eBOOK

MEASURING CULTURE

Insights and practical advice on how communication can improve organisational culture.

walking the talk

by CAROLYN TAYLOR

All too often organisations fall in the same trap and use a methodology that doesn't align with what they're trying to achieve. Discover how to select a measurement approach that's right for you.

THE COMMON MISTAKE ORGANISATIONS MAKE WHEN MEASURING CULTURE... AND HOW TO AVOID IT

Our response usually takes the form of another question: For what purpose do you want to measure culture? The best measurement approach depends on the goal you are trying to achieve. There are three common reasons to measure culture.

Understanding. If you think you need to change the culture of your organisation, it's essential to first understand what the existing culture looks like. This means taking a snapshot of the behaviours and mind-sets that are the norm in the organisation. By recognising the current culture, you can then determine the extent to which it is an asset or a liability, given the business imperatives ahead. This work is descriptive in nature.

Root cause analysis. If you can describe your culture, but don't know what drives it, your interventions will be generic and scattered. The more detail you have on the 'why' of your culture, the better you will be able to plan for and implement interventions to build the culture you want. This work is diagnostic in nature.

Tracking. If you want to compare results from one year to the next, or between different demographic groups, then you'll need to measure your culture on an ongoing basis. This work is comparative in nature.

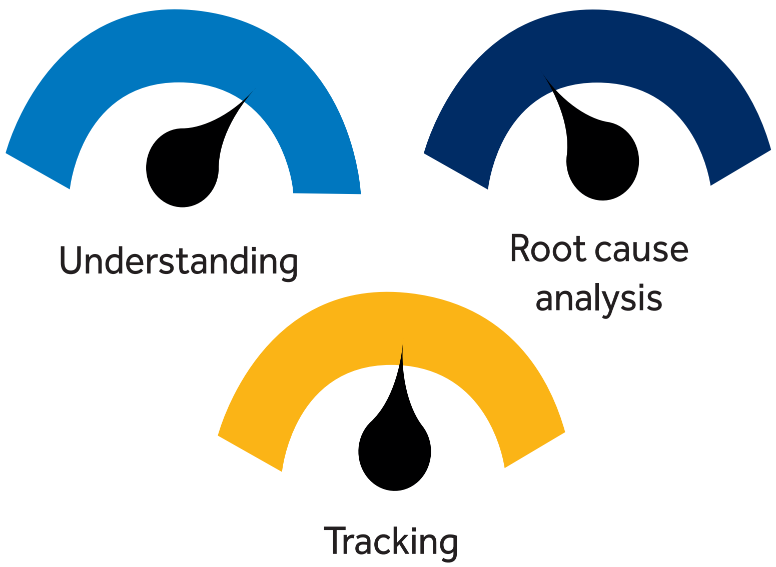
A common mistake we find is that organisations are using a methodology that is not aligned to what they are trying to achieve, and so some of the benefits they are seeking are lost. When working with clients, we try to help avoid that risk by matching the most appropriate style of measurement to the goal of the organisation. Here are some guidelines to consider when selecting the measurement approach that's right for you:

- Quantitative research will give you a good broad-brush picture of the current culture. For example, whether people see collaboration, or innovation, or keeping their word as common cultural characteristics. Or the extent to which damaging behaviours such as blaming, poor safety disciplines, or avoiding risks are tolerated.

  This type of research is useful when you are considering the culture you need for the future, because you can clearly build and communicate a 'FROM-TO' picture.

- Root cause analysis requires a qualitative approach. Quantitative research is rarely enough. For example, quantitative research may reveal a culture where people avoid speaking up. But the cultural drivers behind a lack of speaking up are numerous: fear of getting into trouble, a desire to respect elders, or because people are disengaged and feel they are never listened to. The approach to changing the culture is different for each, and so must depend on understanding the root cause through qualitative research.

- If you have already developed a target culture based on your business imperatives, then your on-going measurement should focus on the specific elements of that target that have been prioritised. If you are trying to become more customer-centric, for example, then it is that particular element of the culture that your measurement system should be focused on.



By CAROLYN TAYLOR

Culture metrics are an essential part of the culture change journey. Walking the Talk helps you understand the difference between measuring and diagnosing.

