Why Now is the Right Time toMeasure
Organization Culture

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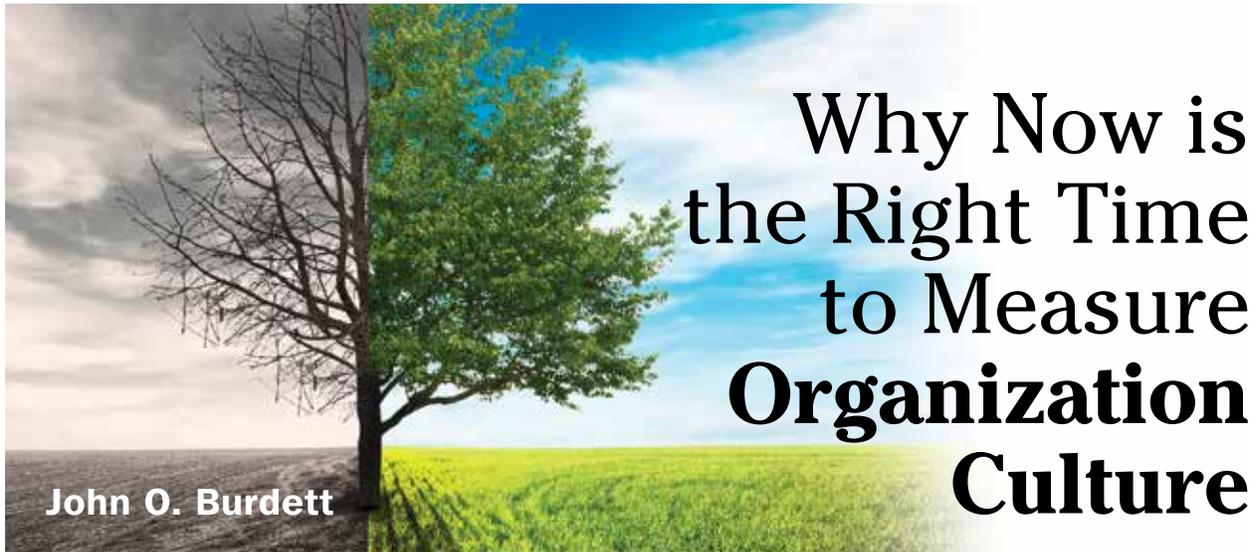
Change the context and you change the game. And if it changes for one, it changes for everyone. Even if you are determined to think and act as you always have – tomorrow will be different.

Faced with the need for speed, agility and the ability to attract and retain talent, what will take up much of your time in the future is a conversation about the culture you have (roots) and the culture your business needs (wings). It might not be described that way. Indeed, the word "culture" might not even come up.

When you stand back, although often seen as standalone topics, what you will discuss will be mutually dependent pieces of the same cultural puzzle. The emerging economic, political and social context; the challenge of implementing new technology; moving innovation to higher ground; being more market responsive; concerns over succession; challenging the organization's purpose; diversity and human dignity; hybrid employment; etc. – all impact each other. Welcome – not to a series of emerging, unconnected problems to solve – but to the opportunity to forge a new beginning.

Hopefully, it's not the case, but what, in all likelihood, will be missing from your conversation is that culture is a system and, as such, only as strong as its weakest element. Simply sprinkling ideas and/or bringing new processes into the organization without embedding them fully into

the overall culture is likely to reap unintended and unhelpful consequences.[1]

Introducing advanced technology (AI) without, at the same time, rewiring the organization to take advantage of that technology is a mistake that hasn't happened yet. "Agility" is another case in point. Agility isn't a specific action. You can't magically become more agile. It's the outcome of doing a whole lot of other things first: moving from a linear approach to strategy to one based on strategic scenarios; revisiting the organization's values; organization design; process simplification; introducing the right technology; reengineering the supply chain; the approach to teams; middle management training; utilising the reward system; building a serving mentality; and, perhaps most important of all, changing the collective mindset. And that's just for starters.

