



2012 Insigniam Corporate Culture Report

by Shideh Sedgh Bina

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Corporate culture in the news

News-making corporate ethics investigations and organizational scandals are putting corporate culture under new scrutiny. As investigators untangle breakdowns at some of the most venerable institutions around the world, it's clear that no organization is immune.

Consider the patterns emerging from investigations of BP, Penn State, and Goldman Sachs; good intentions and rigid compliance measures cannot alone reduce risk.

Other dynamics include a fiercely competitive global economy, changing technologies, constant change, and the new consumer who no longer demonstrates brand loyalty as in decades past. In short, business-as-usual is no longer a safe formula for survival.

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The complacency crisis

When we originally polled international executives about the state of corporate culture, the statistics made it clear that even good intentions had harmful effects. More than 42% of leaders were frustrated with their employees, blaming complacency.

Successful companies that sustain great results time and time again are not the product of happenstance. Culture is what propels these organizations to achieve remarkable feats regularly. Although many organizations have undertaken culture initiatives in an attempt to curb complacency, the old adage, "the more things change, the more they stay the same," is never more true than in a culture change initiative. 47% of executives blame culture as the biggest roadblock to innovation.

Unfortunately, the list of companies that have undertaken culture initiatives that have at best merely resulted in new vision and values placards significantly outnumber the list of enterprises that have truly constituted new and robust cultures.

However, much work can be done to intentionally design and establish a work culture that brings out the best in employees in pursuit of the enterprise's purposes and ambitions.

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1. Align strategy and culture with individual transformation for elevated performance.

Results from investigations into the BP Deepwater Horizon accident correlate that good intentions are not enough to sustain or improve performance. Indeed, as the safety panel discovered, a narrow focus on the details of personal safety and corporate policy actually interfered with the prevention of major hazards.

As the Huffington Post recently reported, “The board said there is a difference between worker safety and making sure the entire rig and well are safe, and the latter area is where BP and Transocean were “inadequate.””

The same pattern of complacency toward serious risk was also noted years earlier at another fatal fire in 2005. Despite the panel’s safety recommendations, the protective measures were not implemented at Deepwater Horizon, resulting in 11 deaths and substantial environmental damage.

As these examples show, a company’s culture can enable or hinder the successful execution of its strategy. At the same time, the requirements and demands of the strategy may or may not be compatible with the culture and, throughout it all, success depends on the thinking, behavior, and actions of individuals. It is critical that the culture enables the strategy and that the strategy reinforces the culture.

Moreover, each individual needs to understand the direct correlation between his or her actions, the culture, and succeeding at the strategy. When alignment of strategy, culture, and individual responsibility is achieved, there is inevitably a tremendous increase of elevated performance.

2. Recognize that organizations are complex, ever-changing, adapting systems.

One does not have to be a leader for long to reach the disheartening conclusion that a drive for sustainable change can be rather elusive.

The extensive Freeh Report on the Penn State child abuse investigation reveals a rallying demand for cultural transformation, disclosing that “there is an over-emphasis on ‘The Penn State Way’ as an approach to decision-making, a resistance to seeking outside perspectives, and an excessive focus on athletics, that can, if not recognized, negatively impact the University’s reputation as a progressive institution.”

That very approach, the report says, resulted in the four most powerful leaders at the university failing to protect children and compromising the institution’s integrity, ultimately affecting lives, careers, reputations, and even the very athletics program that it was trying to protect.

Those core issues in a complacent culture aren’t so different in many organizations. Unfortunately, many leaders are encountering a top-down decision-making process, resistance to change, and an excessive focus on a narrow product, service, or area.

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Perhaps the biggest contributor to this basic problem is a view of the enterprise as a fixed and linearly organized entity where action A causes reaction B in a predictable and orderly fashion. An example of this might be communicating new values, vision, etc. in several different formats, thinking that repeating the same message enough will result in the audience embracing and internalizing the new cultural expectations.

In fact, organizations are not linear and captured in one place. Organizational culture emerges from the collective behavior of all the individuals in the company, each interacting and reacting independently and locally in response to local conditions and partial information.

