

“Insanity is doing the same things in the same way, yet expecting different results.” Stephen Haines

The main purpose of this white paper is to help CEOs and their executives understand the importance of managing a change in culture when undergoing any change process, as will need to happen as the industry moves from a regulatory framework to a principles-based approach way of operating. I hope this paper gives you an insight into how to understand, diagnose, and facilitate an effective culture change in your organisations to meet the demands of the future.

Dr. Deborah Swallow

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Corporate culture has become of vital concern to managers, executives, and consultants on the front lines of change. Why? Because the increasing number of mergers, acquisitions, and re-engineering happening today has put corporate cultures on a collision course. Managers who want to integrate effectively must first understand the complex mix of behaviours, values, and shared assumptions that underlie the way organisations operate. While most managers are familiar with the concept of corporate culture, many lack a complete understanding of what it is, how it operates, and what they can do to improve it.

So, what is culture? Very simply, culture is how we do things around here. And why. When other people do things differently, we notice. Sometimes we mind.

Introduction

Today, organisations face change on a continual basis: responding to threats or opportunities, they merge, downsize, upgrade technology and skills, and otherwise re-engineer or reinvent themselves. The staggering rate of change going on around us makes it difficult for any organisation or manager to stay current, to accurately predict the future, and to maintain constancy of direction. No one boasts about constancy, stability is interpreted more often as stagnation than steadiness, and organisations that

are not in the business of change and transition are generally viewed as recalcitrant. We are in an environment intolerant of the status quo. The father of modern management, Peter Drucker, concluded that, "We are in one of those great historical periods that occur every 200 or 300 years when people don't understand the world any more, and the past is not sufficient to explain the future."

And, the past is definitely not sufficient to explain the future of the Financial Services Industry. This industry has undergone a complete overhaul to such an extent that it is virtually unrecognisable compared to ten years ago. Even the new millennium has seen change that has impacted the core of our working practices. Risk, compliance, and regulation are the industry's buzz words. Innovation, creativity and entrepreneurship are not. It is, of course, obvious that skilled and motivated people are a vital resource in a competitive business environment. What is less obvious is that the necessary skills and motivating factors are changing all the time. So, you need to be sure that your people learn industry proven skills which match the present and future needs of your business.

Training and Competence is a fundamental part of our regulatory regime and system. Clearly, having competent people out there providing financial services to consumers is a major part of building confidence in the financial system and, ultimately, protecting consumers from inappropriate behaviour. However, the industry is now going through yet another sea change from a rules-based regulatory framework to principles-based guidelines. This is an opportunity for some firms to excel. Unfortunately for others, it will be their chance to decline. To survive in an increasingly competitive and global marketplace, against world class performers, we have to become more innovative, creative and entrepreneurial. And, this requires culture change.

But what will the financial services industry think of culture change? Surely we are talking about the fluffy stuff here? Well, we do know that most organisational scholars and observers now recognise that organisational culture has a powerful effect on the performance and long-term effectiveness of organisations. In research done during the 90s, seventy-five highly-regarded financial analysts were interviewed; their job was to closely follow certain industries and corporations. Each analyst compared the performance of twelve highly successful firms to ten lower-performing firms. Although analysts are stereotyped as focusing almost exclusively on hard data, only one of the 75 indicated that culture had little or no impact on the firm's performance. All acknowledged culture as a critical factor in long-term financial success. If analysts can recognise that organisational culture is an important factor in success, how much longer will it take our industry to wake up to that fact and begin to engage with 'culture' for its own long-term financial success?

The Change Management Problem

Conventional Change Management treats change as a tactical problem that can be planned and scheduled like any routine project. But change is not tactical; it is an ongoing strategic challenge that requires regular reassessment and adjustments to account for organisational dynamics. Most Change Management programmes are all wrapped up with process improvement, technology and hype, using words like 'streamlining' and 'automating' and promising to deliver dramatically lower product costs, improve product quality and even accelerated-time-to-market. However, anyone who really understands change knows that any change management programme really is NOT about systems, processes or bolting on the next management fad to your organisation. It's all about culture; about culture change. However...

You can't just "do" a culture change.

And if you are reading this in the hopes of me giving you the magic bullet to fire to make culture change happen in your organisation then, sorry, I can't help you. But, what I can do is to help you understand that bringing about a culture change is fundamentally a philosophy about HOW to do business. One of the reasons that so many change management and business improvement programmes fail to deliver their promised potential is that people just don't understand this. They consider these new initiatives as just add-ons or bolt-ons to their current management systems.

Knowledge management (KM) initiatives are a prime example of this thinking: the IT industry jumped on the KM band wagon and turned much of its pertinent software into the 'latest thing' for managing knowledge. The term got hijacked and organisations got hoodwinked. What failed to happen was the fundamental understanding that it is people who have knowledge – not systems. You can't manage knowledge – you can only manage the environment it is in. First of all, you have to recognise that knowledge is a people issue and create the environment where knowledge sharing occurs. And it will only occur where there is a culture of trust and an environment where people want to belong.

The funny thing is that from the outside it seems very obvious: an organization full of people developing their capabilities and enjoying the progress made by their organisation must be much more effective than an organization full of frustrated staff. So, why is it so difficult to create an environment to which people want to belong? Because change management initiatives tend to forget the people element and focus on process and technology – just in the same way as they focused their attention in knowledge management initiatives. These initiatives are bound to fail.

Why Change Fails

The failure rate of most planned organisational change initiatives is dramatic. It is well known, for example, that as many as three-quarters of re-engineering, total quality management (T.Q.M.), strategic planning, and downsizing efforts have failed entirely or have created problems serious enough that the survival of the organisation was threatened.

In looking at the success or failure of TQM initiatives, one survey of Fortune 500 companies reported that only 20 percent had achieved their quality objectives, while over 40 percent indicated that their quality initiatives were a complete flop. A study by McKinsey found that two thirds had stalled, fallen short or failed. Ernst and Young's study found that most firms had not successfully implemented their total quality practices and had labelled their TQM initiatives a failure and were actually cutting back their quality budgets.