It is not uncommon for culture, as a business issue, to be accompanied by a good deal of confusion. Employee engagement, for example, is a poor indicator of culture. It captures only about 20% of the issues that shape the organization's culture. It is also limited to the here and now. At other times, critical insights are brushed aside. The informal culture, for example, is a far more influential factor than how things are supposed to happen as defined by the organization chart. Deficit thinking is also found in a skewing of time and investment towards the culture drivers (e.g., strategy, structure, process, technology, and talent management), while largely ignoring the culture anchors (e.g., myth, symbolism,[2] language,[3] metaphor, ritual, story,[4] how people learn,[5] mindset[6]).

Perhaps the most serious shortfall, however, is when culture measurement enters the fray. We have those who proselytise that, in actuality, we only need to know where we are. The dilemma? That's a little like standing on the first tee and having no idea where the hole is.

A second band of culture warriors suggest that they are, indeed, armed with a truly effective measure of culture. When you examine their "tools," however, what they have looks like it was borrowed from a third-year psychology class. And if that is what it looks like – then that is where it belongs.

A third group eschew measurement altogether and suggest that the key factor is the degree to which those holding down key leadership roles have the capacity to adapt to the cultural

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1   This means recognising how what you seek to implement impacts and is impacted by everything else. When I was a student I had an old car. It had a busted radiator – meaning that I had to stop all the time and add water. A friend of mine fixed the radiator, but when he did, the whole engine, more-or-less, fell apart.
2   Leaders constantly underestimate the power (value) of symbolism. One horrific and brutal act involving George Floyd, a 59-year-old African American who died in police custody in Minneapolis, Missouri, on May 25, 2020, became the symbol that created a spark, that lit the match, that ignited the pent-up anger and frustration of millions around the world.
3   Same old language, same old behaviour.
4   Leaders are storytellers. Great leaders are great storytellers.
5   Speed of learning is the only sustainable competitive advantage.
6   Be it transitional or transformational change, it's all about mindset.

demands that bleed into the organization from the external environment. It's valid input but binary thinking equals limited options. It's not enough to adapt ... constantly playing catch up is mediocrity in the making. See point number iii.

A meaningful measure of culture meets three straightforward criteria.

i. It has to measure from "what" to "what" using business terms – anything abstract or overly conceptual and the top team will quickly move on to "a more important" topic.

ii. The outcome has to be actionable which, in turn, means that those in the middle of the organization have to understand what the measurement means.

iii. Fitness for purpose – the approach has to match the audience. By way of example, we have developed a very different measurement approach for: (1) the Board of Directors; (2) the top team; and (3) a digital approach involving, potentially, thousands of employees.

Although the overwhelming majority of organizations think of culture as a "we will get to it when we have time" kind of thing, it's a way to operate that is viable only for as long as the competition are of a like mind. The following seven examples outline why.

1. **You can't manage what you don't measure.** Our own research shows that only 20% of organizations manage their culture. The rest are caught in cultural drift – the difficult-to-understand belief that if we continue to do what we are doing we will, nevertheless, get to where we need to be. And, good luck with that! In a truly comprehensive study of organization culture,[7] McKinsey & Company found that those CEOs who insist on rigorously measuring and managing all cultural elements that drive performance more than double the odds that their strategies will be executed. And over the long term, they deliver triple the total return to shareholders that other companies deliver.

2. **A new business model.** In a post-COVID environment there will inevitably be a conversation within the organization along the lines of, "We have to move towards a new business model." The challenge? Making that happen. Step one is to consider the following questions:

   i.   What do tomorrow's customers want to buy and how do they want to buy it? Especially, how do they want to buy it?

   ii. What strategic imperatives define future success? This implies thinking through both strategic thinking and strategic doing. Important as strategy is, in a turbulent world, take it as a given that, culture has primacy. Know also that if strategy and culture collide strategy will not be the winner.

   iii. How do we create a meaningful (and sustainable) conversation at the top of the organization around culture?

   iv. How do we measure culture, set priorities and ensure that we have the talent to get to where we need to be?

   v.   How do we move the culture conversation into the middle of the organization?