For instance, during a meeting about a new company mission or updated values, the audience may see the same presentation, but each individual interprets pieces of the message that fit his or her own individual frame of reference, colored by past experience, current mood, stress level, most recent skirmish with the other functional area, the boss's latest management blunder, and pending deadlines. The message is partially heard, mostly altered, and easily lost.

Cultural transformations that are most effective and potent call upon the science of complex adaptive systems as an organizing framework, are unique and custom-designed for each company, and address key elements such as the past and present conditions, the pull of the future, and inspirational leadership.

3. Anchor culture in business results.

Culture has a direct, measurable impact on business results. When employees are disengaged, business results falter. What if you could harness the very best behaviors, actions, and commitments as one collective ambition? Results would skyrocket.

Business enterprises are not rhetorical exercises; they are very pragmatic and realistic endeavors to add value to the economic interests of its owners, customers, and employees.

However, doing things the same way again and again will only be effective until a competitor does it better. As CNN Money reports, Microsoft's narrow focus on profitable products is also putting it behind other competitors. David Goldman writes, "That narrow obsession is what has sustained Microsoft's remarkable financial success for more than three decades. It's also the obstacle that made it a runner-up to Apple, Google, and Facebook, in crucial consumer categories like smartphones, tablets, music, media, search, and social networking."

We suggest that any initiative in a business enterprise must exist in service of the elevated performance of the company. Moreover, if you consider that culture is demonstrated by the behaviors of the individuals in the enterprise, it stands to follow that a truly effective culture transformation will evidence itself in significantly enhanced business performance.

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As a business experiment, Goldman reports that Microsoft is unleashing some of its brightest and boldest minds to invent anything they'd like—regardless if it fits in the business strategy or not. Early reports are indicating that this unusual research division is creating amazing innovations. These innovations still haven't left the lab; so it's too early to tell if the culture will support this move to change business results, but consider how culture is already impacting their collective views:

“People who work here are here because they want to see their stuff end up in customers' hands,” says Microsoft's Kevin Schofield in a CNN Money story. “We're always asking ourselves: How do we push boundaries faster? And how do we bring this to market?”

4. Generate breakthrough performance while generating change.

Is it possible to experience remarkable results in the middle a culture shift? Insigniam management consulting experts have experienced this phenomenon many times in the course of decades of helping clients design and generate a new corporate culture. It may seem counterintuitive at first, but once leaders and employees are unshackled from the old way of doing things, workers are energized with a passion and purpose for achieving the unthinkable.

Practical experience shows that the cultures in enterprises that produce business-as-usual results are quite distinct from cultures in enterprises that produce consistent levels of breakthrough. What steers one toward greatness while the other struggles with flat results?

Cultural transformation is best carried out through a set of activities and initiatives that can include key business projects, organization practices, leadership development, communication campaigns, and a comprehensive cascade plan.

Imagine the possibilities of a quick-hit initiative that demonstrates a new performance dynamic in 30 to 60 days. Our clients have done it – and enjoyed the results.

The need for cultural transformations isn't making the news because it is a new business problem—it is an old problem that requires a different approach. Getting beyond the status quo of complacency and addressing the enterprise fallout created by a misaligned, poorly focused culture is more than just recognizing the need for change. It is the application of strategy that will not only create a seismic shift in culture, but push through boundaries for quick results and set the stage for lasting success.

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About Insigniam

Insigniam is an international management consulting firm serving large-cap firms in multiple industry segments including pharmaceutical, healthcare, consumer goods, transportation, banking, and finance. Insigniam clients have documented in aggregate more than 50x ROI in savings and business results through enterprise transformation, Breakthrough Projects, innovation, and short- and long-term change initiatives.

About the Author

When C-level leaders are ready to become extraordinary, they seek out Shideh Sedgh Bina for help. Known as a powerful and potent leader, she brings more than 25 years of experience in consulting, business development, and management to Insigniam.

Shideh is an expert in change management and Enterprise Wide Transformations. She is uniquely skilled at developing leaders, improving business operations, and helping her clients create Breakthrough Results on their own. She is a highly regarded and sought-after speaker on Breakthrough Performance as well as culture transformations. Shideh has been a keynote speaker at numerous internal executive conferences for Fortune 500 companies.