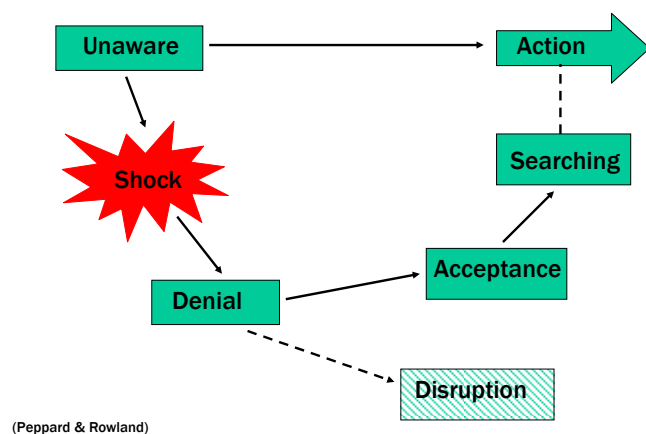
Studies in change programmes that included the other two most popular initiatives of the last fifteen years, downsizing and re-engineering, also report similarly dismal results. In other words, these well-document change management programmes have not been enough to achieve the desired change.

What is most interesting about the research, however, are the reported reasons for non-success. Several studies report that the most frequently cited reason given for failure was the neglect of the organisation's culture. The failure occurred in most cases because the culture of the organisation remained the same. The procedure was treated as a bolt-on, as a technique or program of change, not as a fundamental shift in the

organisations' directions, value, and cultures. In other words failure to change the organisation's culture doomed the other kinds of organisational changes that were initiated.

As I stated before, people need to understand that it is a philosophy about HOW to do business. The point I am trying to emphasise is that without a fundamental change in organisational culture there is little hope of enduring improvement in organisational performance. Although the tools and techniques may be present and the change strategy implemented with vigour, many efforts to improve organisational performance

General Reactions to Change



fail because the fundamental culture of the organisation, the philosophy, remains the same; i.e., the values, the ways of thinking, the managerial styles, the paradigms and approaches to problem solving.

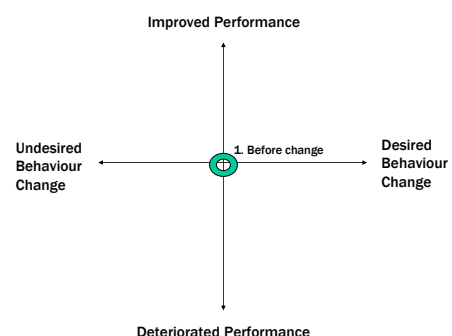
In sum, you need to understand five key points on change:

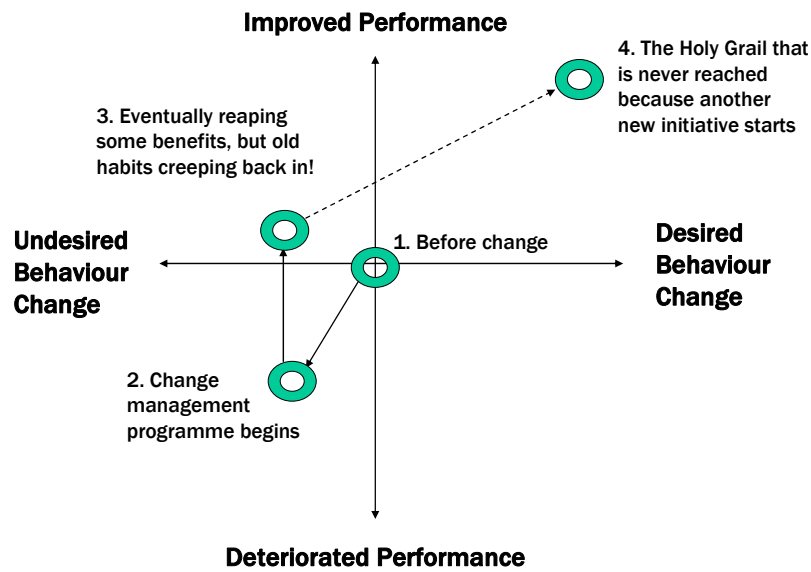
1. There is much more talk and hype around change than is successfully achieved. It could be argued, successful change is the triumph of the human spirit over all obstacles; of hope over experience.
2. People seem to assume that everyone understands change and is naturally "for it." Clearly, research shows this isn't the case.
3. As one writer on change pronounced: "Sceptics are my best friends." When it comes to change, sceptics are the ones who will tell you honestly why your change process might fail. If you listen to them and problem-solve their list of reasons, you are much more likely to be successful.
4. No one ever implemented a successful change management programme by simply drawing up plans, putting in new technology and listing required behaviours. Change is a people issue – not a process issue. And that means CULTURE.
5. Management 'fads' that drive many change management initiatives remain just that – a 'fad' - because people fail to understand that many of these great ideas require a change in the fundamental philosophy and values of the organisation. They fail and fall from grace, not because they are unworthy, useless or impractical, but because they are treated as bolt-on processes to the business without any modification to the core values, principles and founding assumptions that drive the organisation.

That's why change management programmes fail!

What is the Path of Change?

Research shows that the path of change when plotted against desired behaviour and improved performance is very different from what is expected and planned. Take a look at the example of the average change management path, below. Be prepared to be astonished!