MEASURING CULTURE 101

I often notice a surge in questions from clients and friends around a particular topic. Right now, it's measuring culture. What is it? And how do we do it?

Culture metrics are an essential part of the culture change journey. They are the only reliable way to know if your culture improvement efforts are working, and to see how far down the road your organisation has come. They are also the most tangible way in which you can report back on this journey to others.

Are you someone who is under pressure to figure out how to do this in the best possible way? Then here are some pointers:

Understand the difference between measuring and diagnosing.

The what. The goal of measuring culture is to accurately observe changes over time, compare the results of one business unit—or employment level, team, or country—with another, using the best possible tool.

Quantitative research results (statistical data collected by measuring things in a structured way) answer the question "what?" and can provide you with data on how that "what" changes over time.

The why. The goal of diagnosing culture is to understand why your culture is the way it is so that you can implement ways of improving it. Diagnosing culture is best achieved through qualitative research (non-statistical, unstructured and semi-structured techniques such as interviews or group discussions). Diagnosis answers the question: "What is the cause of this?"

I've found that when an organisation tries to use the same tool to achieve both goals, one or the other will be compromised.

Culture and engagement are not the same thing.

Your engagement score is not a proxy for a culture score. Engagement is how people feel about working in your company. Culture is the patterns of behaviour that are encouraged, discouraged or tolerated. For example, there's no evidence that the employees of Volkswagen or Wells Fargo were not engaged at work.

However, we now know that there were serious risks in the established patterns of behaviour in those organisations.

Good culture surveys won't ask how people feel about things, they'll ask questions about how people are expected to behave in the day to day. Good culture surveys seek to find out what's truly valued around here.

There's no one-size-fits-all 'good' culture.

Like a corporate fingerprint, your culture won't be the same as someone else's. The type of culture you want to create will be dictated by your unique business imperatives.

Trying for a single score measure, like an engagement survey provides, will often sacrifice bringing to light the true complexity of a culture, or revealing the areas which need improvement.

Many culture surveys measure generic components of 'good' cultures. These are good because they give you international norms, but not so good because they don't take into account specific culture goals. If, for example, customer-centricity is a goal of yours, then you should be measuring that in depth. Yet a lot of culture surveys won't allow you to do this. I've found the very best culture metrics will combine various factors into a personalised dashboard.

Find your KBIs (Key Business Indicators).

You can measure observed behaviours, or you can measure the business indicators that those behaviours will produce. Say your culture goal is collaboration, what business impact will an increase in collaboration produce? Maybe it's more cross-selling, or less duplication of effort, or perhaps an increase in transfer of your best practice? Ask yourself, how can we best measure these?

Culture can be measured and monitored just like any other aspect of your business—don't let anyone tell you otherwise. You need clear definitions and distinctions, some curiosity and a dedication to building the right measurement dashboard for your unique goals.

How will you measure your culture?

Carolyn's 4 guidelines for measuring culture:

1. Measure behaviour and values, not feelings.
2. Accept that to change your culture you will need to do qualitative research.
3. Build a dashboard that also includes business indicators of your particular culture in action.
4. Measure your unique culture goals rather than, or as well as, generic 'good culture' measures.

By JEROME PARISSE-BRASSENS

At Walking the Talk, our approach to measuring change in culture programmes is based on three things; Outputs, Impacts, Outcomes.

HOW TO MEASURE CULTURE CHANGE

One question I have encountered time and time again when leading programmes of organisational culture change for clients is the following: "How do we know that change is happening?"

Most of the time, you can feel it: anecdotal evidence shows that staff have started to behave differently, you hear different language being used every day, customers are commenting on small changes they are observing. But how can you be sure? Your Board and your CEO will want to be in a position to state that the investment has paid off, that people have changed and are now behaving as expected.

Measuring change is good culture management.

- When the right metrics are selected through a solid planning process, confidence can be built.

- The investment in culture is making an appropriate return.
- Culture is under control, and deterioration in culture will be noticed and can be rectified ahead of any serious impact on performance and reputation.
- Those accountable for elements of the culture plan are performing.
- Corrections to course can be made where necessary.
- Culture can be measured at four levels.

