The *Mission Critical* Approach to Culture Integration and Culture Change

95 5

Culture

may be a so-called "soft issue." But it can play

hardball

with your organization's bottom line. Here's where Pritchett stands on the matter.

We consider culture important…but not merely for its own sake. Culture deserves respect because it heavily influences *operating results.*

If you're serious about things like shareholder value, you need to take culture seriously, too.

We'll work with you to architect a culture that supports your strategy. That aligns with your changing marketplace. Most of all, we'll help you tap into the potential, the possibilities, the latent competitive power that's inherent in culture.

The payoff?

You'll have a culture that improves your bottom line.
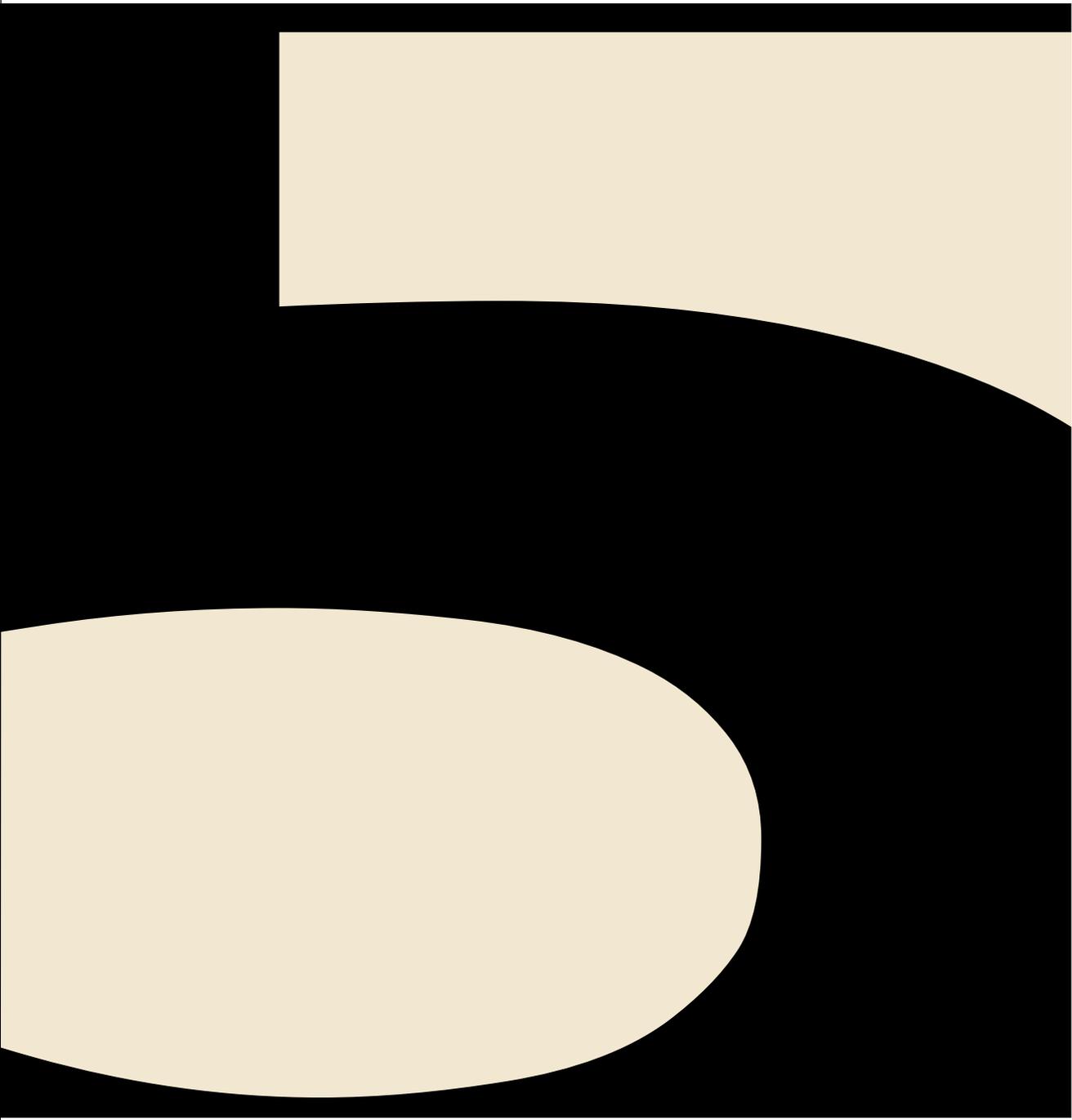
5% Mission Critical Traits

