

# Developing a Culture of Continuous Improvement

## Introduction



This article provides an overview of organisational culture, how it is formed and the practical actions that can be taken to understand and shape it. The prevailing culture of an organisation has a major impact on its ability to react to changes in market forces, develop innovative new services and products or adopt more efficient practices and processes. We have written this paper for managers within a wide range of organisations who are looking for practical advice and information to help them create an environment that will enable them to successfully adopt improvement

methodologies such as Lean, Six Sigma and Continuous Improvement.

## A Definition of Organisational Culture

An organisation's culture comprises all of the values, beliefs, assumptions, principles, myths, legends and norms that define how individuals and groups of people think, make decisions and perform. The MIT Professor Edgar Schein, who is credited with inventing the term "Corporate Culture", wrote in his book *Organizational Culture & Leadership* (2nd Edition, 1992, Jossey-Bass) that culture was "a basic set of assumptions that defines what we pay attention to, what things mean and how to react emotionally to what is going on."

Schein went on to state that an organisation's culture will also define what actions are taken in reaction to various situations. Schein's definition clearly shows that a manager who wishes to implement radical changes from the 'norm' needs to understand, influence and ultimately change the prevailing culture.

Another popular definition of culture is that it simply defines, "The way we do things around here." This simplistic definition describes the reality of how an organisation's culture manifests itself in the form of behaviours and the thought patterns of individuals and groups. This collective set of behaviours also affects the strategy, objectives and day to day operation of organisations.

Putting this in simple terms, organisational culture will impact positively or negatively on everything you try to do whether you want it to or not.

## Describing Culture

The culture of an organisation is learnt over time. It can be taught to new employees through formal training programmes but is more generally absorbed through stories, myths, rituals and shared behaviours within teams. The culture of

an organisation is defined by five aspects;

- Values

These describe the ways in which individuals assess certain qualities, activities or behaviours as good or bad and are based on how an individual, or a group of individuals, perceive the organisation they work for.

- Beliefs

These reflect an individual's understanding of the way their team and organisation works and the probable consequences of any actions they take. For example, in some organisations people adhere rigidly to rules because that is how they believe you get ahead, or alternatively people resist taking risks because they believe that 'risk minimisation' is the way to manage a process. What a person believes directly affects how they behave.

- Myths

These are the persistent stories or legends that provide clues or signals about the behaviours that are expected of team members. Myths are often based on a mix of truth and fiction and become embellished over time.

- Traditions

These are repetitive significant events that include such things as parties, social events, celebrations and similar activities that are a basic way of perpetuating cultural values. Traditions highlight to groups what is held in high esteem by the organisation.

- Norms

These are the informal rules that define day to day work of individuals, such as dress code, work habits, work/life balance, communication styles and gossip. Norms are rarely, if ever, written down and are tacitly accepted by people as the 'way things are'.

Edgar Schein described how the five aspects of culture described above manifest themselves at three levels within an organisation.

- Level 3 - Surface Manifestations & Artefacts

These are the most visible and accessible form of culture. The norms and traditions of a team or organisation often form the basis of this level of culture in terms of jargon, how conflicts are managed, decision making processes, working hours, formality, performance to standards, flexibility etc.

- Level 2 - Espoused Values

These are the stated values and rules of behaviour within a team or organisation. They are often stated in terms of official policies, public statements and local

working instructions. They can be written either to describe what you have today or written to describe how you hope a team will work in the future.

An example of the official statement of an organisation's values is shown below;

*"We treat one another with respect and communicate openly. We foster collaboration while maintaining individual accountability. We encourage the best ideas to surface from anywhere within the organization. We appreciate the value of multiple perspectives and diverse expertise." (Yahoo's Corporate Values)*

Values act to set a common direction and as a guideline for behaviours within groups. They most frequently originate from the senior management of an organisation.

There is a difference between a statement of values and the actual adoption of them. Addressing the 'values gap' (the gap between the values that are stated and how they are adopted) can strengthen organisations, whilst failing to address the 'values gap' can undermine the stated organisational values.

- Level 1 - Shared Basic Assumptions

The lowest of the three levels described by Edgar Schein concerns invisible, unconscious and taken-for-granted assumptions held by individuals. They are often so well integrated into a team's dynamic that they are hard to recognise from within.

## **Shaping What You Want**

Within this section we need to consider the difference between an organisation's culture and its climate. We can compare this difference by using an everyday analogy with a person's personality and mood. Someone's personality is enduring and difficult to change whilst their mood may change many times during a day. Culture in this analogy is the organisational personality, whilst climate is the organisational mood.

