

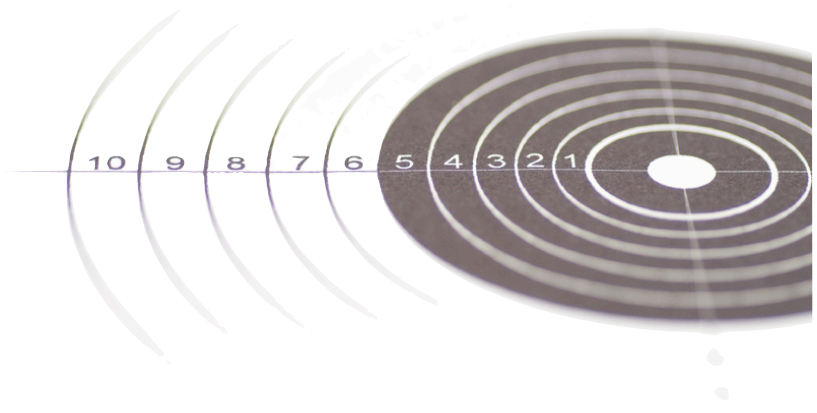
# Bringing Corporate Vision to Life through CULTURE ALIGNMENT

By Ron D. Ragain, Ph.D. & Mike Allen

“I just don’t understand”, complained John, the CEO of a large oilfield services company.<sup>1</sup> “We spent millions acquiring a group of top-rate service companies, put them together into one operating unit, gave them all of the systems that they needed to move into the 21<sup>st</sup> century and they have returned the favor by giving us an OSHA Recordable rate of 8.16 (really bad!) and a turnover rate of 300% (also really bad!). This is totally unacceptable and some heads are going to roll.” Our first thought was that while head-rolling might be a fun sport, it most likely would not remedy the problem, so we suggested an alternative solution: Bring the newly acquired culture in line with the desired organizational culture. But first we had to determine what the desired culture and the existing culture actually were.

You probably have a pretty good idea about what your organizational culture is really like, right? It reflects the values, principles and desired actions of senior management and is seen the same way by most people in the organization. That is what you want, because if your culture reflects such values as honesty and integrity, hard work, treating others fairly, teamwork, safe behavior, and other highly desired traits, then you have a much greater chance of achieving your objectives as an organization. The problem is that many senior management teams have not fully articulated their desired culture or determined if that culture actually exists within their organization. It is by now common knowledge that appropriate, clearly articulated values that are reinforced in practice throughout the organization lead to greater efficiency, effectiveness, productivity, job satisfaction,

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reduced turnover, reduced accidents and increased profitability.<sup>2</sup> The often overlooked part, though, is making sure that this desired culture *actually* permeates the organization from the top to the bottom and out to all departments and operating units.

It has been our privilege to work with several organizations that have grown through acquisitions. Growing organically, with managers who have grown up in the organization and have acclimated to the desired culture is a relatively safe way to ensure that culture alignment occurs. Growth-through-acquisition, on the other hand, often results in incompatible cultures within the organization, which can easily create issues that produce less than desired performance. Most acquisition decisions are ultimately made on the basis of financial criteria and too infrequently do organizations entertain the compatibility of the assimilated cultures. It has been our experience that even when management tries to make sure that the culture of the acquired organization is similar to the culture of the acquiring organization, there are always differences, and these differences many times lead to feelings of frustration and resentment on both sides, and thus reduced productivity and ROI. It has also been our experience that when

there is an attempt to isolate these problems by having HR conduct interviews, most of the time the acquired employees say what they think the internal interviewers want to hear. “We don’t want to make waves and create problems,” we often hear. “It’s just easier to keep quiet and hope for the best rather than sound like you’re not a team player.” When needed changes don’t occur because they weren’t uncovered, the frustration increases and usually leads to either intentional or unintentional sabotage of the organizational assimilation.