These cover changes to defined patterns of behaviour, and the impact of those changes on the business.

Self-assessment (level 1 metrics) Surveying people and asking them to evaluate their own behaviour, or selecting questions from an existing employee survey.

Opinion of others (level 2 metrics) Surveys with employees, customers, the community or other stakeholders - these can measure how they see the values and behaviour of the organisation.

Business indicators (level 3 metrics) Certain business indicators can be linked to your target culture, especially those associated with your business imperative.

Financial metrics (level 4 metrics) Many factors can impact financial metrics, and it is somewhat harder to isolate the direct culture link.
Outputs - Impacts - Outcomes

At Walking the Talk, our approach to measuring change in culture programmes is based on measuring these three things.

Measuring Programme Outputs

Answers the question, “Is the programme on track? Are we doing the things we said we would do in the culture plan?”

Tools used for measuring outputs can include a simple audit of activities taking place and of their quality. For example, feedback on the quality of the delivery of the facilitators and of a day’s workshop’s content. The evaluation includes whether the task has been completed and whether it had the required level of quality. Sometimes, the measure is simply whether the task has been performed or not, or the percentage of completion.

Measuring Programme Impacts

Answers the question, “Is the programme achieving the change it intends to create in individuals? Is the change starting to be visible and taking hold?”

A large number of tools may already exist in your organisation to measure the impact of the programme, in particular changes in behaviours.

These include:

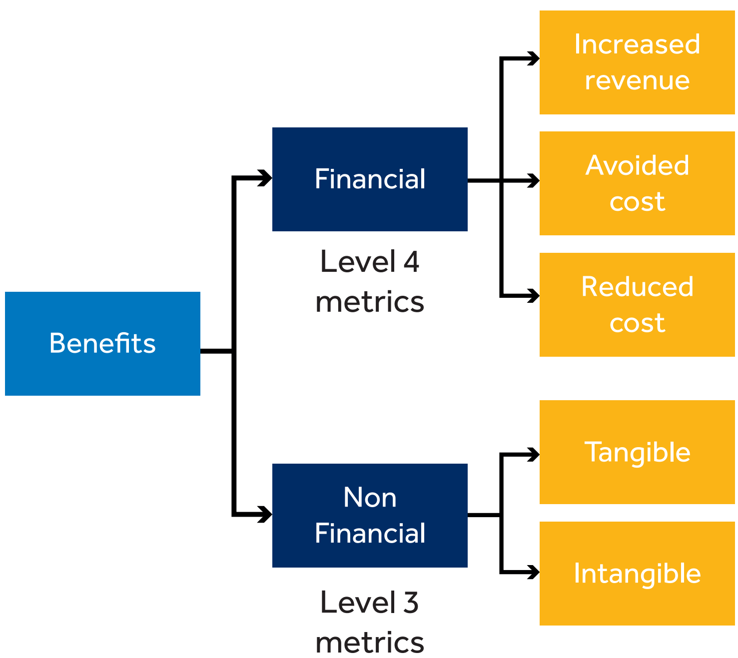
- Employee opinion surveys.
- Internal audits.
- Performance scorecards.
- Customer research.
- Internal customer surveys.
- HR monthly reports.
- Market research.

Two other favourites of ours at Walking the Talk are the Capability Culture Index survey (CCI), which measures cultural archetypes and core qualities, as well as specially designed pulse surveys to measure individual change.

Measuring Programme Outcomes

Answers the question, "What is the impact of the culture change on the business? Are we achieving our business imperative?"

Building a scorecard for culture programme outcomes is a great way to present and communicate the data with the Steering Committee and the Executive. In some cases, the Executive may require further proof that the business outcomes are directly linked to the programme. A benefits realisation can then be applied, but it is important that the business outcome can be directly linked back to a specific behaviour and that there are not many other factors influencing the outcome.



By JEROME PARISSE-BRASSENS

It is critical to position your culture work from a strategic perspective. Where do you start, and how do you do it?

