Performance Architecture

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How Work Gets Done – The Culture Audit

Anyone who has been working for a while has probably been through at least one of these experiences. Which is part of your work history?

- Merger or acquisition
- Change in CEO or other senior leader
- Family-owned to non-family owned
- Company stores to franchises
- Private to public
- Single gender (all women, all men) to mixed gender
- Addition of/changes to major systems or processes
- Relocation of facilities
- Layoffs or downsizing

If you were fortunate, your organization prepared you and your co-workers for what was coming, planned the transition, implementation, and follow-up carefully, and helped make the process a smooth-running series of events. If the change achieved the desired business goals, the organization gets an additional gold star.

When leadership recognizes the power of the organization's *culture* and plans how best to leverage it for success, they can minimize frustration and heartache for employees, customers, and suppliers.

Organization Culture

So why does culture matter? Culture is a key element in all organizations, a strong force that can out-gun even the most well meant change initiatives if not properly managed. Left alone, and not understood or considered, organizational culture will manage the leadership.

Organization culture is typically described as the DNA of a company. Other definitions:

- "Patterns of behavior that are overtly or covertly agreed by a group as the proper way to behave in any given situation." (Carlton and Lineberry, p. 196)
- "The way we do things around here." (Burke and Litwin, in Carlton and Lineberry, p. 19)
- "…knowing what to do and how to behave without a rule book" (John Stumpf, CEO Wells Fargo Bank, 2009)

Culture and Performance

Significantly, there is a connection between organization culture and performance. Companies that have a strong culture suited to their industry and business plan significantly outperform their competitors in the long term (Kotter and Heskett). And, a company that harnesses its culture, ties it to branding, and leverages its power has a competitive advantage over rival organizations that do not.

In Table 1, we see that organizations that are culturally aligned experience major increases in revenue, work force, stock price, and net income.
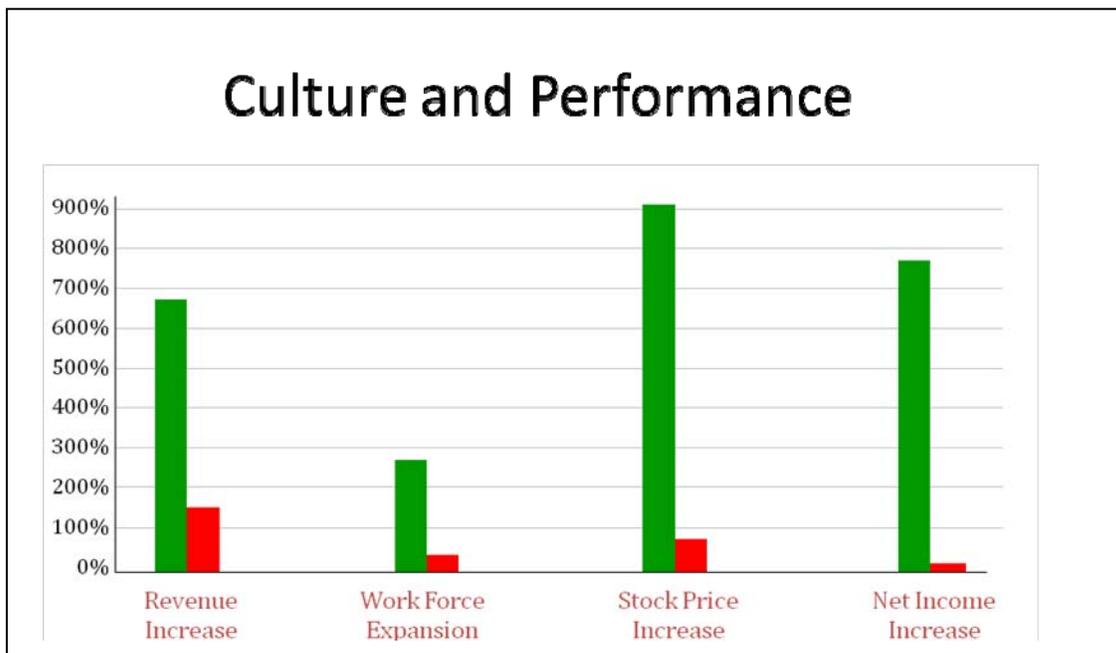
Table 1. Culture and Performance (Kotter and Heskett)

We've found it critical to understand the culture of organizations where we work and to help our clients do likewise, particularly if major changes are on the horizon. As always, we start with information that is already available.

Morphing the Organization Chart

Do you have an organization chart handy? It can be a chart from your own organization or from a client's. Pull it out and take a close look at it. An organization chart is a map of a workplace, a picture of reporting relationships. Does the chart in front of you truly depict how work gets done in the organization it represents?

