



Culture and its IMPACT! on Organizational Performance Workshops for Learning, Changing, and Growing Organizations

Introduction

If it is anything, improving organizational performance is a culture change proposition. Achieving that culture requires an understanding of the underlying assumptions and values that determine what is important in an organization and what behaviors are expected and appropriate when it comes to the way members approach each other and their daily work.

The Perception of the Need for these Workshops

The Up Side – “Financial Returns from Organizational Culture Improvement”¹:

In a recent article by the same title, Eric J. Sanders and Robert A Cooke, Ph.D. from Human Synergistics/Center for Applied Research, Inc. revealed perhaps the most convincing findings to date on how “culture change initiatives can lead to real financial returns.” Here’s some of what they found:

- Strong correlations between constructive (as apposed to defensive) cultures and business success (i.e., higher earnings/sales ratios and lower volatility).
- Retail stores with more constructive cultures showed stronger growth in revenue and higher revenue than their defensive-culture sister stores.
- Newspapers with constructive cultures had higher satisfaction, more cooperation and teamwork, lower stress, better readership, and higher profit.
- A large university medical center, over a 4-year period, was able to move its culture from defensive to constructive through leadership development and an organization-wide emphasis on culture change resulting in improved research, education and patient care performance, a 50% increase in budget, and movement from \$40 million deficit to a \$7 million surplus.
- A large liquid manufacturing company gained strong financial returns on their investment to redirect culture (beginning in 1996) and for the last eight years has reported increases in revenues, earnings before interest, taxes and amortization (EBITA), and net profit after taxes (NPAT, before significant or abnormal items). The price of their common stock has also risen every year since 1999, more than doubling from A\$3.58 to A\$7.58 in 2004 (a 12.8% annual increase).

The Down Side – Even High-Reliability Organizations Struggle with Culture:

NASA - After nearly seven months of looking into the cause of the loss of the space shuttle Columbia and its seven-member crew, a 13-member accident investigation board issued findings and recommendations in a stinging 248-page report. Without sweeping changes, the report warned that “the scene [was] set for another accident.” – Columbia Accident Investigation Board report:

- The accident was not a random event but rather a result of the spaceflight program's culture, which had as much to do with the accident as the foam did.
- The organizational causes of this accident are rooted in the space shuttle program's history and culture, including the original compromises that were required to gain approval for the shuttle, subsequent years of resource constraints, fluctuating priorities, schedule pressures, mischaracterization of the shuttle as operational rather than developmental, and lack of agreed national vision for human space flight.”

NASA’s initial briefings to the Board on its safety program espoused a risk-adverse philosophy that empowered any employee to stop an operation at the mere glimmer of a problem. Unfortunately, NASA’s understanding of its safety culture in those briefings did not reflect reality.

HEALTHCARE - At the end of the 20th century, the President’s Advisory Commission called for a “national commitment to the measurement, improvement, and maintenance of high-quality care for all Americans.” The commission identified several areas where the quality of healthcare was falling short, including underuse of services, overuse of services, and misuse of services.

This translated into the need for a culture of safety in healthcare, and thanks to the Institute of Medicine and the Agency for Healthcare Research and Quality (AHRQ), there is also a growing recognition of the





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importance in establishing this culture for safer patient care. The conclusion of one study project funded by AHRQ on “The Culture of Safety” at 15 California Hospitals (2001) was:

“...while short term efforts to work on specific interventions (such as computerized physician order entry implementation) are laudable, they may be insufficient if the managerial structures and cultures of institutions do not sufficiently favor patient safety. Long term progress may need to include interventions specifically aimed at improving safety culture and breaking down barriers between managers and front line workers.” – Conclusion of study project funded by AHRQ

Moreover, in 2005, the Michigan State Commission on Patient Safety revealed its “Model of Safe Care in Michigan”. At the heart of the change effort was transforming the culture of healthcare toward safety.

The Workshop/ Topic Overview and Expected Outcomes

The Good News on All Sides:

Our CultureIMPACT!™ workshops are designed to show organizational leaders how to measure and improve culture, link internal causal factors that drive culture to organizational outcomes, and reveal the impact that leaders have on culture and organizational effectiveness. Participants reach a whole new level of thinking about management concepts like distribution of influence, employee empowerment and involvement, appraisal/ reinforcement, goal-setting, feedback, inter-dependence, communication, and bases of power. Along with this new thinking comes a fresh look at the impact these concepts have on employee outcomes like individual motivation, performance and job satisfaction, as well as group/ organizational level outcomes like teamwork, coordination, quality, customer service, external adaptability and ultimately the “bottom-line”.

The Result:

Learning, change, and growth that is worthwhile at the individual, group, and organizational level.

Conclusion

If you're typical, you've invested a lot of time and money in modern management methods like TQM, TOC, Six Sigma, Lean, Balanced Scorecards, Quality Certification, et al., to improve your organization's effectiveness, yet efforts haven't equaled results. There continues to be disparity between what is expected and what actually occurs. This is due, writes one man, “...to the two programs all companies have—the written one, which exists in the procedure manual (a tad dusty); and the unwritten one, which lives day-to-day in the minds of the people...and which is the most powerful and controlling. Success requires that we manage what's real...what's in the minds, not the manuals. We must go beyond...and shape the drivers of our process—we must impact the culture; the unwritten rules which determine what's really important in an organization.”²

At Dillard Partners, LLC we couldn't agree more. In fact, we're in the culture change business. To learn more about how your organization can benefit from CultureIMPACT!™ or to schedule one of our 80-min, 4-hour or 2-day workshops, contact Richard Dillard, Performance Improvement Consultant at (88) TRY DP-LLC or visit us on the web at www.dillardpartners.com.

1. Eric J. Sanders and Robert A. Cooke, Ph.D. (2005). Financial Returns from Organizational Culture Improvement: Translating “Soft” Changes into “Hard” Dollars. Article for Presentation at the ASTD Expo in Orlando, FL, June 6, 2005
2. Larry L. Hansen (2006). Design for Y To Attain Safety Xcellence! (The Culture Model), [http://www.l2hsos.com/safety_culture.htm#Design%20for%20Y%20To%20Attain%20Safety%20Xcellence!%20\(The%20Culture%20Model\)](http://www.l2hsos.com/safety_culture.htm#Design%20for%20Y%20To%20Attain%20Safety%20Xcellence!%20(The%20Culture%20Model)) [Retrieved 9/20/2006]

