



## CULTURAL ASSESSMENT

**Understanding the impact the company's culture has on the overall success of the company.**

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### Foreword

The organizational culture can have the profound ability to enable or hinder the company from achieving its strategic objectives. A company can benefit greatly by identifying the kind of culture that supports the mission, vision and strategic intent, and then concentrating efforts towards developing that those mores.

This section discusses the cultural aspect of an organization from two entirely different perspectives. As a consultancy agency, LW AND ASSOCIATES is exposed to the cultures of the companies it serves. An ability to decipher the cultural assumptions is a key element in many of the consulting engagements. This is especially true in strategy implementation, where the success depends upon the ability to change cultural beliefs or behaviors. Therefore, the consultants at LW AND ASSOCIATES must be skilled in the area of cultural assessment and change management. This report begins by discussing some of the key considerations while functioning in this role.

A cultural assessment can be achieved via two distinctly different views. A subjective view refers to looking at a system from inside the system. An objective view refers to looking at the system from the outside the system. However, total objectivity can not be achieved; the observer automatically becomes a participant when they decipher the meaning behind the observations (OConnor, McDermott, 1977). This section takes both views into consideration.

Consultants are exposed to both objective and subjective cultural observations. As members of the consulting firm they subjectively experience the culture of the firm at which they are employed. As consultants, they are exposed objectively to the organizational cultures inherent in the clients they serve. As stated earlier, true objectivity is difficult to achieve when the observer becomes a participant. This is especially true in a long-term consulting contract, where over time the consultant becomes an intrinsic part of the organization. Both experiences provide opportunities for learning, influencing and eliciting change.

### Culture inside client companies

Culture and leadership are interdependent. Leaders create the culture of the organization and once established, through shared assumptions, the culture determines who will proceed to leadership. The individual who best embodies the culture will rise to power and in turn the culture gains perpetuity. It is the responsibility of the leader to assess the culture and determine if it is supporting or hindering the company's objectives. A leader will either manage the culture or the company will be managed by it (Schein, 1992).

In the last decade several companies have experienced the repercussions of a mismanaged culture, with Enron being perhaps the most devastating example.

Culture impacts the effectiveness of an organization. Moreover, the organizational culture can have the profound ability to enable or hinder the company from achieving its strategic objectives. It is important to remember that strategy is a concept, which is actualized through peoples actions. Consultants often overlook this vital component and are perplexed when the strategy proves unsuccessful. For organizations that are concerned about an ability to grow in the face of a complex and changing environment, a culture that fosters creativity and innovation is imperative. To this end, the culture must support individualism and encourage risk taking while promoting team work and collaboration. This is best achieved through a spirit of inquiry and a commitment to thoroughly diagnosing a situation before beginning to implement any action.

To some degree, cultural issues are systemic in most business problems, even if the symptoms appear somewhat removed. For example; a financials loss can be the result of a decrease in sales, which in turn can be the result of ineffective marketing or poor product development. The underlying cultural component can be a misalignment of the organization's strategic goals and internal behaviors. In such a case the consultant must ask some fundamental questions: Does the culture support new R&D initiatives? Is it a learning organization that encourages teamwork? Is the sales department communicating with the marketing department? A consultant must be conscious of the cultural impact and capable of eliciting change if needed. If a consultant does not gain "buy in" the changes suggested will lack the needed momentum to be properly implemented.

## **Cultural Assessments**

Cultural assessments from an outsider's perspective are best performed over a period of time with extensive involvement in the company. A historical understanding of the organization may be required in order to decipher cultural assumptions and evaluate their relevance. As the consultant becomes better acquainted with the company, they can modify or change the culture by testing the impact on interested insiders. As the consultant is able to convert additional insiders the other members slowly acquiesce to the new culture. Through repetition and reinforcement wide scale change begins to take place and the company moves towards a culture supportive of long-term objectives.

The first step in the process involves experiencing the culture, both actively through systematic observation and passively by observation and interaction. Passive observation occurs during interaction that is outside the planned agenda; how people respond when passing in the halls, interaction prior and after meetings, discussions

## **Cultural Assessment**

It is important to identify the communication channels and understand how information is passed throughout the organization. The contextual meanings of the cultural assumptions can sometimes be only fully understood by the members of the organization. Therefore, a crucial component to success involves forming an alignment with an insider who is motivated to help decipher the meaning of the observations. A person's motivation to participate is unique to the individual; however, some common drives can be identified. Although management has an inherent motivation to participate, their observation may not provide insight into the culture. Often management is removed from the daily interaction and their observations are skewed by their isolated surroundings. The best informant is the person who straddles the line between management and employees.



Middle management, whether defined officially or simply a product of job responsibilities, are often the best informants. They have a unique advantage; they are invited to participate in executive meetings and they work side-by-side with the staff. Moreover, they are often frustrated by incongruities that occur between the two cultures of the organizations: the executives and the workers. Once trust is gained they are willing participants, especially if they feel that the outcome will make their job easier and bode well for the organization.

The consultant must consider the client's readiness to hear the observations and gauge their ability to deal with the issues in a non-defensive manner. This may require the consultant to withhold some information until there has been adequate time for absorption of what had already been disclosed. However, with that being said, it is important to note that the ability to present findings in a precise, systematic time frame is inversely related to the situation.

In a crisis, there is not enough time to wait for opportune moments. The consultant must present the findings immediately while being conscious of the emotional level of the listener. Due to the impact of the consultant's words, he or she must work diligently to ensure that their findings are systematic and not based on a single observation. To this end, the consultant looks for repetitions in behavior and begins to form a hypothesis as to the root cause and resultant effect. The hypothesis is systematically evaluated as new evidence becomes available. The strength of this process is that it gives explicit attention to each of the necessary elements: observation, hypothesis formation and confirmation through insider input.

## **Initiating change**

The most challenging assignment is when the cultural change is counterculture to the way the organization has been functioning. An outside consultant must be conscious of the organizations current culture in relationship to the new cultural changes that are desired. If the distance between the old and the new is great, change must be introduced incrementally. Sudden moves towards change can cause harm to the organization. Each move must be followed by a settling period to allow the cultural changes to become accepted throughout the organization. If change is created too quickly, the organization can become confused-absent of the old culture but not yet grounded in the new.

This process can be accelerated by the changing of the composition of the organization. When a new leader is appointed the members of the organization acknowledge the possibility of change. They begin to look for change and thereby are more open to acceptance. If the leader gains rapport with the dominant groups in the organization, he or she can quickly impact the organization. This ability is crucial in crisis situations, such as an organizational restructuring. The introduction of new technology can have either a positive or negative impact on the organizational culture. Consultants involved in the implementation of technology often fail to recognize the potential impact. In such cases the failure is not due to the technology but to the internal "human" opposition to its implementation. When the culture does not support the company's objective it is imperative that change management takes place. Consultants who are involved in the process must be astute in their abilities to recognize existing mores and determine when and how to elicit change.

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