People's Response to Change

Crisis / Transition Sequence for Change Programmes

Phases	1. Impact	2. Recoll Turmoil	3. Adjustment	4. Reconstruction
Time Period	Few hours / days	1 - 3 weeks	Future	Months
Time Perspective	Immediate	Past	Future	
Emotions	Shock fight-flight Mourning	Rage-anxiety guilt-shame depression	Hope	Energy Level
Thought	Numbness Disorientation	Ambiguity Uncertainty	Problem-solving	
Direction	Search for lost object	Detachment	Search for new object	Re-attachment
Search Behaviour	Reminiscent of what has been	Perplexed scanning	More focused exploration	Testing

(Adapted from G. Hischowitz)

The Two Generic Types of Change

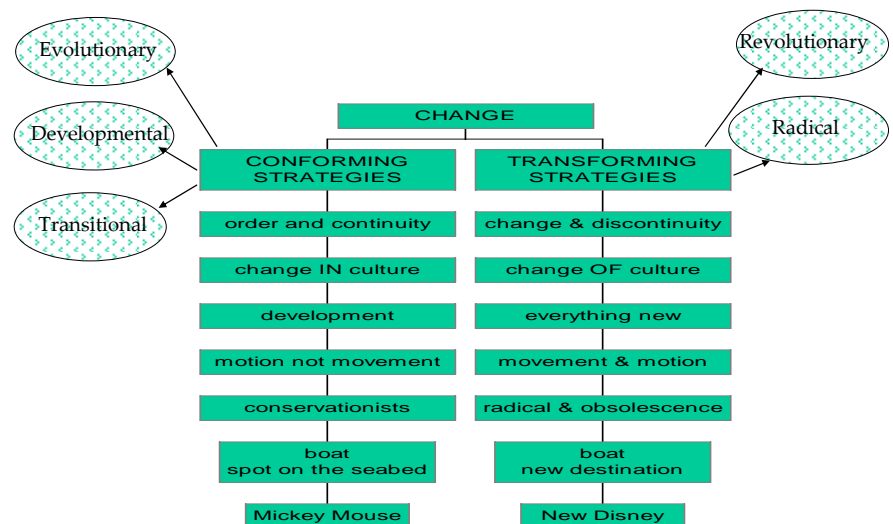
Many people when they think of change think of chaos. However, fundamentally there are only two types of change – revolutionary and evolutionary. And this really helps to put change into perspective. Revolutionary is obviously radical and something completely different – using transforming strategies. Evolutionary on the other hand is developmental – using conforming strategies.

Whenever I am explaining about change I like to use the Disney Corporation as an example. It's said that as long as Disney has Mickey Mouse, Disney can do anything. Well, it seems that Mickey Mouse can do anything, too. He has evolved from a little cartoon mouse into a cowboy, an astronaut, even Indiana Jones! Mickey Mouse has changed over time, is continually changing and is always being updated. This is evolutionary change, building on the past. Disney, in this case, is undergoing a change **IN** culture. It's like being in a boat on the ocean – you have to row and adjust your direction and speed just to stay in place, on the same spot. It's motion not movement.

However, the Disney Corporation found itself on hard times with dwindling interest in a cartoon mouse in an age of video games and action movies. So, they undertook a radical change – they set up the Buonavista organisation and started to produce real films, with real people, and real interest. 'Pretty Woman' and 'Good

Morning Vietnam' were among the first to be produced and were immediate successes; and the rest, as they say, is history. However, let's look at what they actually did. They created a revolutionary change. They stopped the old and created something completely new – there was no building on the past. Disney, in this case, was undergoing a change **OF** culture. The boat on the ocean was not being rowed to keep in the same spot on the ocean floor, but was being rowed to a new destination. It's movement not motion. This diagram depicts the differences.

THE TWO GENERIC TYPES OF CHANGE



Understanding the Management of Culture Change

Culture is not just about induction programmes; it is everywhere in organisational life. Culture is vitally important for the organisation because of its impact on performance. Organisational culture matters because cultural elements determine strategy, goals, and modes of operating. Organisational cultures form for a reason. Perhaps the current organisational culture matches the style and comfort zone of the company founder. The values and thought patterns of the leaders and senior management are brought to the organisation by their own cultural backgrounds, thus culture frequently echoes their prevailing management style. Since managers tend to hire people just like themselves,

the established organisational culture is reinforced by new employees. In the end people become comfortable with the current organisational culture.

Changing your organizational culture is the toughest task you will ever take on. It will feel like an on-going, uphill struggle for which you will need constancy, persistence and a great deal of patience. Organizational culture grows over time; your organisational culture was formed over years of interaction between the participants in the organisation. Any culture change will also take time to emerge. For people to consider culture change, usually a significant event must occur.

Change takes place on three different levels: the individual, team/organization and the wider system. All three levels are interrelated, and there is a wealth of tools and principles that can support managers, consultants and other change facilitators to fulfil their mission: to initiate and sustain change processes. Since culture is such a crucial factor in the long-term effectiveness of organisations, it is imperative that those charged with changing and/or managing organisational culture be able to measure key dimensions of culture, to develop a strategy for changing it and to begin an implementation process.

To summarise: what really drives culture – its essence – is the learned, shared tacit assumptions on which we all base our daily lives and our ideas of what a business is about, what is popularly thought of as “the way we do things around here”. The father of corporate culture, Edgar Schein, states: “Culture is the sum total of all the shared, taken-for-granted assumptions that a group has learned throughout its history. It is the residue of success.” You cannot, therefore, “create” a new culture. You can demand or stimulate a new way of working and thinking; you can monitor it to make sure that it is done; but members of the organisation do not internalise it and make it part of the new culture unless, over time, it actually works. An organisation’s culture is “right” so long as it successfully achieves its goals. If the organisation begins to fail, or its trading environment dramatically changes, this would imply that elements of the culture have become dysfunctional and must change. Culture evolves with the fluid circumstances of the organisation.

People find it extremely difficult to articulate or reconstruct these assumptions because they are so deeply buried in our psyche and, that way, life becomes predictable and meaningful. When you understand those assumptions, it is easy to understand why a culture is how it is and why people behave as they do. Unfortunately, you can’t do the reverse. You can’t observe how people behave and the attitudes they have and understand the culture that drives them. If you really want to understand culture, you must have a process involving systematic observation and talking to insiders to help expose these underlying assumptions.