HOW TO BUILD A BUSINESS CASE FOR CULTURE

Culture is a word that is on everyone's lips at the moment, but often not for the right reasons; such as when a well-known brand was found to lack integrity and has lied to its clients, or maybe has treated its employees unfairly.

Regulators are becoming increasingly nervous about businesses not managing their culture, and they are asking boards and executive teams to start acting. You may therefore be asked to put together a business case for culture work. Where do you start, and how do you do it?

Rationale

First, build a credible story about the importance of culture for your business outcomes. What is critical is to position the culture work from a strategic perspective? Here are some pointers for you.

- Establish a clear link between the business imperatives and how people need to behave to deliver on the strategy. Describe how the behaviours you want to shift in the organisation are going to impact outcomes.

For example, how by creating empathy, we will truly be listening to clients and increase their satisfaction and reduce the number of dissatisfied clients leaving.

- List all tangible and intangible benefits. For example:

Tangible benefits (financial or not):

- Increase in revenue or in profit.
- Decrease in recruitment costs.
- Number of projects delivered on time and on budget.
- Number of new products taken to market in a certain period.

Intangible benefits:

- Improved reputation.
- Long-term sustainability.
- Increased customer satisfaction.
- Increase in employee engagement.
- More effective leadership.
- Reduced culture risks.
- Clearly identify the risks of not proceeding with the culture project / activities.

Investment

This is the easy bit, because it can be more easily costed than returns. The investment will often have the following components:

- Culture assessment costs (for example, surveys and focus groups). This is better done by an external provider, who can be more neutral than internal actors.
- Leadership development activities (time of employees and costs of any providers).
- People development activities (time of employees and costs of any providers).
- Cost of time spent on realigning systems and processes with the target culture.
- Any costs linked to the use of software or tools to measure behaviour shifts (e.g. pulse surveys).

It is essential to distinguish between business as usual activities and specific investment. Business as usual activities should not be considered in the business case. The investment may also need to be taken into account over time to represent phasing of activities.

Return

The return on investment part is the one that most organisations struggle with, but it is not as hard as everyone thinks it is. The approach is to focus on the behaviours you are trying to shift. First, identify the business outcomes the most directly linked to the behaviours about to change, and then simply calculate the financial impact. For this to work well, you need to make sure there are few factors impacting the business outcome in question.

Follow the steps below by asking specific questions:

1. What is the business imperative?
2. What behaviours are we trying to shift?
3. What evaluation question are we trying to answer?
4. What is the measure of success?
5. What is the right metric for the business outcome?

Example of ROI

The table below illustrates the calculation of a detailed return.

QUESTION	EXAMPLE	RETURN
What is the business imperative?	Increase value add for our customers.	
What behaviours are we trying to shift?	Empathy / Seek to understand.	
What evaluation question are we trying to answer?	Are our employees putting themselves in the shoes of our customers?	
What is the measure of success?	1. Customer satisfaction. 2. Customer churn rate. 3. Profit per customer visit.	
What is the right metric for the business outcome?	1. Increase in % of customers who declare themselves 100% satisfied after having their complaint processed decrease in number of customers lost.	For a business with 250,000 customers: Customers lost = 8% / year Decrease in numbers of customers lost: 10% (2,000 customers) Cost of customer acquisition = $100 / customer Savings = $200,000 / year
	2. Increase in number and value of cross-sold products increase in profit per customer visit.	Profit per customer visit = $ 50 (1 visit / year) Increase in profit per customer visit: + 6% = $3 Return = $750,000 / year

