

Culture change

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Culture change in your business

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Introduction

Almost all established organisations have a culture which has developed over time. This culture should continue to adapt and change - all businesses operate in a dynamic environment, and the corporate culture needs to reflect this.

The need for culture change may be forced on the business because of a significant event, for example the loss of a major customer, diminishing profits, or something outside the business such as a recession or the emergence of a new and powerful competitor.

Businesses can also choose to introduce culture change, perhaps to address specific problems, tackle new markets or improve profitability.

This guide explains what culture change involves, what drives it and how the process can be managed. It also explains the link between culture change and 'lean' processes.

What is culture change?

Most businesses have a 'personality' which reflects the way that employees see themselves, and how customers, suppliers and other stakeholders perceive the business. This is the visible effect of the organisation's 'corporate culture'.

Culture change is the process of changing the way things are done for the benefit of the business, employees, customers and suppliers. It lies at the heart of successfully implementing improved processes, and involves creating a different mindset in

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everyone involved with the business - both internally and externally.

The corporate culture of an organisation is usually difficult to define, but it is the sum of the values, assumptions and attitudes of everyone involved with the organisation. It results in a set of unwritten rules that govern how the business operates.

Over a period of time, a corporate culture can reflect entrenched attitudes, which can have a detrimental effect on the business. It may not adapt quickly enough to new situations, it could fail to develop new products or services, or the careers of individual employees could be held back. This is when culture change becomes essential.

Although culture change can be an incremental process, it generally needs to be applied throughout a business, usually involving changes at all levels to ways of working and ways of thinking. There is likely to be resistance by some people to cultural change, especially those who cannot see the need or who feel threatened. There needs to be widespread engagement in the process by management, as involvement and encouragement of employees is fundamental to its success.

You can find out more on the page in this guide about [managing culture change](#).

What drives culture change?

Corporate cultures develop as a result of factors such as:

- the founder's personality
- the business' history and traditions

- the market sector
- competition influences

As the business grows, management systems and information technology can also have an impact on the way a business operates, and its culture.

When a culture becomes entrenched, it can hide issues which cause serious problems, as the result of internal and external events that are often beyond the control of the organisation's management. Problems can arise if you:

- rely too much on one customer, one supplier or one product
- have poor financial controls
- have insufficient capital reserves

Rather than wait for problems to force cultural change, a business may decide to be proactive and introduce change because of factors such as:

- problems with customers, suppliers and products
- business or market opportunities
- external or internal changes - including management or ownership changes
- employee ambitions

Sometimes, change comes about because an organisation assesses its current culture, showing up deficiencies which need to be addressed. This can be achieved by using outside consultants to conduct a cultural assessment.

Alternatively, internal research and surveys can be developed, including observations of employee activity and interactions - with each other and with suppliers and

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customers. Interviews with employees or open-ended discussions on how they see the corporate culture can also be revealing, although senior managers must also examine their own attitudes as part of this process.

Managing culture change

Successful culture change requires careful management in order to retain the best elements of the current culture and make improvements as appropriate. The following are key stages in this process:

- **planning** - defining objectives, outlining strategy, setting goals and setting up a project team
- **design** - assessing requirements, deciding what outcomes are required, building an action plan, establishing a timetable, and appointing implementation teams for different processes and or departments within the business
- **implementation** - initiating the action plan, reviewing and monitoring results, providing training where necessary, assessing results of the action plan and amending accordingly

One of the most important elements in managing change is to ensure the full engagement and participation - of management and employees. A core part of this is to listen to - and involve everyone in the organisation - in the development of ideas for change. Make sure that the objectives behind the change are clearly stated so that everyone understands what they are and why there is a need for change. Ensure also that implementation of the change process remains focused on

these objectives.

As well as ensuring that employees understand and support the reasons for change, it is important that the organisation's senior management shows total support for the project, and leads by example.

Culture change and 'Lean'

'Lean Manufacturing' was developed from the Toyota Production System - a manufacturing and business process that was designed to achieve more with fewer resources. It does this mainly through the elimination of all forms of waste, and by adding value and focusing on quality. Although it was developed originally for the manufacturing industry, the system can be applied to all kinds of business.

Introducing Lean into a business almost always involves culture change. It starts from the principle that anything in the business that does not create value for the customer is wasteful, and must therefore be removed from the value stream. The value stream is the process that begins with the first customer contact, and ends with the customer getting some level of value from the business.

Lean introduces new methods of working both for suppliers - such as just-in-time deliveries - and employees - such as total quality management or zero defect production. Properly initiated and implemented, Lean will typically double productivity while at the same time reducing costs.

One of the most important elements of Lean

is that it is a process of **continuous improvement**, based on the idea that there will always be a way to do things better, and that no one in the business should ever be content to sit back and think that success has been achieved. This emphasis on continuous improvement is a fundamental element in a new corporate culture that is based on Lean.

You can find out more about Lean in our guide on [Six Sigma and Lean-related methodologies](#). You can also read a case study on [how Lean manufacturing improved a company's productivity](#).

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