Corporate culture contains a mother lode of opportunity.

Question is, how do you access that potential?

How can you mine the hidden assets that lie within?

Most of all, what does it take to make the culture work *for* the organization instead of *against* it?

Let's start with an honest look at what we're dealing with here.

Culture is every bit as hard to deal with as it is easy to talk about. And therein lies the trap. The fact that practically anybody can understand it on a surface level leads people to think they're in a position to manipulate it. No surprise – their efforts are typically as superficial as their understanding.

Frankly, culture wins most of the battles with those who set out to reshape it. Far too many culture initiatives end up on the scrap heap of big plans gone bad.

Some people throw up their hands and quit. They conclude that culture is one of those so-called "soft issues," too mushy to really manage. And sometimes it gets discounted as a trite matter that doesn't deserve serious attention in the first place. But the fact is it can be managed. And it's a critical business issue that can heavily influence your organization's ability to compete.

Pritchett, has spent over a quarter of a century helping our clients wrestle with heavy duty cultural challenges. In mergers big and small. In all kinds of culture change endeavors. We've developed a remarkably deep understanding of culture dynamics…of what works, and what doesn't.

Call us… 800-992-5922.

The components in our *95-5 Culture Methodology* will put real muscle into your culture initiatives.

> *"Culture must not remain a fond relic of the organization's past. It needs to evolve…adapt…help deliver a successful future."*
>
> –Price Pritchett

When to use *95-5*

The *95-5 Methodology* has the muscle and flexibility needed whenever your organization is confronted by any of the key drivers of culture change:

- Mergers and acquisitions
- Strategy shifts
- Leadership changes
- Large technology implementations
- Fast growth
- Major economic swings

As your organization deals with its various challenges, culture shouldn't be the problem. It should be a key part of the solution. The secret is in how you shape it.

Success Principle #1:
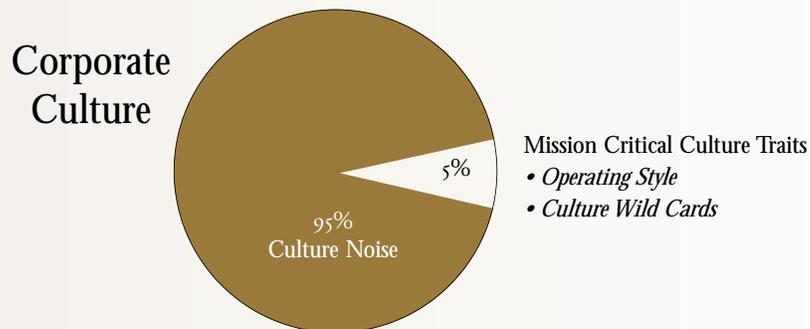
Focus on the Mission Critical 5%.

Culture is important because it carries heavy influence over operating results. But here's the key point: Very few culture traits are critical to success.

We call it the "Rule of 95-5." The idea is to focus your culture shaping efforts on the *vital few* and not get distracted by the *trivial many.*

Our experience shows that 95% of culture's *mission critical* influence comes from a mere 5% of the total cultural attributes that exist in the organization. The vast majority of cultural factors – the 95% that remain – account for no more than 5% of culture's overall impact on your organization's success.

Ever wonder why so many hard-nosed executives dismiss culture as a lightweight business matter? It's because the vast majority of cultural issues are so inane. Think of them as cultural "noise." In the overall scheme of corporate performance, they just don't carry any significant weight.