The good news, which we have found time and again, is that acquired personnel *want* to share their valuable input; but they are only willing to do so when they feel safe from reprisal. Most newly acquired employees want the new organization to be successful because they want to grow and be successful themselves. For these reasons, we find that the acquired personnel respond with candor and openness when interviewed by an outside group skilled in organizational diagnostics. They need to feel confident that their individual responses will remain anonymous, and that only summary results will be provided to management.

We also find that allowing these personnel to participate in the improvement process sends a positive message, which increases their satisfaction and willingness to “make the changes work”. It is amazing how much information can be acquired in an environment of perceived safety where principles of open communication are followed. It is with this in mind that we have developed a process to allow organizations to attain the information that they need to align the multiple cultures that they often are faced with during and after growth.

## **The Culture Alignment Diagnostic, Design and Intervention Process**

The process that we use to help organizations align their desired culture involves three phases.

### ***Phase 1: Diagnostics***

We meet with the executive team to help them articulate the components of the desired corporate culture. What values and behaviors need to be present throughout the organization to allow for accomplishment of the business plan? This is always an enlightening exercise for the executive team because they discover that, while there may be significant agreement on most of the cultural

components, there is almost always disagreement about the importance of each and whether the existing culture aligns with this desired culture. Once the desired culture is articulated, we then move into the organization to get an accurate picture of the culture “on the ground.” To do this, we design and implement the most

appropriate diagnostic strategy, which typically includes interviewing a representative sample of employees from all levels of the company. During these interviews, we follow a customized interview protocol to allow us to determine if the values and behaviors that are desired actually exist, and if not, why not. We also attempt to uncover barriers to the successful implementation of the business plan at the various locations/departments. Following data acquisition, the interview team meets to evaluate the findings and prepare a final report for senior management. The report includes both summary findings and recommendations for the alignment process. A final report meeting is then held with the executive team and the interview team to discuss the findings and set in motion the process for entering Phase 2.

## ***Phase 2: Design***

Once the management team has had time to evaluate the results of Phase 1, we then work in concert with them to design a plan to align the desired culture throughout the organization. Every organization is different and needs different products and services, which we call “interventions,” to bring about the desired culture. Some organizations need a program to develop the necessary leadership skills within lower levels of management and supervision. Some need to put in place specific communication and/or accountability systems to ensure both the understanding of and a consistent adherence to the desired cultural values and behaviors. Some organizations need to examine and perhaps change the reporting structure. In any event, the purpose of these efforts in Phase 2 is to design the necessary processes that will allow for culture alignment.

## ***Phase 3: Intervention***

In the Intervention phase, we implement the strategy that was designed in Phase 2. Since the intervention design (Phase 2) and implementation (Phase 3) are guided by the specific results of the organizational diagnostics (Phase 1), the intervention is precisely targeted and therefore dramatically increases the probability of success and thus ROI. Also, because the intervention is designed out of verified and corroborated facts, it is usually narrower in scope, more efficient and more cost effective than most training and development efforts.

In addition to this targeted intervention, metrics are designed to allow management to monitor the intervention strategy on an on-going basis. As time passes and the organization’s problems begin to resolve, management can tweak the intervention strategy to ensure that it remains continually effective.

## **What impact can this process have?**

So what happened in John’s newly acquired operating unit. Within 12-months of discovering what the true culture was and designing interventions to deal with the differences between actual and desired culture, the newly formed operating unit reduced OSHA recordable rate from 8.16 to 2.0, Lost Time Accidents dropped by 82% (both good results) and turnover rate dropped from 300% to 40% (very good result). Because of these results, it was estimated that they *added more than \$20 million annually to the bottom line*. The key was uncovering the barriers to cultural alignment, designing an intervention strategy to remove those barriers, implementing that strategy and measuring to determine the impact of the intervention. As one of John’s regional managers stated, “This process has helped my team focus on safety more than ever before. Supervisors and managers are treating employees in a professional way...the results are phenomenal.” John’s regional manager understands the impact of aligning appropriate, clearly articulated cultural values.

<sup>1</sup> John’s case is from an actual RAD Group project. John’s name has been changed.

<sup>2</sup> We make the assumption that the term “appropriate” is understood to include values which would lead to legal and ethical decisions on the part of organizational members.



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