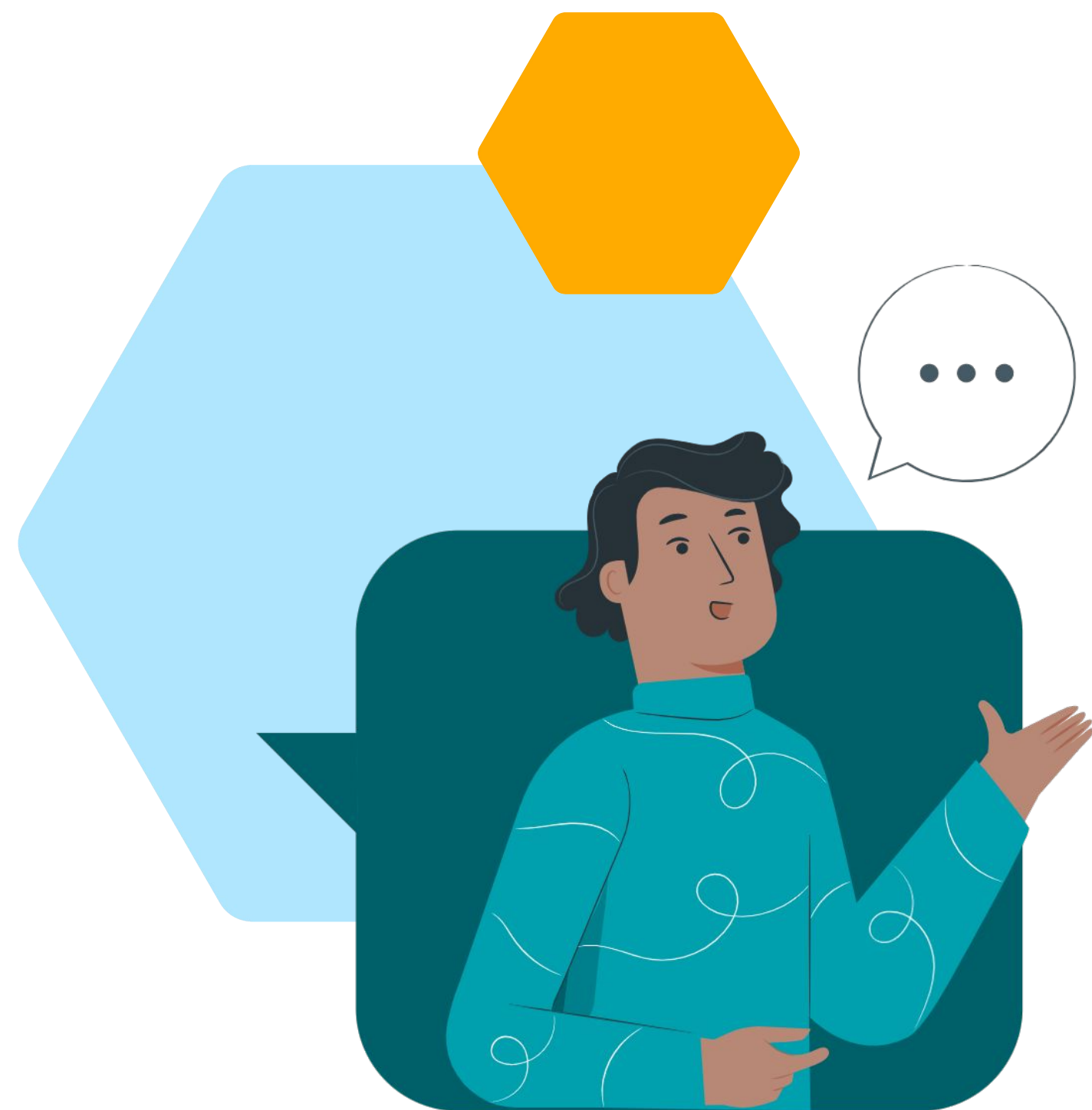
Example: moving from a Hierarchy Culture to a Clan Culture

- **What you need to focus on:** doing things together (building teams, people matter), commitment, empowerment, cohesion, and engagement.
- **How to get there:** include these new behaviors in your performance management system so you can effectively measure and develop them.

Case study

3UK leaders expanded on the time spent reviewing behaviors in the employee performance reviews and coaching. They **appointed 60 change champions from different departments** to provide continuous, real-time guidance, and feedback on behaviors.

Bonus: The power of storytelling



An **organizational change story** can be an effective way to transmit and illustrate organizational culture as it makes your core values and vision more tangible.

Creating your change story

You can ask members of your change team to come up with two or three instances or incidents that **strongly reflect the aspired organizational culture**. These stories need to appeal to the whole organization and include clear morals and lessons to be learned. Share the cases, choose one or two, and perfect them together.