Meanwhile, a small handful of culture characteristics wield make-or-break influence over the organization's future.

Corporate
Culture

5%

Mission Critical Culture Traits
• *Operating Style*
• *Culture Wild Cards*

95%
Culture Noise

Pritchett's *95-5 Methodology* keeps you tightly focused on the 5% of cultural factors that account most for operating success.

Success Principle #2:

Distribute accountability.

People who aren't assigned active responsibility to help shape a new culture will invariably perpetuate the old one.

Ordinarily, most people in the workforce sit back and wait for top management to make it work. Everybody continues to accept their paychecks, but 80 percent of the organization watches idly from the sidelines or actively opposes culture change. That leaves only 20 percent to fight the good fight. What this means is that the biggest part of the organization literally gets paid for being a cultural obstacle.

The *95-5 Methodology* is designed to engineer constructive involvement. No more passive, unengaged people – everybody is held accountable for helping move culture to a new place. In the process of having to help carry the cultural ball, a positive change of heart often comes as people are required to help drive the change effort.

You can't legislate "buy-in" to culture change. But the *95-5* approach can structure people's involvement such that they actively contribute to the cause.

> *"Upper management can set high-level cultural direction. They also can put forces in motion to help alter the culture in important ways. But at the end of the day, culture always remains under local ownership. Real change occurs at the personal level, when people all across the organization actually begin doing business differently."*
>
> – Price Pritchett, *Shaping Corporate Culture*

Success Principle #3:

Behaviorize the targeted cultural traits.

The biggest challenge comes in translating your organization's cultural ambitions into new work behaviors. Ultimately, it all comes down to implementation. To *execution*.

The *95-5 Methodology* places heavy emphasis on making your culture change program actionable. We've found that the best way for a change effort to get traction is to ground it in actual value-adding work. People need a chance to apply the new cultural concepts. They need a "practice field" where they can try out the new traits on meaningful job-related tasks.

Our Culture Payoff Projects provide this sort of opportunity for rehearsal. They offer a structured approach to weaving new cultural traits into the fabric of the organization's existing culture. People begin to execute toward the new cultural objectives. The workforce gets actively engaged in *working* differently, and *thinking* begins to shift.

In the process, your organization expands its behavioral repertoire. Cultural beliefs and assumptions begin to move in the desired direction. People learn how to bring the targeted traits to life in their day-to-day work.

The *95-5* approach guides your people through that critical passage where new cultural aspirations become operational.

> *"As psychologists have advised for more than 100 years, you don't change behavior by changing people's minds. You change their minds by changing their behavior… Your priority should be to change not what people think, but what they do.*
>
> *That way, they'll discover that 'the way we do things around here' is not cast in stone and that other ways work better. And over time, your organization's culture will change."*
>
> −Tony Manning, *Making Sense of Strategy*

A culture's first priority is to sustain itself.
And it's good at it.

Your technique for change must be carefully engineered to overcome this fundamental problem.

Changing culture, or integrating two different cultures, is a complicated, high stakes endeavor. And how you *begin* goes a long way toward determining how you *finish*.

All too often failure is inadvertently designed in from the beginning. A culture initiative gets launched, but the wrong "opening moves" and the absence of a robust *methodology* mean the cultural end game is at great risk from the very outset.

The result? Most culture shaping efforts suffer a breakdown before they get very far down the road.

Our methodology provides the "gear box" you need in order to *operationalize* culture change. The components can be used individually, or integrated into a broad-gauged culture initiative. This versatility makes *95-5* effective at the corporate level, in individual subcultures, or as support components for other types of culture change endeavors.

Key Components of *95-5*

A. Culture Architecting

B. Culture Diagnostics

C. Culture Shaping Sessions

D. Culture Handbooks

Culture Architecting with Senior Executives

Let's nail down three key reasons why top management should take culture very seriously.

- First, anything this powerful should never be left to chance. Shape it carefully, and culture becomes a major corporate asset. Ignoring it creates unnecessary risk.

- Second, the senior leaders wield lots of personal influence over the organization's cultural leanings, for good or for bad. They should consciously ensure that they're a positive force.