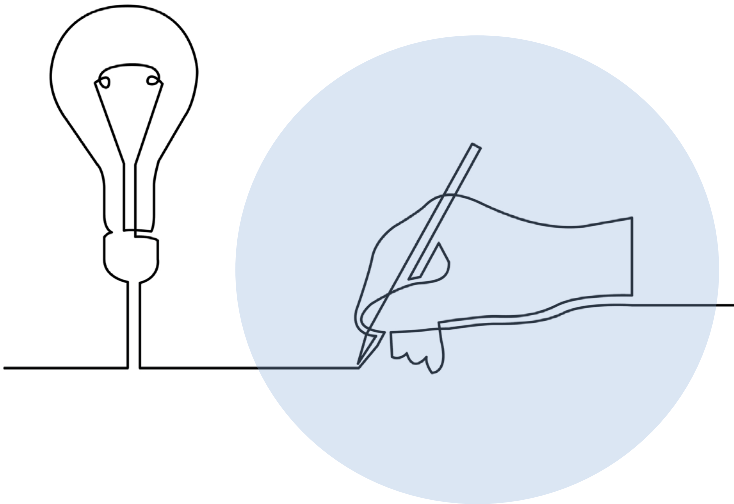
The full Return on Investment will be calculated across a few years, typically five. Here's an example of what this looks like (in this fictitious example, the return happens at the beginning of Year 3, only by considering two business outcomes).

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
INVESTMENT					
Culture assessment	$110,000				
Top team work	$100,000	$100,000			
LD work	$300,000	$300,000			
People cost	$50,000	$50,000			
Total cost	$560,000	$450,000			
RETURN					
Savings from reduced customer churn	$0	$200,000	$200,000	$200,000	$200,000
Increase in profit from cross-selling	$0	$750,000	$750,000	$750,000	$750,000
ROI					
Financial return	- $560,000	+$500,000	+$950,000	+$950,000	+$950,000
Cumulated return	- $560,000	-$60,000	+$890,000	+$1,840,000	+$2,790,000

If the appropriate behaviours have been identified in alignment with the strategy, the calculation of the return is easier. I strongly suggest focussing on a very small number of behaviours, one or two, and choosing a small number of significant metrics. If the business imperative is compelling, the financial return will be significant.

By JEROME PARISSE-BRASSENS

Culture is fast becoming a key responsibility for internal audits at many organisations, but how do you know when the time is right?



CORPORATE CULTURE IS A MAJOR RISK FACTOR. TO AUDIT OR NOT TO AUDIT?

More than 56% of internal auditors in the financial services sector in North America consider corporate culture a high risk in their organisations.

A quick poll by the Institute of Internal Auditors (IIA) Financial Services Audit Centre (FSAC) revealed that while auditors were worried about the risks, only 7% of organisations have programs specifically dedicated to auditing corporate culture, and 50% simply don't audit culture.

When you consider scandals such as Volkswagen, 7 Eleven in Australia, Deepwater Horizon and News of the World, the latest data published on the auditing of culture is puzzling - and worrying.

The poll also reveals that concern is higher among directors and senior managers, with 62% considering culture a high risk. So what are they doing about it?

At Walking the Talk, we find that culture is included in routine audit programs more and more often. In fact, it seems to be becoming a key responsibility for internal audit at many organisations.

But where do you start?

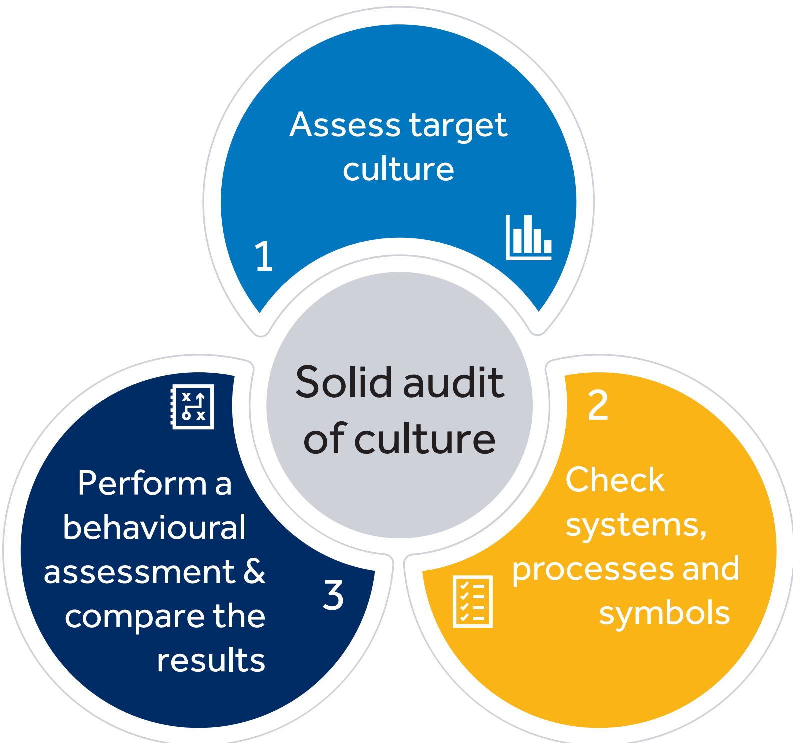
"You need to be able to define what good culture is within the specific company environment," says Jason Pett, US Internal Audit Leader at PwC.