The Four Major Organisational Culture Types (Cameron & Quinn)

Organisational culture comprises a complex, interrelated, comprehensive, and ambiguous set of factors. Consequently, it is impossible to ever include every relevant factor in diagnosing and assessing organisational culture - and researchers have unearthed hundreds of them to assess. No one set of factors can be argued to be right while others are wrong. Rather you must use the most appropriate factors to try to capture accurately the reality being described and these should be able to integrate and organise most of the behaviours being observed.

Before undertaking a change management programme organisations are looking for the key factors which define organisational effectiveness. When people judge an organisation to be effective, what indicators do they have in mind? One researcher has stipulated that there are thirty-nine indicators which represent a comprehensive set of all possible measures for organisational effectiveness. These have been subsequently analysed to determine if patterns of clusters could be identified. From this analysis two major dimensions emerged that organised the indicators into four main clusters.

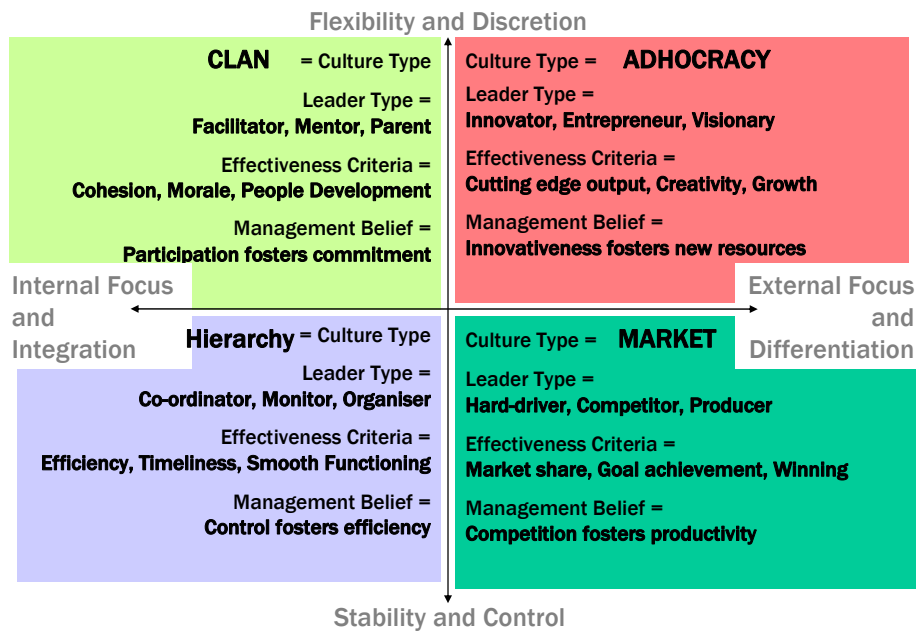
One effectiveness dimension emphasises flexibility, discretion, and dynamism as distinct from stability, order, and control. In other words some organisations are viewed as effective if they are changing, adaptable, and organic (e.g. Microsoft and Nike whose product mix and organisational form never stay in place very long). Other organisations are viewed as effective if they are stable, predictable, and mechanistic (e.g. government agencies, universities, and conglomerates such as Boeing who are characterised by longevity and staying power in both design and outputs). The continuum ranges from organisational versatility and pliability on one end to organisational steadiness and durability on the other.

The second dimension emphasises internal orientation, integration, and unity as distinct from external orientation, differentiation, and competition. In other words, some organisations are viewed as effective if they have harmonious internal characteristics (e.g. IBM and Hewlett Packard). Others are judged as effective if they are focused on interacting or competing with others outside of their organisation (Toyota and Honda are well-known for "thinking globally but acting locally"). The continuum ranges from organisational cohesion and consonance on the one end to organisational separation and independence on the other.

When combined, these two dimensions create four quadrants each representing a distinct set of organisational effectiveness indicators. These represent what people value about an organisation's performance. They define what is seen as good and right and proper. The four clusters of criteria, in other words, define the core values on which

judgments about organisations are made and on which culture in organisations is based. See diagram below.

Corporate Cultures

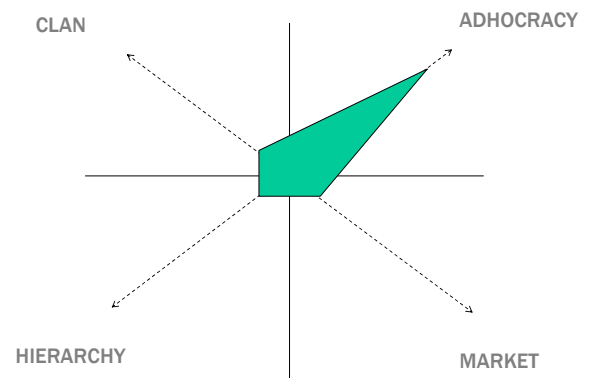


(After: Cameron and Quinn)

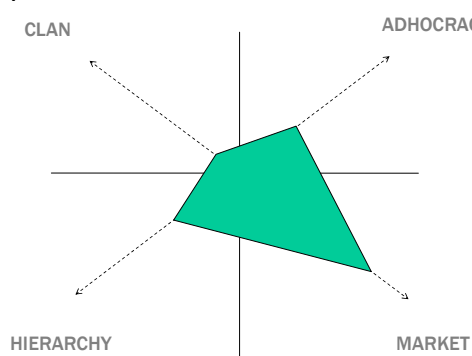
A description of each of the four quadrants follows with a diagram representing a typical organisation that represents that specific cultural profile.

The Adhocracy Culture: a dynamic, entrepreneurial, and creative place to work. People stick their necks out and take risks. The leaders are considered innovators and risk takers. The glue that holds the organisation together is commitment to experimentation and innovation. The emphasis is on being on the leading edge. The organisations long-term emphasis is on growth and acquiring new resources. Success means gaining unique and new products or services; being a product or service leader is important. The culture encourages individual initiative and freedom.