- Finally, changing culture, or integrating cultures in a merger, gets tough. It needs the direction and ongoing support of top management.

So here's the bottom line: Senior leaders are accountable. It's top management's job to make sure that culture is your ally rather than letting it become a silent enemy within your own walls.

How to Avoid a Strategy/Culture Disconnect

Think about this. Strategy is a product of your view of the *future.* Culture, on the other hand, is essentially the product of your *history.* It's very easy for the two to be out of sync. The challenge is to shape the corporate culture such that it aligns with and supports your plans for tomorrow.

Our Culture Architecting Sessions help executives:

- Articulate major strategic initiatives

- Identify defining characteristics of the current culture

- Address the cultural elements that need to stay, go, and be newly established

- Prioritize the *mission critical* culture traits to be linked to strategy execution

- Visualize the desired end-state: what people should say, think, and do differently

- Develop a plan for operationalizing the culture shaping process

- Identify who needs to do what, by when, to shape a culture that can deliver on the strategy

In these highly interactive sessions, the executive team crafts a practical, tangible plan for linking culture to strategy. This serves as the master blueprint for shaping corporate culture at all levels of the organization.

> *"Most organizations don't have the foresight to change their culture before the world forces it on them.*
>
> *Some start, then don't have enough determination to see the effort through. Others keep tinkering with their culture, but the world of change outruns them. These companies lose control over their destiny."*
>
> – Price Pritchett, *High-Velocity Culture Change*

Culture Diagnostics

Culture is a very complicated matter. Traditionally, companies have tried to assess it with a single instrument, often one that is quite flawed. Pritchett offers a *battery* of powerful tools and techniques…multiple diagnostics. Specifically, our *95-5* approach offers seven techniques to select from in designing your data-gathering effort.

Assessment Options

- Culture Context Questionnaire
- Operating Style Analysis (Parts I and II)
- "Four Levels of Change" Survey
- Culture Insight Data Sweep
- Merger Integration Risk Analysis (Specific to M & A)
- "Signature Process" Diagnostic
- SuperSystem Map

The assessment approach in our *95-5 Methodology* cuts to the heart of culture issues that truly count. We don't believe in poking around at culture for the sake of curiosity. The big question behind all of our diagnostic efforts is, "What's the connection here between culture and *operating effectiveness?*"

The Payoff from *95-5* Culture Diagnostics

Mergers & Acquisitions

- Strengthen due diligence with penetrating cultural insights for better "go/no-go" decisions on M&A deals
- Identify key culture risks to the integration process
- Lay the foundation for accelerated integration
- Determine compatibility of operating styles
- Set the stage for effective "expectation management" with the workforce regarding upcoming culture change
- Identify "culture wild cards" that can interfere with post-merger success
- Generate rich insights into existing cultural strengths and weaknesses
- Help integration teams understand and manage sensitive culture issues

Culture Change Initiatives

- Focus the organization on *mission critical* culture traits
- Uncover important organizational "blind spots" about the existing culture
- Amplify and build upon current cultural assets
- Target new cultural possibilities that should be pursued
- Highlight critical gaps between the existing and desired cultures
- Identify key challenges and roadblocks to culture change
- Prioritize needed cultural shifts so they can be addressed in the right sequence
- Establish baseline data and trend lines to track culture change

Culture Shaping Sessions

Culture initiatives are usually conceived and launched on the executive floor. But to succeed, they must move across and down the organization – to the shop floor…to the field…to the front lines where you actually meet the customer. Success depends on broad-based engagement of the workforce.

A Venue for Execution

Instead of a conventional top-down approach that relies on a linear model of cascading change, the *95-5 Methodology* uses a much faster and more potent "swarm" approach. Culture Shaping Sessions are designed to mobilize everybody in the culture shift, and to distribute accountability for success across the organization's various subcultures.

These workshops provide an all-important framework for *execution.* Participants are guided through a structured process for operationalizing their new cultural ambitions. The vehicle each group uses for this is a value-adding Culture Payoff Project that addresses meaningful job-related issues.

