

How Culture dominates Business Transformation

By Dhruv Jairath

I recall a job interview in the early years of my career for a position for which the CEO who was interviewing me thought I was too young. I was asked what defines success for me, and I responded that for me a truly successful company is one where the employees look forward to coming to work enthusiastically every day. That was March 2003. Little did I realize back then that I was talking about the importance of culture in a company. I did get the job, and over the years realized the role initial hiring played in creating the culture of the company.

As I progressed through my career and transformed from Corporate to the Consulting world where I saw many more businesses closely wanting to transform themselves, the role of culture became strikingly clearer. All other factors from strategy to technology to markets and customers became imperative enablers but without addressing the culture, all other factors stood the risk of failing collectively. The role of leaders in defining the culture was even more stark. I read a saying that has become the cornerstone of my assessment of a company, *“The culture of a company is defined by the worst behavior that the leader of the company is willing to tolerate.”*

In my view, the culture of the company is a set of agreed behaviors that clearly outlines how people interact with each other, following the core values of the company as a compass for commonality – The values could be unique to every organization but most often also form the building blocks of interactions within and outside the company. Neither the values nor culture can be imposed or driven or enforced – They have to be practiced every single day right from the top management to every employee across the organization. Easier said than done!

In my days at GECIS, like any other GE company back then, the values card was attached to the ID of an employee – Simple and effective, but more importantly every leader in the company espoused those values in everyday work. There was never any ambiguity about what was right and what was wrong – This did not stifle growth or innovation or individuality, it just provided an ethical framework and defined boundaries in which to conduct business.

In several businesses, I have seen that there is a divergence between words and actions by the management of the business. They wish to Transform the business, but they want others to change and adapt, without considering how their direct interactions would be the greater and more visible change catalyst in shaping the transformation program. In one case, I saw the CEO to be tall visionary on how he wanted to disrupt an industry, but he trusted no one in the team to do their job. He wanted every decision to be run by him, leaving the company stifled and paralyzed. He wanted an external 3rd party to come in and bring about the change and was willing to spend top money for it – It didn't go down well when I pointed out that the company would be wasting their money if he didn't see clearly how he was responsible for the lack of growth of the people and the company. This was not an isolated case. The leaders must walk the talk when it comes to culture. There is no other way!

Everyone observes the culture of a company – Customers, Clients, Employees, Partners, Everyone! Some behaviors may be more pronounced than the others, but they don't go unnoticed by anyone. How does this impact the performance of the company?

- **Motivation:** The purpose must align with the culture, which together forms the foundation of the change. If staff find that the observed behaviors are not in line with the values of the company, it has a direct impact on their motivation, and reduces their ability to adapt to the new transformation program.
- **Decision Making:** When the culture of the company allows for siloed behaviors to go unnoticed or unchecked, the decision making often makes a turn towards taking the less impactful path – This in turn yields destructive returns than positive outcomes for the business.
- **Image in the market:** Everyone wants a positive experience, whether an employee, a customer, or a partner. A positive progressive culture fosters growth for everyone. It could attract better talent, leaders, and customers. The converse equally holds – They stay away from companies that carry a poor image.
- **Governance:** Strong Governance can be the difference between a successful and compliant business vis a vis any other company. Governance, however, is not a set of meetings and scanning detailed reports, it is about taking the right action, at the right time to induce the desired outcome.
- **Change Management:** The success of creating something new or transforming an existing business hinge on participation from key stakeholders across the business. Other than the Mission, Vision and Purpose, the common set of behaviors drive cohesiveness in the team, leading to acceptance of the new.

If the writing is so clear, then what explains large scale disruption in organizations when it comes to change? Is there a measure that indicates if the culture of the company needs to be fixed? Organizations conduct staff survey and participate in external benchmarking and evaluation exercises like 'Great Place to Work'. Are these companies less susceptible? Perhaps yes, but not always.

In my experience, it boils down to the leaders of the business and how they conduct themselves within and outside the organization. Before embarking on a Business Transformation exercise, do a dip stick to check the organization's readiness for change at the top level. Use an external consultant, if needed, who has the capability to dissect the problem and provide the company with an outside perspective of the readiness quotient!