

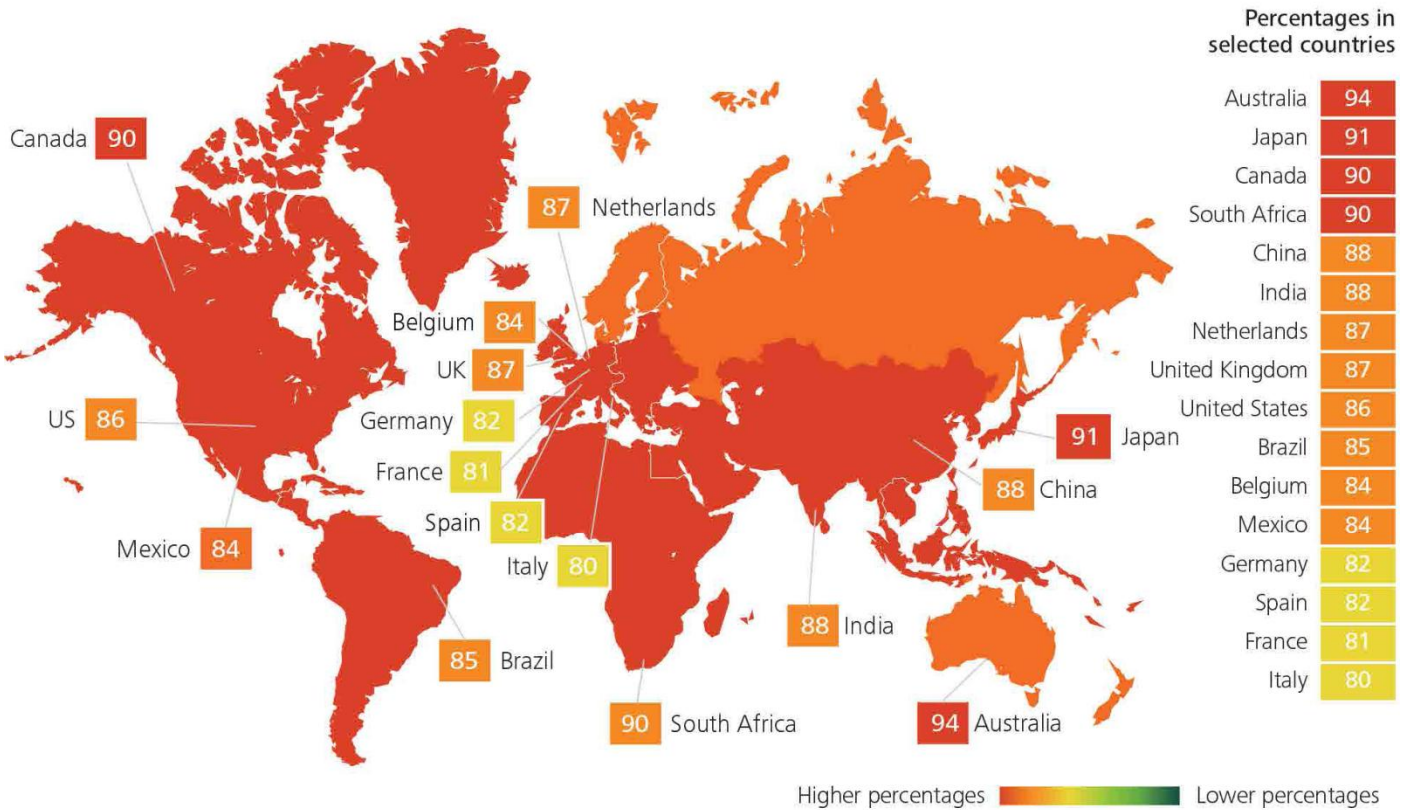


Why Do Only 19% of CEO's Globally Believe They Have The 'Right Culture'?

Organisational culture is certainly a hot topic right now and it has become a top priority for organisations developing a 21st century workforce. CEOs and HR leaders now recognize that culture drives people's behaviour, innovation, and customer service: according to Deloitte's Human Capital Trends Report 2016; "82% of survey respondents believe that culture is a potential competitive advantage." Knowing that leadership behaviour and reward systems directly impact organizational performance, customer service, employee engagement, and retention, leading companies are using data and behavioural information to manage and influence their culture.

To step forward however it needs to be appreciated that culture is a 'business issue', not just a HR issue. Furthermore, it should no longer be dismissed as the 'soft stuff' because we now know culture can have a major impact on the 'hard results'. The CEO and executive team should take responsibility for an organization's culture, with HR supporting that responsibility through measurement, process, and infrastructure. As can be seen in figure 1, culture is seen as 'important' or 'very important' by 94% of the Australians who participated in the Deloitte Human Capital Trends Report 2016. Whilst culture is therefore widely viewed as important, it is still largely not well understood; many organisations find it difficult to measure and even more difficult to manage. Only 28% of survey respondents believe they understand their culture well, while only 19% believe they have the "right culture." For organisations to be successful culture management is now fast being recognised at the new priority. And no wonder; culture can determine success or failure during times of change: Mergers, acquisitions, growth, and product cycles can either succeed or fail depending on the alignment of culture with the business's direction.