Session Benefits

- Give people a solid understanding of culture, its importance, and how it influences corporate performance

- Manage people's expectations by focusing attention on the *mission critical* culture traits

- Provide a structured approach to translating the new culture objectives into routine work behavior

- Channel corporate energy away from cultural infighting or resistance to change, and toward good operating results

Culture Shaping Sessions serve as working laboratories. Participants apply key concepts and bring the shaping efforts down to the local subculture level.

> *"The old culture has the edge until employees learn how to do things differently.*
>
> *Human nature is such that, for the most part, people stick with what they know how to do, particularly in situations marked by ambiguity and stress. It looks like resistance to change. But to be more precise, they're resisting having to fumble along, look awkward, and go on guesswork.*
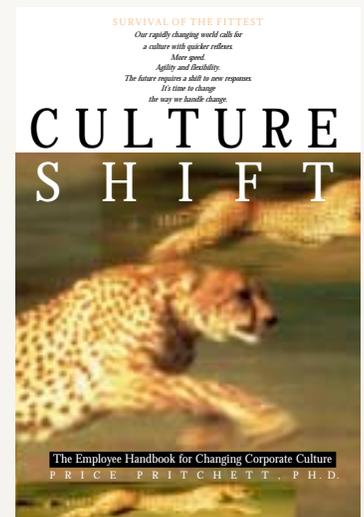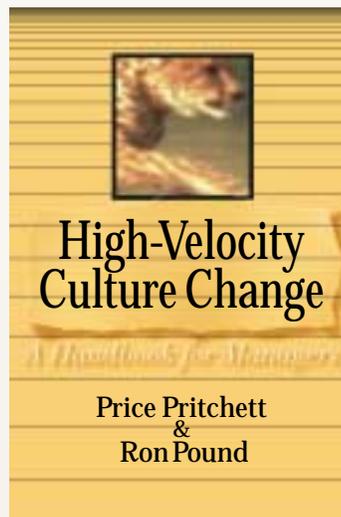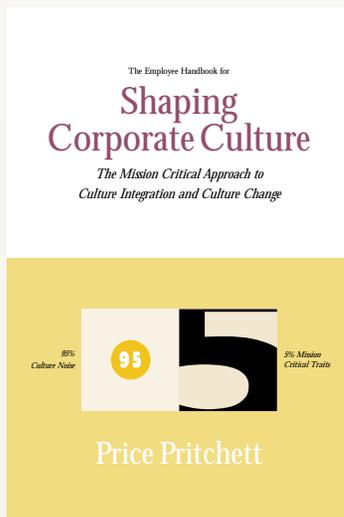>
> *Employees are better equipped to break old habits if you teach them new routines. Training builds confidence, competencies, and a willingness to change. Give people new techniques – a skill package consistent with what the new culture calls for – and you position them to contribute."*
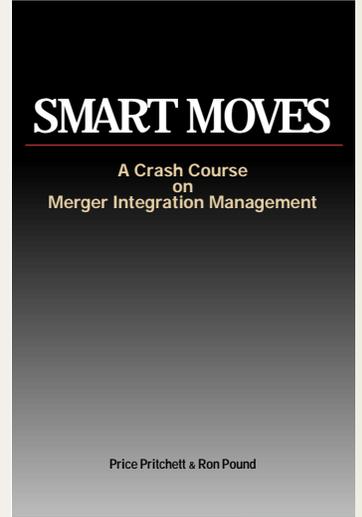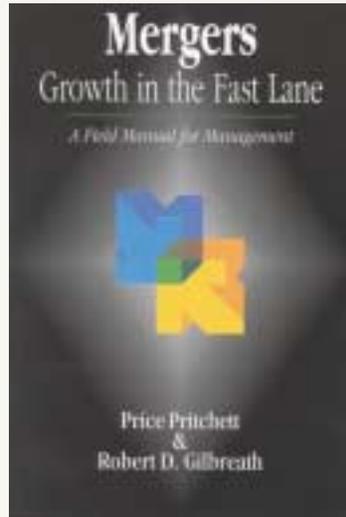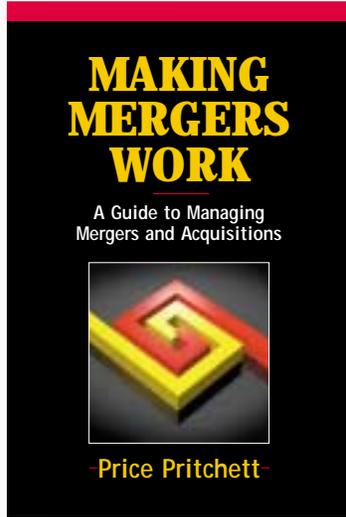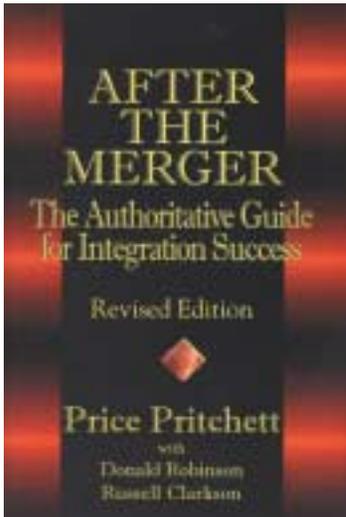>
> – Price Pritchett, *High-Velocity Culture Change*