"Is that just what the CEO says it is? Is it what the board says it is? Is it what you think it should be? It is a challenge for internal audit functions to audit against something that is a little bit more difficult to pin down." I believe you need to start with the target culture.

To perform a solid audit of culture, you need to perform the following steps:

- Assess whether a target culture has been defined and whether it is linked to the business imperatives for culture. Does it enable strategy?
- Check systems, processes and symbols within the organisation and assess whether the messages they are sending are aligned or not with the target culture. If not, what messages are they sending?
- Perform a behavioural assessment across the organisation and compare the results with the target behaviours.

If organisations start auditing their culture on a regular basis, we will quickly see a decrease in organisational scandals, because the risk will have been assessed and hopefully mitigated by changing those elements of culture that need to shift.



by JEROME PARISSE-BRASSENS

Do you want to facilitate the development of a healthy culture in your organisation?

HOW TO PERFORM A CULTURE AUDIT

Do you want to facilitate the development of a healthy culture in your organisation?

If the answer is "yes", then one of the steps you can take right now is to build a solid baseline of data for the current culture. A structured audit will provide you with what you need. Let me talk you through the process.

How do you conduct a culture audit?

There are three critical elements the audit needs to look at:

1. Behaviours.

2. Symbols.

3. Processes and systems.

Culture is created from the messages people receive about what is valued. Your people receive those messages from three main channels within the organisation: behaviours, symbols and systems. If you want to change the culture, you need to change the messages people receive through these three channels. Transforming culture is about identifying and sending the messages that will tell your people things are going to be different from now on.

The purpose of a culture audit is to identify the messages staff currently receive and then to assess whether those messages are the right ones, or if they are sending contradictory signals. A culture audit aims to create increased levels of insight, so that you can determine the extent to which your current activity will collectively shape the target culture your organisation needs.

1. Clarify your target culture.

The target culture will be used to determine a set of criteria against which the audit will be conducted. A target culture can be described using cultural attributes such as behaviours, beliefs and values. Establish a set of criteria upfront and then use them across the audit.

2. Assess processes and systems.

Major processes and systems will be analysed against this same set of criteria to determine whether or not the messages they are sending are aligned with the target culture. If not, the audit will determine what messages are being sent, how they are interpreted by people, and what outcomes they lead to. The impact of these outcomes will then be assessed in terms of risk level.

Major processes and systems that need to be analysed include: rewards and recognition; performance management; communications; promotion process; people and leadership development; training; remuneration; recruitment; induction; timesheet system; and invoicing.

3. Assess symbols.

Symbols often take the form of finite resources that must be shared throughout the business. Time and money are good examples of symbols. The culture audit will observe where and how the organisation chooses to spend its precious resources, and the messages that are being sent through these choices.

4. Assess behaviours.

Behaviours are the most important element to diagnose in any culture audit. You need to assess not just WHAT people do, but WHY they do it. In other words, it's crucial to understand the belief system that underpins how people behave, because it is that belief system that is your target for change.

There are a number of tools on the market designed to help you assess behaviours. At Walking the Talk, we've developed one tool to assess behaviours (our Culture Capability Index survey) and a second for assessing beliefs and values (our focus group DISCOVER methodology).

5. Recommendations.

After assessing all of the messages being sent through behaviours, systems and symbols, the culture audit will clearly identify which elements need to be the target for change. It could be aligning the performance management system with your target culture (systems), or the way meetings are held (symbols), or even how the leadership team are interacting with each other and the rest of the organisation (behaviours). A culture audit is the first step to action. The baseline of data it creates can then be used to build a roadmap, also called a Culture Plan. Your Plan will list all of the initiatives that need to start, stop, or be altered, in order to align all the messages being sent in your organisation. The result? You're on your way to creating the healthiest culture possible. And, most importantly, one which is in sync with your business' strategy.