Figure 1. Culture: Percentage of respondents rating this trend "important" or "very important"



Percentages by region:



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So, why do only 28% of CEO's, senior leaders and HR believe they understand their culture well, while only 19 of them believe they have the 'right culture' at all?

The whole problem starts with most people not really understanding what culture is and what really forms it. What we have learnt from our research over a 7 year period is that organisational culture itself is not unique however the make-up of culture which is organisational DNA is unique. Understanding this difference is absolutely crucial to understanding culture at all. I know we have always been told that an organisations culture is unique but have you ever noticed when the culture of your organisation or successful brand names is discussed it is often takes the form of a single word like; 'collaborative', 'customer centric' or 'innovative' or even a set of these words to describe the companies culture? Here are five existing examples from some of Australia's and the world's more iconic brands;

Woolworths	Hard Working and Responsible Collaborative and Innovative Innovative and Entrepreneurial Collaborative and Innovative Leader and Innovator
Ericsson	
Macquarie Bank	
Google	
Sony	

The reality is none of these descriptions are unique instead they are guiding principles the organisation from the top-down wants their culture to be or perceived to be in the market. Culture is not unique, it's actually an outcome.

What is unique to every company in the world however is its organisational DNA. The chemical make-up of your businesses DNA forms your organisations culture. Each of the above examples could be copied by any other competitor or company, what is unique is the chemistry that makes the culture. It's your secret sauce in HOW you do it when you are performing at your best vs your worst. Organisational DNA is the construct of the internal behaviours, values, capabilities and actions of your people ('reality') that inspire external behaviours, responses and actions from your customers ('identity'). That unique DNA chemistry mix forms an organisations culture. It's just simple chemistry! Knowing your chemical make-up is critical to understanding whether the culture being directed from the top-down is actually happening at every level from the bottom-up, if not why, where is the imbalance, furthermore, how can you fix it. Without knowing your DNA you are merely guessing or using subjective, sometimes bias feedback.

What a lot of companies fail to realise is that their organisational DNA is dynamic therefore their organisations culture is also dynamic. This means their culture is 'moment-in-time'. So whilst the guiding principles handed from the top-down generally remain static itself, what is really happening from the bottom-up ('reality') is highly dynamic. Culture is therefore mobilised by your people, that's why businesses evolve rapidly, because individuals are hired, others leave, the business' performance itself may ebb and tide and due to this it is hard to retain a constant. This is why companies lose their 'mojo', they are recognised as an 'innovative giant' for a period and then suddenly culture gets toxic, performance suffers, people leave and the re-build begins.

This is also underpinning why 'engagement' has been such a hot topic. 'Engagement' along with 'diversity and inclusion' are really hot topics, but they are both sub-sets to culture driven by your organisations DNA. Mapping your organisations DNA is the key to culture management!

Virtually every organisation we meet wants alignment between their people-culture-organisation. ALIGNMENT in their view is the utopia. If you think alignment is utopia the sad news is you may already be falling behind. Alignment is just part of the story. Organisations are comfortable with alignment because it's a hard metric, an outcome. Culture management is about getting everybody on the same page, at the same time using the same language. Alignment alone does not do that! Alignment does not mobilise all of your people because they cannot feel it. To mobilise an entire workforce and get them on the same page at the same time using the same language takes UNITY. Unifying a workforce for a cause or organisation is very different to alignment. UNITY throughout history has shown how a united sporting team, charitable cause, country, community as well as organisations themselves can perform amazing feats together because it can evoke such strong emotions in everyone. Organisations need to unify the people to achieve alignment and create a great culture!

So, what do you do with all of this information?

1. Understand Your Strategic Business Agenda (ask yourself the following questions)

- a. What are the key outcomes that must be achieved for this year? These will likely be hard metrics and will relate to profit, revenue, cost management, share price targets etc....
- b. What issues, challenges and priorities do you need to consider to meet or exceed those outcomes? These will be related to your strategy and are generally personal to the company including; Leadership development, greater engagement, M&A activity, reducing absenteeism, increasing diversity etc....
- c. What type of culture does your organisation need to address the issues and achieve the outcomes?

2. Conduct An Organisational DNA Assessment

- a. To truly understand your business and culture you need to assess your organisational DNA and map it. Does this fit neatly with your work in point 1, if not do you modify/ edit your DNA or re-think your culture?
- b. Have you detected any viruses, toxins or cancers in your DNA? If so, why, where and who?

- c. Have you pinpointed the root causes to the viruses, toxins or cancers in your DNA?
- d. What are the cures, areas of development and toolkits required to implement?

3. Focus On Culture Management

- a. Do you have a balance between alignment (top-down) and unity (bottom-up)
- b. Monitor progress
- c. Re-pulse
- d. Measure return-on-investment
- e. Manage the evolution of your culture overtime

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