Pritchett's Best Sellers on Corporate Culture

Dr. Pritchett's new handbook – *Shaping Corporate Culture* – delivers a crucial all-employee message on the "how-to's" of culture integration and change. This booklet is designed to be purchased in volume and distributed to all managers and employees of organizations working to make corporate culture improve their bottom line.

Used in conjunction with the complete *95-5 Methodology* or as a stand-alone tool, this handbook will help your entire workforce focus on the 5 percent of culture issues that are *mission critical.*

The Employee Handbook for

Shaping
Corporate Culture

*The Mission Critical Approach to
Culture Integration and Culture Change*

95% Culture Noise   **95 5**   5% Mission Critical Traits

Price Pritchett

High-Velocity
Culture Change

A Handbook for Managers

**Price Pritchett
&
Ron Pound**

SURVIVAL OF THE FITTEST

*Our rapidly changing world calls for
a culture with quicker reflexes.
More speed.
Agility and flexibility.
The future requires a shift to new responses.
It's time to change
the way we handle change.*

CULTURE
SHIFT

The Employee Handbook for Changing Corporate Culture

PRICE PRITCHETT, PH.D.

Our first two culture handbooks, *High-Velocity Culture Change* and *Culture Shift,* have sold over a million copies worldwide and been translated into various languages.

AFTER THE MERGER
The Authoritative Guide for Integration Success

Revised Edition

Price Pritchett
with
Donald Robinson
Russell Clarkson

MAKING MERGERS WORK

A Guide to Managing Mergers and Acquisitions

Price Pritchett

Mergers
Growth in the Fast Lane

A Field Manual for Management

Price Pritchett
&
Robert D. Gilbreath

SMART MOVES

A Crash Course
on
Merger Integration Management

Price Pritchett & Ron Pound

Several of our merger publications also have chapters that address the challenges of culture integration in mergers and acquisitions.

"Culture can be very controlling. But powerful as it might be, the culture cannot change without permission from the people.

The problems come when the world changes but the culture can't … because people in the organization won't give it a chance.

Today – in our world of high-velocity change – the culture needs your help in order to break its bad habits.

You need to teach it better ways to behave. It relies on you to give it a new set of responses that hold more promise for the future."

– Price Pritchett, *Culture Shift*

95 **5**

PRITCHETT

Pritchett focuses tightly on four competencies: *merger integration, process improvement, corporate culture,* and *change management.* Our best-of-class methodologies utilize a unique blended offering of consulting, training, and performance support messages. We serve the *Fortune* 1000 as true specialists, with unmatched depth and leading-edge thinking in our four practice areas.