Corporate Culture Profile: Hi-Tech Manufacturer



Corporate Culture Profile: Multinational Manufacturer

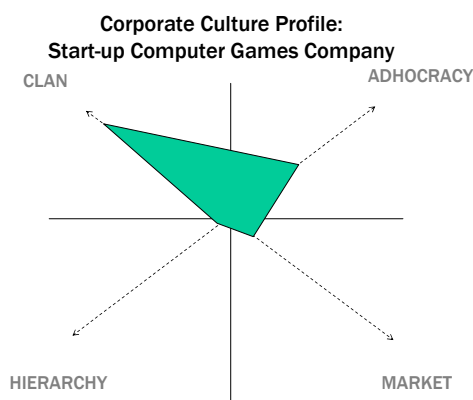
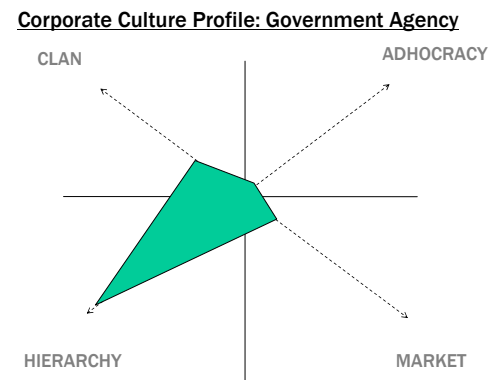


The Market Culture: A results-orientated organisation whose major concern is for getting the job done. People are competitive and goal-orientated. The leaders are hard drivers, producers, and competitors. They are tough and

demanding. The glue that holds the organisation together is an emphasis on winning. Reputation and success are common concerns. The long-term focus is on competitive actions and achievement of measurable goals and markets. Success is defined in terms of market share and penetration. Competitive pricing and market leadership are important. The organisational style is hard-driving competitiveness.

The Hierarchy Culture: Based on Weber’s seven classical attributes of bureaucracy; rules, specialisation, meritocracy, hierarchy, separate ownership, impersonality, accountability. A very formalised and structured place to work. Procedures govern what people do. The leaders pride themselves on being good coordinators and organisers who are efficiency-minded. Maintaining a smooth-running organisation is most critical.

Formal rules and policies hold the organisation together. The long-term concern is on stability and performance with efficient, smooth operations. Success is defined in terms of dependable delivery, smooth scheduling, and low-cost. The management of employees is concerned with secure employment and predictability.



The Clan Culture: A very friendly place to work where people share a lot of themselves. It is like an extended family. The leaders, or the heads of the organisation, are considered to be mentors and perhaps even parent figures. The organisation is held together by loyalty or tradition. Commitment is high. The organisation emphasises the long-term benefits of human resources development and attaches great importance to cohesion and morale. Success is defined in terms of sensitivity to customers and concern for people. The organisation places a premium on team work, participation, and consensus.

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How to Decipher Your Corporate Culture (adapted from Schein)

If we want to learn about how to change culture, we need to understand how it is created. You cannot use a survey to assess culture *per se*. Culture is a group phenomenon. It is shared tacit assumptions. Therefore, the best way to assess it is to bring groups together, to talk about your organisation in a structured way that leads them to their tacit assumptions.

Gather together several colleagues and add a few new-comers to the organisation to this group. Interview yourselves about the issues that seem to matter to the continuing success of your organisation. Endeavour to bring in a facilitator who understands about the concept of culture so they are able to identify the underlying assumptions behind the words being used. These are the steps to follow:

1. Define the “Business Problem”

Meet in a room with lots of space, wall space, white boards and flipcharts; one you would use for brainstorming. Start with a “business problem” or issue; something you would like to fix; something that could work better; or some new strategic intent. Focus on concrete areas of improvement to make the exercise worthwhile.

2. Review the Concept of Culture

Once you agree on your strategic or tactical goals as the things you want to improve or change, review the concept of culture in its elements as existing at the three levels of: artefacts (symbols, organisational structures, processes); espoused values (strategies, goals, philosophies); basic underlying assumptions (unconscious taken-for-granted beliefs, perceptions, thoughts and feelings, values). Make sure everyone in your group understands this concept.

3. Identify Artefacts

Start with identifying lots of the artefacts that characterise your organisation. Enquire of the newcomers what it is that they first noticed and what it is like to work with your company. Talk about things like: dress codes; level of formality & authority relationships; working hours; how decisions are made; communication and how it is done; jargon, identity symbols, and status symbols; rites and rituals; balance between work and family; etc. Write these up and display them on the walls around you.

4. Identify Your Organisations’ Values

Give yourselves an hour or so then discuss as a group what the espoused values that the organisation holds. Write them up and display them separately from the artefacts. Some points may have been mentioned before – it doesn’t matter – write them down again. Many will be known as they will be goals and objectives that are readily talked about in everyday operations. They may have been reiterated as part of the company “vision” for the future.

5. Compare Values with Artefacts

Next, compare the espoused values with the artefacts in those same areas: e.g. if customer focus is espoused as a value, see what systems of reward or accountability you have identified as artefacts and whether they support customer focus; do the same for knowledge sharing and core competence building if this is relevant; or, espousing an open-door policy and open

communication – do the whistle-blowers and messengers of bad news get penalised? If the values and the artefacts do not complement each other, you have identified an area where a deeper tacit assumption is operating and really driving the system. You have to search for that deeper assumption.

What you are endeavouring to do in this exercise is to identify inconsistencies and conflicts in what you believe (as formulated in vision and mission statements and other management communications) and how you behave (overt behaviour, policies, rules and practices, artefacts). You must then identify what is driving the overt behaviour and other artefacts; this is where the important elements of culture are embedded. As you unearth these deep shared assumptions, write them down and display them on the walls around you. Look for patterns and trends and identify the ones that really drive the system.

6. Repeat the Process with Other Groups

You can always test the findings of this initial session on another group, but it is important if you have sub-groups or units, that are important to the whole workings of the organisation, that their own shared assumptions are identified as there may well be differences. The data you'll gather will be a valid, meaningful and rich resource from which you can plan your culture change.

