

The Culture Transformation Journey: 7 Steps to a Healthy Culture

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Culture has become a buzz word lately. In its simplest form, leaders recognize that a healthy workplace environment, in which employees feel valued and recognized for their work, leads to employees becoming engaged in the business. Strong employee engagement results in customers having a better experience; they spend more, return more often, and recommend the service or company to their friends.

Positive experiences for employees, and subsequently customers, improve a company's revenue and profit. Good Company found that organizations with disengaged employees saw a decline in operating income of 33 percent. Similarly, Harvard Business Review published an article called "Putting the Service-Profit Chain to Work," which reported that happy customers, as measured by loyalty, saw an improvement in profitability of up to 85 percent.

With this direct impact on the financial results of the organization, it only makes sense to explore how to begin the journey of culture transformation.

THE ROLE OF ORGANIZATIONAL CULTURE



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Peter Drucker said, "Culture eats strategy for breakfast." This statement not only signifies the importance of culture in the success of an organization, but it also indicates the priority of having culture as the nucleus from which everything else stems. Without a

healthy culture, it will be difficult or even impossible to execute a strategy. Having a strongly-defined, healthy culture means that all members of the team are working together, without distractions getting in the way.

The Definition of Culture

Culture is most easily defined as ‘the way things are done around here.’ It’s expressed through values and exhibited in people’s behaviors. Just like all societies have expected practices and norms of how to act and behave, so do organizations have a unique set of accepted ways of doing things, including behaviors that are tolerated or not.

Once harnessed, culture can be leveraged to unleash unlimited potential within leaders, team members, and the organization as a whole.

The journey towards a healthy culture is transformative and takes time, attention, and commitment, especially when distractions begin to take priority. Working with a number of organizations in the past to create a healthy culture, I’ve developed the following step-by-step process to transform a vague, undefined culture into a vibrant, positive, and healthy one:

1. It starts at the top

Culture is shaped by the values of the leaders within the organization. The key to culture transformation is senior leadership embracing the concept and making a commitment to the journey, including allocating the necessary resources to institutionalize the process. The most senior person within the organization, whether it’s the president, CEO, or general manager, must be an integral component of the culture journey.

The human resources department plays a key role in incorporating culture into practices such as hiring procedures, on-boarding of new staff, performance reviews, etc.; however, the president must champion the effort being involved and take ownership to have an impact that truly permeates throughout the organization.

2. What gets measured gets done

Determining a way to measure the culture of the organization will provide a benchmark to improve upon as well as insights into what is really going on. A tool developed by Richard Barrett at the Barrett Values Centre is able to quantify culture into a single number that identifies the health of the organization. It starts by asking employees what they see as the values, beliefs, and acceptable behavior in the organization through an anonymous survey.

The outcome is a measure of the cultural entropy, or in other words, the decline, decay, or chaos in the organization that is expressed through limiting values. These are negative behaviors that get in the way of productivity and include things like gossip, bureaucracy, and excessive cost control. The more limiting values identified, the higher the cultural entropy or chaos.

In a healthy culture, team members are able to bring their 'whole-self' to work and are passionately engaged in what they do. At the other extreme, a score identifying an unhealthy culture typically means that there needs to be at least one leadership change. At the most extreme, without intervention, the organization is headed toward financial disaster.

Embedding the organization's identified core values into the survey will show if they resonate with employees. If they don't, leadership will need to determine if it's time for new core values or time to keep the old ones with a plan to enliven them throughout the organization.

3. Review Results

Discuss the outcome of the survey with senior leadership and adjust the journey accordingly. This is a big-picture discussion at this point; once there is greater clarification from employees on exactly what they meant by each value a full action plan will be prepared.

Employees too need to see that their voices have been heard with a big picture recap in the form of a town hall or webinar to recap the overall results.

4. Uncover hidden issues

How one person defines 'accountability' might be something quite different to another employee's definition. Understanding what each employee means by each value selected, especially the limiting values, is critical to figuring out how to improve. Facilitated sessions uncover conflicts or ambiguities and lead to finding patterns and similarities to bundle together values that have similar meanings.

5. Create a Blueprint for Success

Solutions begin to surface and lead to an action plan with timelines, accountability metrics, and prioritization to tackle the most important issues first and letting the 'nice-to-haves' fall to the bottom.

After these discussions, recap and discuss the results with senior leadership and ensure their commitment to the action plan, refining the prioritization and timelines as necessary. Identify leadership issues and develop a plan to improve practices, including

any personnel changes. These discussions are best when done offsite at an executive retreat and when facilitated by an objective, professional facilitator who is able to expertly handle delicate issues while not avoiding them.

Leadership's role is to determine how to enliven the organizations' core values and identified culture on a daily basis, as they will become the guiding principles for decision making and the moral compass by which repercussions for unacceptable behavior are defined. To ensure systemic change leaders need to be included as part of all communications, including internal and external missives, recognition events, speeches and employee collateral.

6. Additional Optional Activities

1. Individual Leadership Development:
 - For specific leaders identified as needing leadership coaching
2. Core Values Identification:
 - Create new or rework existing core values. Reduce and refine all identified values into 3 to 5 Core Values. This will make them easy to remember for everyone.
3. Vision & Mission Statement Development:
 - This process lends itself to develop the company's Vision and Mission Statements
4. Environmental Scan:
 - This process can also be used to garner customer feedback on the organization

7. Annual Check-Up

Conduct an annual survey of team members to understand the progress of the culture transformation journey. The follow-up survey, using the initial measurement as the benchmark, will determine if the issues have been resolved and if new ones have developed.

Following up with one organization a year after we began the culture transformation journey, we learned the leader had gotten busy, and none of the action plans had been implemented. As a result, 80 percent of the employees who took the survey had left the organization. Imagine the impact that had on recruitment time and cost, gaps in customer service, and morale of the remaining staff.

The benefits of moving the culture needle are engaged employees, passionate customers who can't imagine their life without your product or service, and tangible results of exponential financial growth.