Organisational climate can also be described by the phrase, "the environment created in an organisation to develop and support a performance enhancing culture." This definition shows how climatic factors can be changed to shape organisational culture.

One further analogy that provides insight into the difference between climate and culture, and how climate affects culture is shown below.

We want a flower that is strong, colourful and formed correctly. The flower represents the organisational culture we are looking to 'grow'. To enable us to grow this beautiful flower we need to provide the seed with a number of climatic factors such as light, heat, water, food, nutrients and so on. If we provide the seed with the right climatic factors in the right quantities then we will get a strong flower that

closely matches what we were expecting. However, if we deprive it of something it needs or provide it with too much of something (for example water) then we run the risk of killing the plant or at best creating something that does not meet our expectations.

Fundamentally, a change of culture occurs when people start behaving differently as a result of a change in the climate of the organisation.

There are many different models of how an organisational culture is shaped by the prevailing climate. In this article I have selected to focus on the work of Professor Goran Ekvall. Ekvall who was a Swedish professor of organisational psychology who spent many years investigating organisational climatic factors and how they affected the ability of organisations to be creative and adopt new ways methods and processes.

Ekvall identified 10 climatic 'dimensions' that could be assessed and used to define the level of creativity, flexibility and ability to adopt change within organisations. These dimensions are described below.

- Challenge

How challenged, emotionally involved and committed are employees to their work?

- Freedom

How free are your staff to decide how to design their work? This is different to people not being managed as they are expected to work toward the objectives of the organisation.

- Idea Time

Is time allowed for people to consider different ways of working?

- Dynamism

Is there positive energy in the organisation? This is different to chaos, highly stressed or energetic environments where there is a lot of 'running around' but little positivity about the work.

- Support

Are there resources available to enable staff to give new ideas a try? Are people supported by their managers when they make decisions or when things happen?

- Openness

Do people feel safe speaking their minds and offering different points of view? Is there trust between team members and between staff and managers?

- Playfulness

How relaxed is the workplace and is it okay to have fun (in a professional or

business-like context)?

- Conflicts

To what degree do people engage in interpersonal conflict or 'warfare'?

- Debates

To what degree do people engage in lively debates about the issues? Is the debate of a topic encouraged or avoided?

- Risk Taking

Is it okay to fail? This is different to negligence and describes the attitude toward employees who try new things (with the aim of improving performance) that then do not work as expected.

Each dimension defined by Ekvall exists on a scale that extends from 'Supports Improvement' to 'Undermines Improvement'. For example, Risk-Taking would be given a score of minus ten if every time someone tried to do something that did not fit within the 'norm' they were punished, whether or not the outcome was successful, to a score of plus ten for one where time and resources are allocated to enable people to proactively take risks and whether or not they worked out would contribute to organisational learning. Organisations normally exist between these two extremes on all 10 dimensions.

Climatic factors (or dimensions) are in turn primarily affected by the leadership environment as well as, to a lesser degree, secondary factors such as the systems and processes within the organisation, physical working space, design of processes, equipment etc.

The leadership environment is described by such things as;

- What leaders pay attention too, measure and control
- How leaders react to critical incidents
- How resources are allocated by leaders
- The role played by leaders in modelling effective behaviours and coaching others
- How rewards and status are allocated
- Recruitment, selection, promotion and exit policies and practices

Effective leadership can often be associated with the concept of 'Emotional Intelligence' as popularised by Daniel Goleman. Emotional Intelligence, or EI, is the ability to identify, assess, and control the emotions of oneself, of others and of groups. There are a number of competing models of EI. For simplicity I have continued with Goleman's description of the competencies that are displayed by an Emotionally Intelligent Manager;

- Self-Awareness

The ability to read your own emotions and recognising when they are negatively affecting performance and when 'gut instinct' can be used to guide decisions.

#### - Self-Regulation

This is the ability to control your emotional responses, avoiding impulsive behaviours. Self-regulation allows you to adapt to changing circumstances appropriately.

#### - Empathy

The ability to sense, understand and react appropriately to the emotions of others.

#### - Social Skills

This is the ability to communicate with people, inspire them, influence them and effectively manage conflict.

#### - Self-Motivation

This last topic is the ability to remain outwardly motivated even when under pressure, tired or faced by complex challenges.

The more senior a person is, the more important it is that they have mastered and understood emotional intelligence.