1
Clarify
Target culture
The target culture will be used to determine a set of criteria against which the audit will be conducted.
2
Assess
Processes and systems
Major processes and systems will be analysed.
3
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The culture audit will observe where and how the organisation chooses to spend its precious resources.
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Behaviours
You need to assess not just WHAT people do, but WHY they do it.
5
Recommendations
Elements for change
After the assessment the culture audit will clearly identify which elements need to be the target for change.

by JEROME PARISSE-BRASSENS

Understanding what drives people to do the things they do is critical. Unlock engagement by measuring culture.

YOUR KEY TO STAFF ENGAGEMENT MAY NOT SIT WHERE YOU THINK...

1. Are you in one of the following situations?

- Your engagement scores are plateauing or they have started to decrease.
- You have implemented many initiatives to increase engagement but they are losing steam and achieving little.
- Business results are starting to be impacted by the lack of engagement.

If you answered yes to one of those three questions, you may need to look at your organisational culture. This is where the key to unlocking engagement issues may be sitting.

2. Here's what I found at a client of mine.
This organisation provides services in the human services sector, with many staff facing clients on an everyday basis and caring for them.

The chief executive was feeling that something was not quite right. Results were great but the growth rate had started to decrease. In the corridors, she could hear people complaining and employee turnover was on the increase. One day she showed me the engagement scores: they had been flat for a few years, despite many initiatives underway and the most recent perks. I suggested that a study of the culture could reveal what was the root cause of the problem, and how it impacted engagement. We conducted an assessment of the behaviours present in the organisation, as well as the values and the beliefs driving those behaviours.

It did not take long to identify the problem. The organisation was publicly listed, and because of the pressure on results from the board and from shareholders, leaders had developed a strong drive for healthy commercial results and for efficiencies. Field staff, on the other hand, worked in the business because of the meaning they found in their work, the services they provided to customers and the human touch that meant everything to them.

Over time, staff had built a belief that leaders valued profit instead of the human dimension they treasured, and they resented this. It was however not the truth: the leaders valued what they offered to the community, but they were too busy running the business to spend time with staff and share the human value they had in common. Because of this perceived disconnect, behaviours suffered, and engagement scores went down.

