



TOOLKIT 27 – CREATING A PREFERRED CULTURE

- ❖ **Design a culture that serves your business.**
- ❖ **Develop consistency in “the way we do things here”.**
- ❖ **Make your culture an asset rather than a liability.**

Culture is the way we do things here. Strategy is WHAT we intend to do, culture is HOW we will achieve it. Inevitably culture lags behind strategy, so a key management task is to ensure that the culture is developed which supports the strategy.

STORY – EWS RAILWAY LIMITED

EWS, the UK rail freight business, was born out of British Rail going through several owners to end up as EWS.

It had bits of several organisation cultures including the best and worst of the old British Rail business. The new CEO Philip Mengel decided that he wanted a preferred EWS culture, which served the needs of the new business. His team developed some values which would underpin the way things got done, including:

- Trust
- Measurement
- Continuous improvement
- Customer first
- Passion

These values described the new EWS way of doing business. An internal team set out to identify where the business behaved in line with the values and where the values were contravened. People's views were sought from around the business. This led to a major initiative to putting customers first, which significantly boosted customer satisfaction ratings. The team found lots of passion in the business, i.e., this value was already part of the prevailing culture. 'Rules' and practices that contravened the trust value were rescinded.

The second stage was to start to measure things and to establish key indicators leading to a programme of continuous improvement. EWS is in a much better shape in 2001 than it was when Philip Mengel took over and it looks to have a bright future.

It's a good example of culture driving change in a complex business.

All businesses have a culture. The key issue is to have the culture you want or prefer; otherwise you will get a culture by default; one which could well hold the business back.

Example

Steetley, a construction materials group:

Our strategy is to compete by delivering consistent high standards of customer service. Yet our traditional reactive production driven culture means we are unable to achieve our desired service levels. Steetley's culture was once described as 'we will let you have what we decide, when we decide, at a price we decide.'

This really meant that the service strategy was undoable.

So culture can be an asset if it serves your business or a liability if it holds you back.

This toolkit has been designed to help you design and develop a culture, which really does serve your business. But first let's get to grips with what culture is all about.

Culture is:

A set of shared beliefs about how we should do business. E.g., we believe we must deliver on time whatever it takes.

This leads to a **set of values**, which are not usually compromised.

E.g., Delighting our customers.

This creates **consistent shared behaviours** in the business:

E.g., Everybody from the receptionist, the drivers and the MD sets out to delight customers. This is non-negotiable and becomes 'just the way we do things here'.

Here is how to create a preferred culture.

STEP 1 Get your team together and establish your preferred culture.

Example

- 'This is the way we want to do things around here.'
- Get the team to brainstorm your core values (see EWS story).
- You only really need six or seven core values, which describe how you want to do business internally and externally and which are critical to the success for the delivery of your strategy.

Typical values:

- Delight our customers
- Stick to the products we know
- Treat each other with respect
- Being ethical in all we do
- No surprises to shareholders
- Collaborate rather than compete

STEP 2

Communicate your preferred culture internally (your values).

- Tell people about your values at every opportunity.

TIP: Make sure you personally behave in line with the values.

- Include the values in your key documents i.e., strategy, business plans, presentations to key stakeholders etc.
- Explain what the values mean using live examples from your business.

Example

'We value putting our customers first. This means everybody pulls out all the stops to serve customers.'

'In order to do that we will man the sales desk from 8.00 am through till 6.00 pm rather than 9.00 am – 5.00 pm.'

'We will agree and monitor service standards with our customers.'

'Top managers will visit our key customers monthly.'

STORY – KEEPMOAT PLC

Keepmoat Plc decided in 1990 that Delighting Customers needed to be a core value, they wanted to develop a customer-orientated culture.

Initially their staff were very sceptical, 'Delighting customers in construction you must be joking ...'