4: Formal and informal interventions

How to

Consider which interventions will help you **achieve your desired outcomes**. These can be divided into two categories:

- **Formal interventions:** new policy or policy changes, new metrics, and new incentives to achieve the desired results.
- **Informal interventions:** informal interactions between the managers and the employees. These are great opportunities for engagement.

Case study

Formally, 3UK introduced **new policies and systems** throughout their transformation process. Here are a few of their interventions:

- 3UK changed their flexible working policy and annual leave to **better reflect the desired culture**.
- They integrated the critical behaviors into their **performance management system**.
- They tied bonuses to **company performance**.

Informally, there were interactive visits to all departments by the CEO.

5: Effectively communicate change

How to

There's nothing more powerful than communication that is **clear, honest, and consistent**. This type of communication builds trust and engages employees in the process.

Here are some tips to for clear and effective communication:

- **Be transparent:** Make clear what changes you're trying to achieve and address any employee concerns in the process.

- **Customize:** Find the most effective way to reach different demographics within your organization and customize your communication plan accordingly.
- **Get help:** Involve your colleagues from corporate communications for advice and guidance on how to get your message across.
- **Integrate:** Include your vision change in your employer's branding so that it's clear, both internally and externally, where your organization is headed.

5: Effectively communicate change

Case study

3UK lacked transparency about how the business was doing financially. Communication was limited and not structured nor agile enough. As such, people were suspicious and rumors started to spread.

The solution: 3UK **broke down information silos** by pushing for open and fast communication across all sites. They became more mindful of including people in meetings from outside the Head Office, either in person or online.



6: Overcome barriers

How to

Resistance is a normal part of any change process. It's important that you **quickly identify where the resistance is coming from** and work to remove the barriers to change.

You might find barriers in general processes, reporting structures, or reward systems.

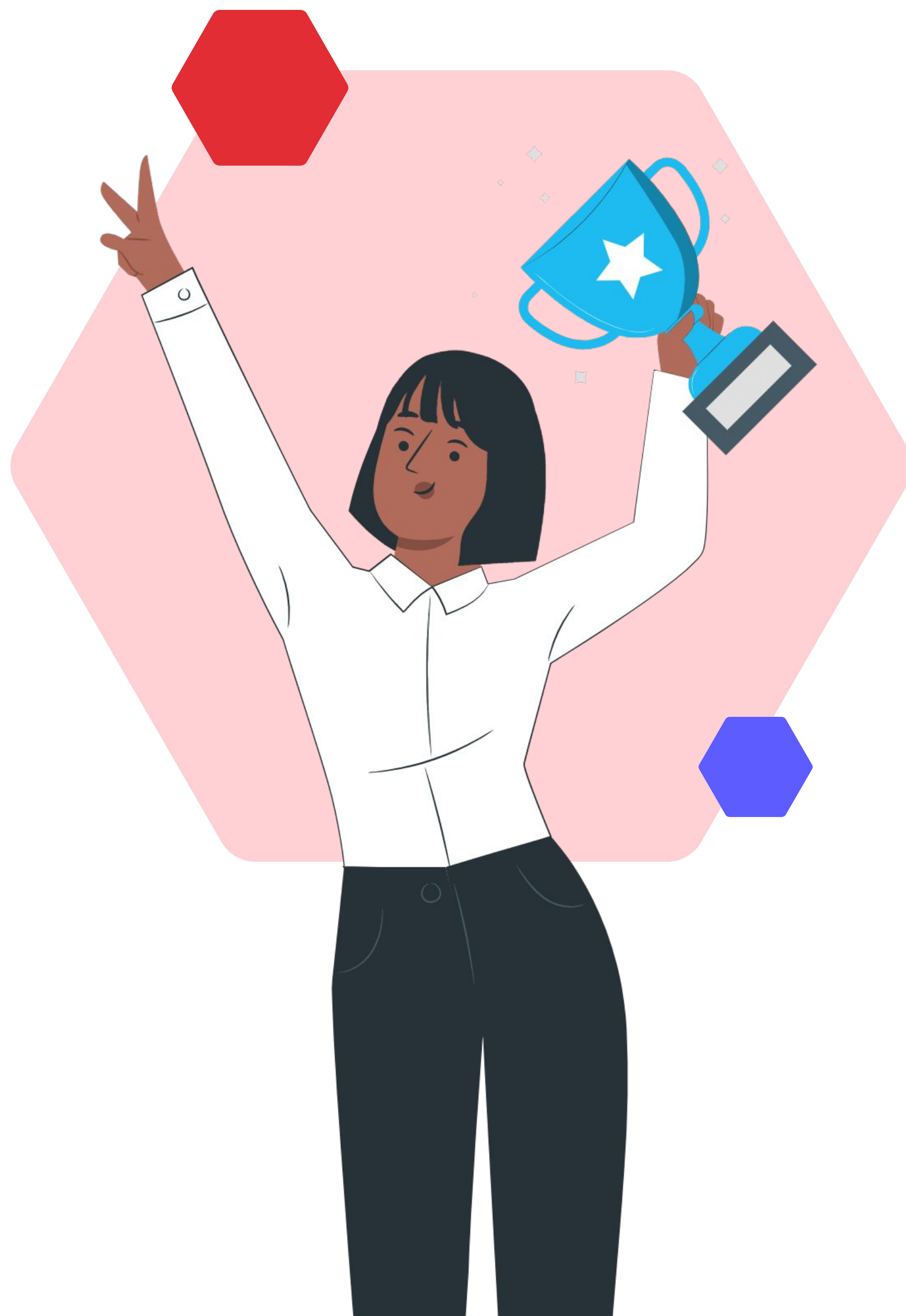
Appointing Change Champions can help smooth your transformation process. They are employees at all levels within the organization who promote the change process formally and informally.