7. Assess the Shared Assumptions

Now assess the pattern of shared basic assumptions you have identified in terms of how they hinder or help in accomplishing the goals you set out in the first step of this process. Focus your energies on identifying the assumptions that help, since culture is very difficult to change. You are now in a position to pull all the pieces of the jigsaw together: identify what type of culture is required (Adhocracy, Market, Hierarchy, Clan); make a definite plan to strengthen those elements which help drive the system and will reinforce the required culture; decide how you are going to tackle those elements that hinder, constrain or damage the organisation in aculturalising to the required profile.

Remember: if you always do what you always did, you'll always get what you always got! If you want to change your future, you have to change your thinking in the present.

(To achieve best results: this is a four-hour exercise which is best conducted with a culture-change facilitator. The repeated process will take about three hours)

Culture Change and the Finance Industry

The field of financial services is one of the fastest changing sectors of the economy. Intensified competition, more sophisticated customers, increased regulation and commoditisation are all eroding the power of traditional product-driven businesses within the industry. This means that the sector is seeking radical improvements in processes

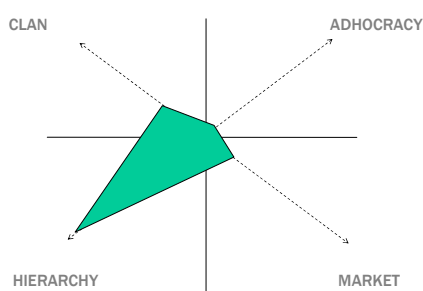
such as credit approval, new product development, claims processing and insurance underwriting. Large numbers of organisations are realising that one route to radical improvements and sustainable profitability is through a customer-centric model. Many efforts, however, are failing.

This and the changing motivation of people working in the sector mean that a new approach is required to ensure that the changes taking place in the industry can reach their full potential and both be managed and sustained for the benefit of the industry, the organisations and its staff. Many banks, credit card companies and insurance groups have invested millions in these customer-centric change programmes, without addressing cultural issues, and these programmes are not reaping the rewards expected. I cannot emphasise enough that to succeed in such fast-moving markets, financial services organisations will have to manage change in organisational culture in order to harness the commitment as well as the competences of their people. Although the results of many change programmes are frequently less dramatic than claimed by their advocates, well-conceived and managed projects can help the firm on a path of corporate transformation but only when a change in culture is also undertaken.

Changing the 'corporate mind' needs to be a fundamental survival skill for today's leaders as well as the basis for market dominance in the future. Clearly the Financial Services industry needs to undergo a culture change so that it is acceptable to bring into the open relevant discussion about changing corporate culture. It must challenge organisational assumptions about the contribution of culture to financial results, know how to benefit from the cultural hurdles to be overcome, and pinpoint the drivers of successful cultural change in peer-group companies. This is vital for it to cope with a move away from a regulatory based framework, with set rules, to a principles-based approach, with only guidelines.

Using the frameworks we have been discussing, let me graphically explain the three predominant cultural profiles that currently need to simultaneously exist in each organisation to effectively compete, to comply with regulation, and to be first to market with new products. No wonder there is such a dilemma in the industry...

**Culture Profile Needed for:
Compliance, Regulation and Processing Paperwork**

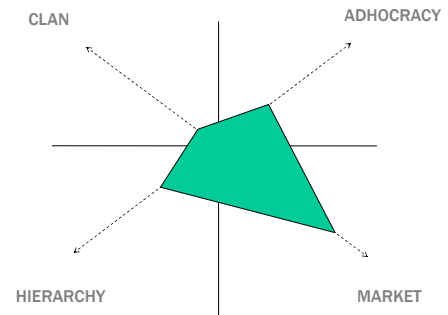


The Hierarchy. Keeping on the right side of compliance and regulations means that your organisation has to build systems and processes to administer, monitor and control this legislated part of the business. You're exactly right when you exclaim in frustration that it's bureaucracy gone mad. It's exactly that. Bureaucracy is what

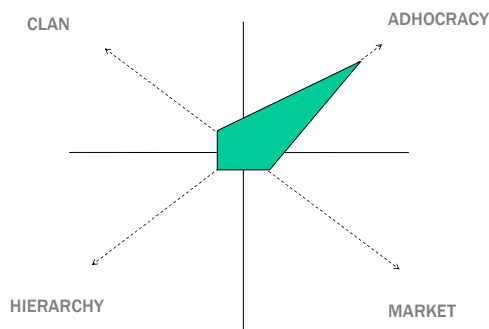
is needed to ensure you are compliant.

The Market. To have that drive to win and succeed in a competitive market place you need this cultural profile. You are a results-orientated organisation – where money is the key factor. Your success (or failure) is displayed for all to see, worldwide, so you need to win; that’s your mission in life. You need people that are competitive and goal-orientated. As a leader you drive hard, and are tough and demanding. But that’s ok, as the glue that holds everyone together is an emphasis on winning.

**Culture Profile Needed for a Competitive Market:
Goal-Oriented, Market Leadership, Winning**



**Culture Profile Needed for the Money Market:
Entrepreneurial, Risk-Takers, Innovation, New Products**

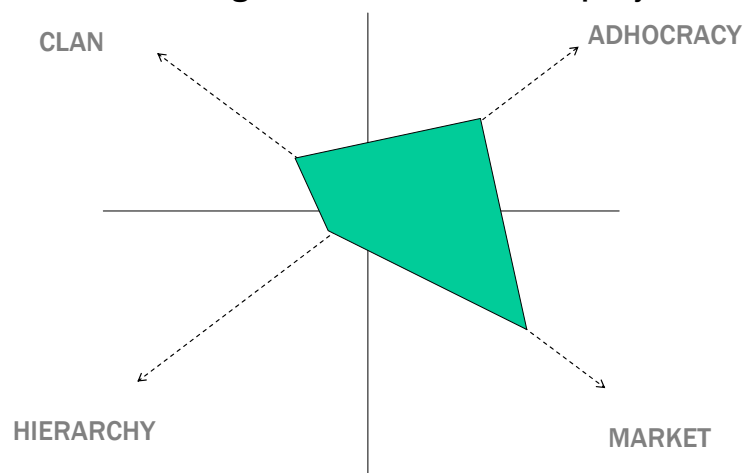


The Adhocracy. But, to play the money market you have people who stick their necks out and take risks. This culture is the complete opposite of the hierarchy model – and will clash full on with it! As a leader you are considered an innovator, entrepreneur and risk taker. You want to be leading edge. Success means creating new products or services; being a product or service leader is important. You all

like to be unstructured, to use individual initiative and have freedom - and the organisation encourages it.