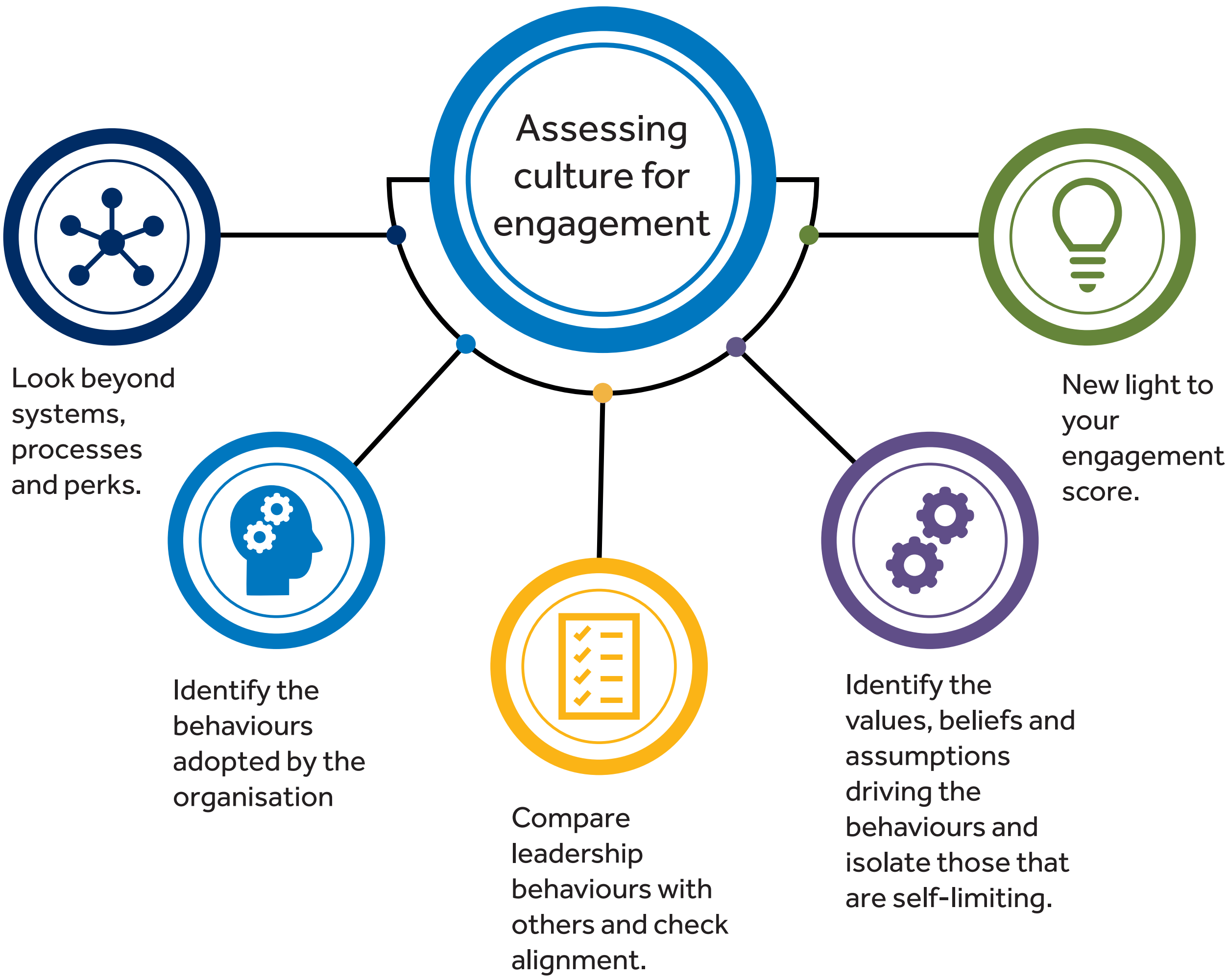
3. The simplicity of the issue was surprising and it was easy to fix: Reconnect leaders with staff, lead a few conversations, implement some symbolic changes that demonstrate how much leaders value the essence of what the organisation is about. Working on engagement had not uncovered the problem, because culture was the key.

What a measure of your organisational culture can do is to unlock engagement. Understanding what drives people to do the things they do is critical. In a way, engagement is an outcome of culture, so to change the outcome, you need to change the drivers.

Here is what you need to look for:

- Look beyond systems, processes and perks.
- Identify the behaviours adopted by the organisation, in particular those that have become habits and assess whether they are helping, or playing against, implementation of your strategy and achievement of your mission.
- Compare leadership behaviours with others and check alignment.
- Identify the values, beliefs and assumptions driving the behaviours and isolate those that are self-limiting.
- Finally, if you have engagement data, identify the elements that are aligned with the culture data and those that aren't. Dig a little in those that aren't, this may bring a new light to your engagement score.

4\. I believe in a balanced view of the world. What this means in relation to this blog is that I believe that you need to measure both culture and engagement. Engagement will give you a measure of the outcome, but culture will help you to measure the extent of the underlying issues. As your doctors will say, you can always treat symptoms, but they will persist if you don't attack the root cause of the problem.



Walking the Talk helps clients make culture their performance superpower.

We are world leaders in culture transformation; our proven methodology enables organisations to put their culture to work in helping achieve their strategy.

MAKE CULTURE
YOUR SUPERPOWER
UNLEASH YOUR PERFORMANCE

Contact us to find out more about how culture transformation and management can help you achieve your business goals.

hello@walkingthetalk.com

Head Office:	+31 (0) 20 240 2233
North America:	+1(0) 212 417 0221
Europe:	+44 (0) 207 100 6999
Asia Pacific:	+61 (2) 8310 5285
Latin America:	+55 (11) 932 500 683

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