Performance architects, like all types of architects, rely on blueprints. To understand a client organization's hierarchies, business functions, performance systems, and other components of the work environment, we start with the organization chart – our kind of blueprint. We know, however, that such charts are formal representations of how an organization operates and do not usually tell us all that we want to know.

What we seek is a map of the culture, the *real* organization chart that shows how people share information and who they connect with to accomplish their work. Since companies don't usually produce such documents, we start with the formal organization chart and construct our own *culture map*. As we learn more about how work gets done and where in the organization the critical connections between people and functions are made, we add the information to our culture map.

An efficient way to gather information about an organization's culture is to conduct an *audit.* What we learn through the audit reveals more about the nuances of habits, expected behaviors, values, and paths of communication, all critical to successful change.

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Culture Audit

An audit is a formal examination, usually of financial records. It is typically conducted by an independent body, and is done to meet legal or regulatory requirements. More generally, an audit is a methodical examination and review of a system, process, project, or enterprise. We can audit an organization's culture to identify its critical elements and use the information to more efficiently accomplish change.

Thus, a *culture audit* is a detailed investigation and assessment of an organization's culture. We look at both the operational and cultural sides of the organization to form a complete picture. We use an analytical process to conduct such an audit, driven by the three levels of the organization:

- The workers – individuals and teams
- The work – processes and practices
- The workplace – the organization

The elements of a culture audit guide us to critical insights that can add significantly to the success of major initiatives. We use a combination of interviews, surveys, and observations, as well as a review of pertinent documents, to pull together the elements of the organization's culture. We produce reports and summaries from the culture audit to help our clients make decisions, create strategies, and identify tactics to implement change.

Culture Audit Questions

We ask questions at each of the three levels that uncover:

- Generally held beliefs among employees
- Informal centers of power and influence
- The go-to people who usually have insider information
- How critical information is transmitted
- Respected employees at all job levels
- Historians who can explain how the past is likely to influence current efforts

The questions typically include variations on these:

Culture Audit Questions

1. What are the organization's vision, mission, strategy, values, beliefs, management practices?
2. What are the desired results/goals?
3. Describe the relationships between line and staff employees:
   - Alliances
   - Coalitions
   - Drivers
4. How are power and status recognized?
   - Is the structure top down or bottom up?
   - How are tasks delegated?
5. How are policies and procedures communicated to employees?
6. What communication systems support the organization?
7. What formal and informal motivational systems support the organization?
8. What is the organization's branded identity?
9. What does the physical workspace look like?
10. What stories and legends exist about workers, work, and the workplace?
11. How do these stories and legends drive performance?

Figure 1. Culture Audit Questions (Addison, Haig, Kearny, p. 40 – 41)

Some Familiar Culture Audits

Many organizations that are merging with or acquiring another company conduct a culture audit early in the coming together of the two entities. Typically, such an audit looks for duplicate functions and roles, identifies similarities and differences in processes, procedures, range of authority, and determines what to combine or eliminate. To make good decisions, an understanding of how each organization does work is critical, and the value of a culture audit, is clear.

If you are not familiar with the culture audit, consider examples from the societal level of your experience. Some are found in professions with a long history of same-gender workers such as fire departments, or police. Their cultures were originally built around the men who worked there. And then women joined these forces. Besides reconfiguring the sleeping quarters in the firehouse, for example, what critical shifts in understanding, acceptance, teamwork, and hierarchies must be managed? How could a culture audit enable a smooth transition to an even stronger and more effective fire fighting force?

What must it have been like for the first male nurse to join a hospital staffed with women in that role? What steps can we hope the hospital took to ensure a smooth transition for the man and acceptance by his female co-workers, the doctors, and the patients?

And what about Don't Ask Don't Tell, the policy established in 1993 that restricts the U.S. military from revealing closeted gay, lesbian, and bisexual service members, while barring those who are openly gay, lesbian, or bisexual from military service? As we go to press, our Congress has just repealed Don't Ask Don't Tell. A 10-month large-scale cultural audit was carefully structured and undertaken. It revealed that the majority of stakeholders are accepting of all service members and see no reason to continue this policy. The terms of the repeal require that U.S. military chiefs certify that no harm will be done to the military as a result (Lockhead and Aylward).

In Summary

The culture audit is a powerful tool for change. Long part of the Performance Architect's arsenal, we share it here because the rollercoaster of commerce shows no signs of slowing. All of us with consultative roles in the workplace can help clients realize their goals with an enhanced understanding of the organizational culture in which they work.

In our research for this column, we came across data mining software that can be used to build components of culture maps. Visit http://www.orgnet.com/email.html to learn more.

References

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