Case study

As part of their change process, 3UK even redesigned their office to remove physical barriers to reflect their new open culture.

- They turned the cafe at the head office into a central meeting space to **reduce silos** and promote better teamwork.
- They remodeled the foyer to show a **more open culture** to visitors and employees.

Bonus: The five attributes of change champions



1. **Open-minded:** Change champions embrace change and can easily adapt to new ways of working or ideas.
2. **Solution-focused:** They do not make a fuss or point fingers. Instead, they come up with solutions to move forward.
3. **Understand the organization:** A change champion needs to fully understand the organization and its culture, challenges, and strengths.
4. **People advocate:** This person needs to be able to empathize with the struggles of others during the transformation process.
5. **Not afraid to speak up:** They can comfortably point out to their leaders problems and challenges that must be addressed.

7: Celebrate short-term victories

How to

Strengthen the support for the changes you're making by **setting short-term goals, achieving them, and recognizing your success**. This also helps to silence the critics of your intended change.

You can find a change in line with your vision that is easy to implement and celebrate this win publicly. Do this a few times so the organization gets the feeling that they're on a roll. Quick wins are a great way to **further engage your employees in the transformation process** and keep them motivated.

Case study

3UK's HR team was looking for ways to quickly reinforce their desired openness and trust. Their solution was to get rid of the old rule where employees needed to be in the office between 9:00 am and 5:30 p.m. Instead, they implemented a **flexible working policy** where managers and employees can choose their working time.

[Click here to learn more about strategic flex work opportunities](#)

8: Reflect on the changes

How to

Once the change is underway, it's important to reflect on what you've achieved so far.

Look back on:

- **The positive outcomes of your cultural transformation and how to build upon them**
- **The impact on your business performance**
- **The shift in critical behaviors and mindset**

Conduct another culture profile assessment with the OCAI to answer these questions. Look at what changes have been made and how much further the organization has to go to achieve its desired results.

Case study

3UK re-assessed its culture using an OCI and engagement survey, which showed:

- A notable shift from the former culture profile to the desired culture profile, which became **much more constructive**.
- A notable improvement in **staff turnover, employee engagement, and customer numbers**.

9: Reinforce the change

How to

Change is a continuous process. To reinforce it, you need to **recognize the positive effects of the change**.

Here are a few things you can do:

- **Hire people who are organizational fit:** Include a cultural fit assessment in the recruitment process to identify the candidates who are the right fit for the new culture.

- **Demonstrate the link between the new behaviors and organizational success:** Use every opportunity to talk about progress, tell success stories about the change process, and point out the change in every aspect of your organization.
- **Invest in continuous development:** Organize training programs to build and strengthen the competencies that support the new culture.

[Click here to learn how to conduct a cultural fit assessment](#)

9: Reinforce the change

Case study

The cultural transformation helped 3UK significantly grow their business and **increase their customer base by 77%** while reducing operational costs.

To reinforce the change, 3UK:

- **Revised their recruitment system to reflect their new culture:** They now make hiring and promoting decisions based on their new organizational behaviors and performance management process.
- **Enhanced their professional development:** They organized leadership conferences for their top 50 leaders, as well as workshops to help managers introduce the culture to all employees.



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Sources

[2018 Job Seeker Nation Study by Jobvite](#)

[About the Organizational Culture Assessment Instrument \(OCAI\)](#)

[The four types of organizational culture: which is the best for your business?](#)

[3 Signs It's Time for an Organizational Culture Change](#)

[10 Ways to be an Effective Change Champion](#)

[Leading a Successful Cultural Transformation at Your Organization](#)

[Illustrations by Storyset](#)



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