In moving the industry away from rigid rules and regulations to guidelines, the Financial Services Authority is acknowledging that the sector has to be less bureaucratic and more flexible. A move away from the Hierarchy. It can see what the future leaders of the industry will look like and know they will be up against world-class competition. You will need the flexibility and innovation to ‘duck and dive’ and create new products, and you will also need the strength of a market driven organisation with the will to win and an emphasis for ‘getting the job done’.

**Is This The Culture Profile Needed For:
Fast Growing Financial Services Company?**



However, we will still need to maintain consumer confidence and fair play – that’s what the guidelines are for. So, what should this hybrid organisation look like? I suggest that a fast-growing, innovative, organisation in the financial services sector will need to have this shape. There may be ‘pulls’ and ‘tweaks’ to accommodate sectors in the market place, and individual companies, but overall this will be the cultural profile you need to aspire to.

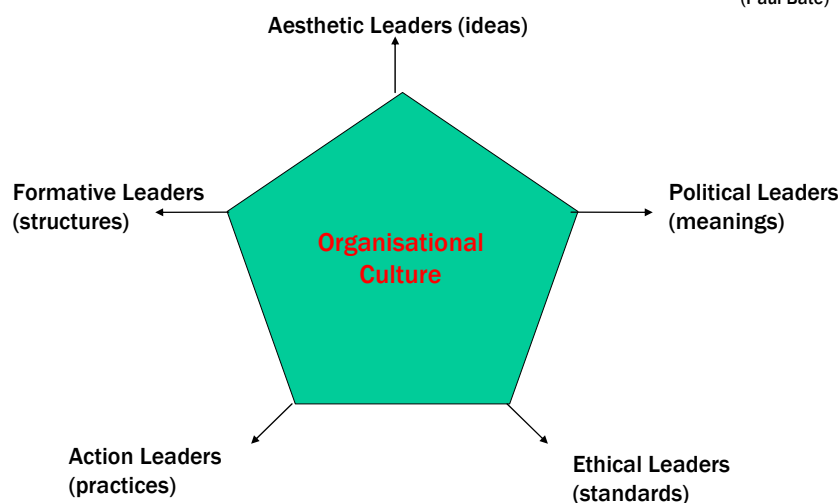
Change Leaders and Change Agents

First of all it must be emphasised that you can never motivate anyone else to change. People have to motivate themselves. So the role of the change leader and change agent is to arouse motivation in others. These change leaders should therefore have three characteristics if they are to arouse motivation to change and learn:

1. Credibility: Whatever they say must be believed and not discounted.
2. Clarity of vision: Whatever they say must be clear and make sense.
3. Ability to articulate the vision: They must be able to state verbally and in writing what it is they perceive and what the implications are for the future of the organisation.

Strategy for Leadership of Cultural Change

(Paul Bate)



Each organisation requires different balance of pulling forces for different tasks & environment

The Language of Change

One of the critical factors in a successful culture change programme is communication in terms of the descriptors and metaphors we use. Unfortunately, everyone will have a different idea about what is happening in the organisation if we cannot successfully describe the ‘journey’, the ‘end-game’, the ‘destination’ or the ‘rebirth’. And each of these descriptors implies a different type of change.

Let me explain further. As a leader or manager you need to ensure your team are all using the same metaphors to describe the change process you are undergoing, otherwise your employees will get mixed messages; based on their understanding of the words being used. It is vital that you manage your metaphors of change. Don't talk about '*building on the past*' if what you really want to do is '*escape the past*' and create a NEW future. The first is an evolutionary change; the second is revolutionary change. And the language has to be different.

Let's take a look at the four different types of change metaphors:

Metaphor Type	Assumption about organisation	Remedy & Language	Image of Change Agent	Cultural Profile
Fix and maintain (Repair)	It's a Machine	Malfunction; Breakdown	Repair person; Mechanic; Maintenance worker	HIERARCHY
Build & Develop (Developmental)	It's a Building	Foundations; Get bigger/ better; Improve performance	Trainer; Coach; Developer; Builder	MARKET
Move & Relocate (Transitional)	It's a Vehicle	Move forwards; Headed in the right direction; Leave the old behind	Planner; Guide; Explorer	ADHOCRACY
Liberate & Create (Transformational)	Radical	Get out of the box; See the light; Rebirth	Visionary; Freedom Fighter; Liberator; Creator	CLAN

Clearly the language we use is influenced by the type of experience we think we are undertaking. Many managers talk about 'fixing' the problem, which very much reflects the assumption that business functions are like cogs in the wheels of a machine engine and they are going to act as the repairman or mechanic – they think in systems and controls. Others talk about making a clean sweep (radical action) which will frighten the life out of those who like a stable environment! This person wants to enlighten the organisation; they talk about 'closing the door on the past', 'drawing a line' on what has gone on before, and they see themselves as a liberator of those imprisoned in the dark ages. They want us to 'get out of the box'. They may even see themselves as a visionary leader and the knight in shining armour who comes to rescue the day.