However, the management persisted and talked consistently about delighting customers. They appointed Customer Liaison Managers on their building sites. They measured customer delight monthly through surveys. They trained people and made delighting customers a non-negotiable part of their way of doing business. As a result ten years on they now negotiate much more of their work with their customers (much more profitable than tendering).

They are the preferred suppliers for many local authorities and housing associations.

'Delighting customers is now our competitive advantage. Yet it took us quite a while to build into the way we do business.'

A good example of culture as a real asset.

TIP: Values need to be translated into action by taking positive steps to live the values or make them drive business behaviour. People become cynical about values when they don't see the organisation doing anything to live up to them.

STEP 3 Get the culture owned in business groups.

- This means cascading the values throughout the business by allowing departments and teams to determine what the values mean for them.

This means allowing them to put their 'smell' on the values.

A powerful of achieving this is to get your team leaders to work with their teams on deciding exactly what the values mean for them. For example if you had a value 'measurement' then when this is cascaded say by the HR team: "This means we need to measure:

- Labour turnover
- % of training plans implemented
- Staff satisfaction levels
- Productivity levels
- Etc. etc.

STEP 4 Build your new culture into your business.

- Establish rituals, which reinforce the culture.

Example

If being innovative was a value then put innovation as a regular item on team agendas or if performance beyond the norm is a value then make sure you have weekly/monthly public performance awards for people who produce outstanding results.

- Tell stories that reinforce your culture.

Example

Chris O'Reilly the Owner of LDM the document specialist tells the story of his longest stint at a photocopier - 40 hours without a break. This reinforces the value of hard work and commitment.

- Ensure your systems support your culture.

Example

Keepmoat have a system of monitoring customer delight on a weekly basis because it is a key value in their business.

- Act as a role model for your culture.

Example

If a value is continuous improvement, make sure you visible continuously improve the things you do.

STEP 5

Identify any blockages to the implementation of the new culture.

Working with your team, seek to identify any blockages in developing your preferred culture. These will probably include:

- Covert norms from the old culture i.e., 'We always did it this way ...'

Or

'We traditionally promote people using the civil service principle of length of service not performance ...'

Covert norms need challenging and changing by establishing new rules, routines and agreements.

- Internal politics

Game playing and shadow-side issues between departments or individuals.

E.g., 'Sales don't really talk to production they actually hate each other...'

Or

'Profit Centre Managers think HQ is a waste of money so they do their own thing and ignore Head Office initiatives.'

The politics of self interest which are not in line with the new value need challenging and banishing.

- Key holdouts

These are the people who refuse to imbibe the new values. They are wedded to the old ways of doing things.

You really need to work on these people in order to get them to change. If they cannot and they are a major problem or threat to the business, you need to decide if one individual is bigger than or more important than the business.

In practice removing blockages to cultural change is often one of the most difficult tasks Managers face in businesses today. Stick at it; the prize is worth it.

STEP 6 Set up culture review processes.

This means ensuring there are rewards for implementing the new values and consequences for ignoring them.

As my friend Gerard Egan says, 'If you want to change culture, change the reward system.' So what do the culture champions in your business get for imbibing the new culture?

And what happens to those dinosaurs who are unwilling to change?

Finally, integrate the new values into your existing processes:

- Make them part of the induction process.
- Include them in your business plans.
- Review the use of the values in your performance management system or appraisal process.

Our culture is to;	We will communicate this by;	It means that we will;	As shown by us doing the following;	The things that need to removed are;	We will do this by;
<i>(Example) treat all our colleagues with the utmost respect even when we have a different point of view</i>	<i>Explaining that whilst we do not always agree we recognise that our competition is external to the business and the key is for us to work together constructively</i>	<i>Work better as a team with a shared vision whilst recognising that there are a nuber of different paths that could be followed</i>	<i>Not interrupt Ask for clarification where we do not understand Publicly support</i>	<i>Meetings which result in greater barriers being created Knowledge being retained within one area</i>	<i>Having shorter and more structured meetings Using Seek& Solve to overcome problems prior to meetings taking place</i>