3. **Talent acquisition.** In the hiring process, the most likely reason an executive will fail is a combination of: (1) a lack of direct culture fit for the culture the organization seeks to create; and/or (2) a shortfall in, what might best be described as, "leadership agility" – the ability to adapt (or not) to different cultures across the organization.

   A not uncommon version of the latter is the leader who, although highly lauded when those managed are close at hand (e.g., on the same site), stumbles when the team or teams they lead are either in different locations/countries or the ongoing communication is virtual. Of course, in talent acquisition, if you don't know what you are looking for, don't be surprised if you don't find it.

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7   Carolyn Dewar, Martin Hirt, and Scott Keller. "The Mindsets and Practices of Excellent CEOs" (October 2019).

4. **Leadership development.**   The lifeblood of sustained business performance is leadership development. As a result – recognising that you can't grow the business if you don't grow the leaders in the business – organizations rightly make a significant investment in both building bench strength and ensuring those in key leadership roles are fully equipped to deliver future success.

   The problem? Is that investment in leadership development well managed? What is it based on? We know that strategy is, at best, a work in progress. It will change. We also know that unfounded judgment, a best guess or building on what worked in the past is a bridge to nowhere. Hope isn't a strategy. If you are not measuring the culture you need, leadership development becomes a speculative adventure. Moreover, if you don't know where you are going, don't be surprised if you don't get there!

5. **If you can't coach, you can't lead.**   Coaching at a senior level – whatever the level, for that matter – is highly context related. Succession, a focus on heightened performance and developing areas for growth that ignore the culture the organization needs to create in the future is the business equivalent of asking those involved to find their way across a busy intersection wearing a blindfold.

   With today's work population in mind, if you can't coach, you can't lead. And yet, although pockets of excellence clearly exist, relatively few organizations have managed

to make coaching a systemic leadership capability. There are several ways to address this. One: don't promote or introduce into the succession process leaders who either aren't an excellent coach or are not open to being coached. Two: make coaching a leadership competency that underscores both talent acquisition and performance management. Three: make coaching a central theme in leadership development. Four: Take the cultural blindfold off.

Frame the context for coaching by measuring the culture you need.

6. **Succession, merger and acquisition.** The long-term viability of the business, in no small measure, relies on the decisions that underscore the succession process. If a critical factor is missing, we put the very future of the business at risk. Measuring the culture you need qualifies as a critical factor.

Because succession is also a Board issue, it is also worth pointing out that Corporate Law in the UK (2019) now dictates that any corporation quoted on the London Exchange must publicly report on Organization Culture and the Employee Voice. In that both have to be audited, "measurement" is clearly a pragmatic requirement. With a greater than ever emphasis on stakeholder value and a growing public demand for a greater say in how big business, in particular, operates, expect similar legislation in your neck of the woods.

The topic of succession leads us naturally to merger and acquisition. What is the link? The numbers differ based on the research, but it's clear that a significant majority of acquisitions fail. There are two central reasons. The first, the pool of talent inside the acquirer's business is too thin to fully support the new entity. The second, lack of culture savvy. You know it's not a lack of financial analysis!

The success rate for mergers is somewhat higher than for acquisition, but lack of cultural know-how is still the biggest reason for failure. It's also important to understand that the term "merger" is misleading. Unless those orchestrating the merger are prepared to accept the loss of top talent, a third entity (taking best practice from both) is the smart option.

Measuring culture matters. And in acquisition or merger, it matters a lot.

7. **Shaping future behaviour.** In addition to coaching – there are a number of interventions that influence future behaviour: Five are simple. That doesn't make them easy: (1) a new metaphor; (2) storytelling; (3) day-to-day feedback; (4) feedforward; and (5) "catching people doing it right." We explore the world through metaphor. We learn through story. Day-to-day feedback is effective when timely, the content is specific and evidence-based. Feedforward, rather than outlining what you observed, what worked and what didn't work asks, "How would you address

that challenge next time?" It's especially valuable for high performers. Catching people doing it right (affirmation) is one of the most impactful – arguably the most underutilised – communication approaches that there is.