Another way of talking about an organisation is to make reference to its 'solid/deep/shaky/strong foundations'. This manager sees himself as having foresight and is going to act like a property developer and 'build' and make 'improvements', but essentially the structures of the organisation will remain the same and he will boost personal performance to get results. Finally, there is the manager who's going to set out on a 'journey'. He has the destination in mind (goals, targets, deadlines,) and is going to

take us along with him (quite possibly kicking and screaming!). He is going to ensure we all keep 'on track', that we're 'headed in the right direction'. He'll talk about getting us from 'A to B', 'steering the ship', and 'taking things' steady' while we pass over 'choppy waters'. He'll use words like 'path', 'direction', 'the way' and all the time we'll be 'moving forwards/backwards' and he'll keep needing to recalibrate the 'action plan' so we can all arrive in the right place at the right time. This person sees himself as the 'Captain of the Ship' or the leader of an exploration team – he has a vision of a better world and is 'going to set off' to find it.

Let me ask you: how do you talk about your organisation, and how do you refer to how you are going to make the future happen? What metaphors do you use? Your answers will determine the way you think about business – is this the most appropriate way?

Ten Important Guidelines in Creating and Sustaining Cultural Change

Below you will find ten important themes which I have found from my own experience are key guidelines in addressing the issues of culture change. These are not steps in the process in chronological order, but key elements of the process of change that need to be addressed simultaneously (adapted from Schein, Cameron & Green and my personal experiences).

Of course, before you even begin to implement these ten elements, you and your senior management team will already have got your story sorted out. You will know what change you want to initiate, what values drive the organisation, what culture will sustain these values, where you want to get to, how you're going to get there, and what 'enemy' you are going to blame as the force to kick-start the cultural change process (e.g. greater competitiveness in the market). And there needs to be plans and processes in place which keep the momentum going. You will need to create a sense of urgency and continually reinforce the need to change. Once you have all that sorted out, these are the ten elements you need to address to implement a successful change programme:

1. A compelling positive vision. Culture change as an isolated objective is meaningless. If the current culture does not adequately support the achievement of strategic objectives then it has to change. So start from the business strategy to determine what organisation capability or core competencies need to be developed and derive your vision from that. Ensure that there is clear vision and really understand your reasons to change. People need to be convinced by a compelling vision rather than compelled in a coercive way. They need to see the overwhelming logic of the proposed changes. The more people are drawn towards the vision the better. The vision must be articulated and widely held by senior management. As a leader and manager

- you must be able to convince everyone that they and the organisation will be better off if everyone learns the new way of thinking and working.
2. Formal training. Culture is about the way you do things around the organisation, so if you are trying to introduce new practices formal training will be needed. If people are trying to learn new ways of thinking, new attitudes, and new skills, they must have access to whatever formal training is required. For example, formal training on team building will be needed if team working is the new way of working.
 3. Involvement of the learner. When you want culture to change you have to put yourself into the shoes of the person who needs to change. You can do this by involving them as much as possible. Change brought about in a clumsy or unthoughtful way will rebound, in the end, on management. As everyone learns slightly differently, as a leader and manager it is essential that you involve your learners in deciding their own optimal learning process.
 4. In formal training of relevant "family" groups and teams. No one ever changed culture by simply drawing up plans and listing required behaviours, so you must ensure that no one feels deviant in deciding to engage in the new learning. Informal training and practice must be provided to whole groups so that new norms and new assumptions can be built jointly, because cultural assumptions are embedded in groups.
 5. Practice fields, coaches, and feedback. You cannot learn something fundamentally new if you don't have the time, the resources, coaching, and valid feedback on how you are doing. As a leader and manager it is important that you recognise this fact and provide practice fields so that your learners can make mistakes and learn from them without disrupting the organisation. It is also important that your feedback is in line with your set of core values. If you say one thing and do another, then you might as well give up now. For instance, a stated value of integrity is rather hollow if senior managers do not keep their promises, or fail to explain why any plan has changed.
 6. Positive role models. Managers need to act as role models. There will be a lot of people in your organisation who will not be able to "see" the vision that you hold. The new way of thinking and behaving may be so different from what is normal to them that they have to "see" what it looks like before they can imagine themselves doing it. As a leader and manager you need to find champions and positive role models that others can copy in terms of behaviour and attitudes; others with whom they can identify and from whom they can learn.
 7. Support groups. People must be able to talk about their frustrations and difficulties in learning and changing with others who are experiencing similar difficulties. Setup support groups so that problems connected with the new

working practices can be compared and discussed. This way your staff can support each other and jointly learn new ways of dealing with the difficulties.

8. Consistent systems and structures. One of the most important elements in cultural change is ensuring that your reward and discipline systems and organisational structures are consistent with the new way of thinking and working. If you are emphasising team working, then the reward system must be group orientated, and the discipline systems must punish individual aggressiveness and selfish behaviour, and new organisational structures must make it possible to work as a team. If you are emphasising knowledge sharing in a sales team, the reward system can, in part, reflect how much an individual mentors and teaches other members of their team, rather than just giving out a straight sales bonus.
9. Create a community of focused and flexible leaders. Many people want clear, confident and focused leadership during periods of change; however, other people also want leaders who will reflect upon what is happening 'on the ground' and adjust their plans accordingly. It is important that you as leaders and managers have the clarity of 'the end vision' together with the ability to manage and cope with the emergent issues. But most importantly, you need to develop emotional intelligence to handle people's response during a period of cultural change.
10. Collective ownership of the changes. It often happens. And it's a big mistake. The common trap is to make the H.R. department the owners of cultural change, while the CEO and senior management team own the changes in business strategy. This approach is doomed to failure because it generally leads to senior managers becoming detached from the cultural issues and neglecting their responsibilities as a role model. And employees often become cynical which can develop into a very powerful force for resisting change. This approach leads to the H.R. people being lumbered with programmes and initiatives that look all too fluffy and irrelevant, which they end up having to 'push' and 'sell'. All this, of course, leads to the employees becoming even more cynical!

The Realities About Changing Culture

Never start with the idea of changing culture as this could be your source of strength. It is the residue of your past successes. Start with the business issue you face or the problem you have; only when you truly understand these can you ask yourself whether your corporate culture hinders or helps resolve them.

Then define what sort of corporate culture you need to have to move into the future. What will the dominant culture be: Adhocracy; Market; Hierarchy; Clan? Establish how

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