What this section has highlighted is that the Emotional Intelligence of Leaders at all levels affects the climatic factors within teams and organisations. In turn these climatic factors (or dimensions) shape and form the culture of an organisation over a period of time.

Later in this document I will outline some practical actions that can be taken to understand, design and move toward a culture of continuous improvement. However, before then I have provided a light-hearted anecdote that shows how organisational culture is formed and transmitted from person to person.

### **Monkey Business: A Cultural Anecdote**

The following is a light-hearted look at how team cultures form. Of course, any experiment undertaken in the manner described below would be cruel, but as a simple explanation of how culture forms we hope you will indulge me.

There were three monkeys in a cage in a zoo. Hanging from the roof of the cage was a bunch of bananas beneath which was a ladder to enable the monkeys to climb up and reach the bananas. One of the monkeys saw the juicy treat and decided to climb the ladder to get to them.

As soon as his foot touched the ladder, the remaining two monkeys were sprayed with water from high pressure hoses. Having retrieved and eaten his first banana the first monkey went to climb the ladder again and immediately his fellow

monkeys were again drenched. This time the two soaked monkeys grab their colleague as he was climbing the ladder and pulled him to the ground before he could get another banana.

It didn't take long before all three monkeys learned to stay away from the ladder to avoid the wrath of their comrades caused by the associated drenching. Unbeknown to the monkeys, the high pressure hoses were then turned off but as the monkey's no longer went near the ladder they didn't realise this.

The following day a fourth monkey is introduced to the group. This new monkey is completely unaware of the issues the other three have experienced so when he sees the bananas he goes to climb the ladder. Before he gets anywhere near it though all of the other three monkeys attack him. Having experienced this aggressive behaviour the new monkey also quickly learns not to go near the ladder.

Time goes by again and a fifth monkey is introduced. As this new monkey goes to climb the ladder all four monkeys attack him, including the fourth monkey who have never experienced the 'drenching' and is just reacting to the 'way things are done round here'.

In effect, the monkeys have formed a new set of cultural behaviours even though some of the group have no idea why things are done the way they are.

In the next section I will explore some practical actions that can be undertaken to help understand and shape your organisational culture and move toward a culture of continuous improvement.

## **Preparing for Continuous Improvement**

In this section I have highlighted eight practical actions that can be taken to develop a culture of continuous improvement.

- Become aware of your current culture

You should start to notice your existing culture today, now, immediately. Listen to how people express themselves and the stories they tell about successes and failures. Pay attention to shared values and watch how teams behave. Over a few days this will give you a good feel for your 'cultural current state'. Remember, whatever you may believe, you are part of a team with a group of norms and behaviours that you may not even realise exist unless you undertake this activity.

- Assess your cultural "current state"

There is a need to identify the cultural aspects you want to retain from your current culture, for example a performance culture focused on achieving operational targets or a service culture focused on providing exceptional customer service. You will also need to identify the things that need to go, for example a 'norm' of not sharing performance data or covering up safety issues. Lastly, you will need to

identify the things that are missing, for example 'individual accountability' or the need to take more risks in developing new products and services.

- Create a cultural "future state"

Imagine your ideal culture. Write it down in as much detail as possible. Group the various elements you come up with into common attributes and then fine tune it with colleagues until you have a clear picture of what you want from your organisational culture in the future.

- Share the vision

Communicate openly, frequently and consistently. Describe your cultural vision in letters, emails, briefings and put it on notice boards, in newsletters and everywhere else you can. Do not be afraid that you will 'over-communicate' your vision because you can't.

- Align your leaders

This is a need for leaders to do more than just agree about the future state. Alignment is about leaders at all levels 'living the cultural future state' for the organisation. You and your fellow leaders should constantly be working together to learn, reflect, and develop each other to enable you to support your new culture. You want leaders who can model the culture you are looking to create. If they can't or won't then you may need to change them.

- Treat culture as a strategic issue

Culture may be perceived as 'pink and fluffy' but it has a real impact on organisational performance. Changing a culture can change the fortunes of the entire organisation and is therefore a senior management team issue and should be discussed regularly at management meetings.

- Knock down cultural barriers

Many of your structures, policies, procedures and processes will negatively affect your ability to reach your organisational 'future state' and you need to have a plan to tackle these barriers. Make your staff aware of your plans and the values of your organisation as often as you can.

- Keep it real and up to date

Culture can take a long time to change. Celebrating every success along the way has the effect of keeping things real during this time, as well as reinforcing the behaviours you want in the future. You will also need to keep your cultural future state up to date based on any changes in your organisation's market or operating environment.

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