Any intervention that aims to shape future behaviour needs clear sightlines – the clearer the better. In the middle of the organization those sightlines look months into the future. At the next level, a year might well be appropriate.

When you get to the C-Suite, sightlines reach out several years. Meanwhile, as Mrs. Shakespeare's husband would have said, "Here is the rub." If the development conversation at the top of the house – no matter what form it takes – fails to factor in the culture the organization needs, then who we are today is who we are destined to be. While the future culture remains somewhat abstract or nebulous, metaphor, story, feedback, feedforward and affirmation might take off, but they will not fly very high.

Intervention with those at the helm of the business needs both relevance and strategic traction. A robust measure of the culture you have and the culture needs provides

both. You can't shape future behaviour if you lack clear sightlines describing what the future needs to look like.

Conclusion

There is a story about a rich man in ancient Greece. Wanting to find the best teacher for his only son he journeyed many days to see the Oracle of Delphi. After a prolonged wait he was shown into a small chamber. Although the swirling vapors and poor light made it difficult to see, after a respectful pause, he asked boldly, "Who is the wisest person in Athens?" Through a screen of diaphanous veils the priestess answered in a fluttering voice, "Socrates – for amongst men he is the one who knows what he doesn't know!" No doubt, it was a little more dramatic in the original Greek!

What don't we know? We don't know when the next crisis will happen – only that there will be one. We don't know, by way of design, what tomorrow's organization will actually look like – only that it will be a significant departure from the organization that got us here. We don't fully understand what the future of work will look like – only that in some form hybrid employment is here to stay. We don't how to move from shareholder to a stakeholder definition of business success – only that it's inevitable. And we don't know how to address generations of privilege and discrimination within a timeframe that is acceptable – only that we must.

What do we know? We know that today is the fastest things have ever been but the slowest they will ever be. We know that speed of learning is the only truly sustainable competitive advantage. We know that agility is an organizational imperative. We know that a shift in society and a reframing of what people need from work has moved the locus of power from the institution to the employee. We know that we are on the cusp of a technological revolution. We know that, although it's been muted for the last fifty years, the need to build great teams has finally arrived. We know that we don't just need better leadership, we need more leaders. We also know that the swirling waters of change are moving faster than many Boards are capable of navigating.

Finally, there is one more thing we know. The essential capability needed to address any of the above is to manage, measure and bring meaning to your organization's culture.

John O. Burdett

JOHN O. BURDETT has worked in over 40 countries as an executive and as a consultant for businesses that are household names. He continues to work on leadership development and organization culture for some of the world's largest corporations. In 2019, his work with ABB's top 240 executives received a major international award for the most innovative leadership development initiative of that year. His ongoing partnership with TRANSEARCH International means that his proprietary work on talent acquisition, in any one year, successfully supports many hundreds of top leadership appointments on six continents.

He has written extensively on executive coaching and was awarded international coach of the year by the Finnish Institute of International Trade. Business graduates at the University of Texas indicated that his material on coaching was the single most valuable learning source they took away from their undergraduate degree. He has also coached numerous executive teams around the world in how to coach. He currently coaches a select group of CEOs. Apart from a range of corporate leadership workshops, he has taught at business schools on both sides of the Atlantic. His work on the MBA program at the University of Toronto received a teaching excellence award.

John holds a doctorate in management development and is a Fellow of the Chartered Institute of Personnel and Development. In addition to numerous business articles and twice being awarded article of the year by MCB publications, he has published 15 books on leadership, talent management, coaching and organization culture. A number of them bestsellers. His Talent Trilogy was completed in 2016. *The A-Z of Organization Culture* came out in 2017. *Tomorrow Will Be Different – Will You?* was published in 2020. In addition to the publications outlined, his five-part *Leadership Beyond Crisis Series* came out in 2021. He has recently completed his *Executive Playbook – It's Time to Rethink Succession*.