



SOCIETY OF ACTUARIES

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Why Are the Fish Dying?

...What is Culture? Why Should I Care? Where Does it Come From?

by Jackie Freedman

Have you ever heard someone explain with a sigh, “Well, that’s just how it is around here?” If so, you’ve just been given a glimpse into the culture of that particular organization. The context of that comment reveals clues about the organization’s attitude toward its clients or what it thinks of its employees or its position on any number of things. Essentially, organizational culture is the combination of tangible and intangible elements that reflect the underlying beliefs and attitudes of the organization as a whole.

Let’s reverse engineer this idea. Imagine that we have a company with a “culture of distrust.” What kinds of tangible and intangible elements might we find that would occur in this culture? In the physical spaces, we might see security cameras, metal detectors and a lot of rules and procedures governing everything, especially the handling of inventory and raw materials. This culture might also utilize a structural hierarchy designed for a low span of control (fewer employees per manager) and strict management that uses the direct and control style. We might witness interactions and communications that are not characterized by mutual respect and a pervasive us-versus-them mentality between management and the employees. Think about these elements as being the outward symptoms of an internal belief. Now, if we take another step back, we can postulate on what attitudes and underlying beliefs might have lead to this environment. “People are not to be trusted” is an obvious option, but maybe it is “people will take whatever they can get” or “people have no respect for the company’s property.” There are an infinite number of beliefs that could lead to this “culture of distrust.”

Tangible expressions of culture can include things like the physical building and its layout, the dress code, the guidelines set forth in an employee handbook, processes and routines or the existence of a cafeteria or kitchen. Intangible expressions of the culture can be the vision, mission and values, management style, level of risk-taking, treatment of people, level of innovation; the list goes on and on.

It is important to understand, however, that every organization will express its beliefs differently (that is, display different symptoms) and for different reasons. As such, something that is part of the culture in one place may or may not be indicative of the culture somewhere else. For instance, you might assume that an organization that has beautiful offices cares deeply about its employees – and it may. However, it is also possible that the organization feels that it must have nice offices to impress clients and visitors but could care less about the employees. In fact, I’ve worked in an organization that had lovely corporate offices because the owner’s daughter had expensive taste and wanted to ensure a nice office for herself – we benefitted, but it was not a reflection of a commitment to people.

So an organization’s culture is a combination of symptoms that has evolved over time. It is the result of behaviors, decisions, communication, etc., that have been heavily influenced by certain underlying beliefs and attitudes. Taken together as “the culture,” those tangible and intangible elements are merely the outward expressions of the beliefs and attitudes. And, therein lies the tricky part about culture – no matter what you say or how vehemently you say it, the culture will not be fooled. (This is one of the reasons why change management/culture change is so challenging and why most internal efforts fail.) I spend the vast majority of my time with business owners and executives discussing various aspects of culture. Not one of them, ever, has articulated the sentiment that they didn’t care about their employees or that employees were expendable or that employees were a necessary evil. In fact, many of those same people tell me all about how well people are treated and what a great place it is to work. Unfortunately, the leadership/management style, communication, lack of engagement, concern about meeting goals, low morale, etc., tell a very different story. Most leaders will tell you that they have a great culture, and yet most people are unsatisfied with their organizations – you do the math.



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The hard reality is that business owners and high-level executives are often unaware of the true characteristics of their culture. Cultures evolve and develop over time and it is rare to find someone who understands what their culture is actually communicating. While some are quite dismayed to discover what their organizations are expressing, others point to their organizational values. If, in fact, the leader and the leadership team are committed to those values and devote time and attention to communicating, supporting and defending them, then they may be right. More often than not, however, organizational values are non-existent, or even worse, they are displayed in the conference room but have little or no connection to the day-to-day realities of the company. I've seen organizations whose values proclaim that they trust and empower their people but then require a vice-president to sign off on all purchases greater than \$200. Having lived with these kinds of inconsistencies, can you really blame employees for approaching organizational transformation with such skepticism?

Far easier to understand than the complexities of organizational culture, is why you should care

about the culture at your organization. It's really quite simple. People who are happy are more productive. They enjoy the environment and the people they work with and their attitudes and work habits reflect that feeling. From an organizational standpoint, the culture is either supporting your strategy and the mission, vision and values of the organization or it is working against them. And keep in mind that there is no grey area – it's either working for you or against you; an asset or a liability. A positive, supportive culture is evidenced by high levels of morale and engagement, passion and commitment for the company and its goals, a team approach, innovative-thinking...the list goes on and on. Not convinced? Best Buy found that for every 10th of a point increase in a store's employee-engagement scores, it saw a \$100,000 increase in operating income. (Liebs, Scott. "Measuring Up." CFO Magazine. 1 June 2007. CFO Acquisitions. 24 Feb. 2012) Once you begin to understand what culture is and the impact it has on productivity and performance, the next step is to ascertain where it comes from and how you, as a leader, affect it.

If you'll indulge me for just a moment, I'd like to ask you to consider the mild-mannered fish tank. Although using the word "culture" here may be a bit of a stretch, environment will do just as nicely. The environment in the fish tank, like the culture of your organization, is made up of both tangible (water, plants, snails, algae, tank itself, gravel, miniature divers, etc.) and intangible elements (how the fish co-exist, how crowded the tank is, how well the tank is maintained and how new residents are selected). Anything that affects life in the tank is a part of the environment. While the fish's well-being is very heavily dependent on water quality, it is the intangibles that have the most impact on the satisfaction and health of your people. The kind of culture or atmosphere that exists within your company permeates every aspect of life in your organization just as completely as the water surrounds the fish.

The environment in the fish tank is typically established in one of two ways. When setting up the tank, the fishkeeper begins with a general strategy,

having decided whether to create a freshwater or marine habitat. He will move forward, selecting the tank, filters, etc. Referring back to his strategy, he will then choose the appropriate number and type of fish. Once established, the fishkeeper will be prepared to monitor and maintain several variables (i.e., pH, temperature, aeration, ammonia/nitrate levels, cleanliness), any one of which can be deadly to the tank's inhabitants if it gets out of the prescribed range. He recognizes that without his supervision and possible interference, the tank can easily become toxic to its inhabitants. This first approach requires a strategy, follow-through and commitment. In the second approach, the fishkeeper takes more of a laissez faire attitude towards the conditions in the tank. In this case, the environment will develop on its own – just like it will within an organization. Without direction, though, a toxic environment is the likely result. Regardless of whether or not you decide to direct the development of the culture, one will develop. Unfortunately for both fish tanks and companies, environments that arise without supervision or guidance are generally not hospitable. Great cultures don't happen by accident.

Once the environment has been established, the keeper will work to maintain that habitat. When adding new fish, he will take great care to assess the space available in the tank, the sociability of the species and the preferred position within the tank. To protect the habitat, the keeper will make careful decisions regarding the likelihood that a particular species will flourish in the environment and will not do any damage to others in the tank. While hiring people who don't fit the culture isn't as dramatic as introducing a piranha into a tank of freshwater fish, it can be just as deadly to the culture.

For the same reason, fishkeepers take the task of introducing new fish into the tank very seriously. This process is known as acclimatizing and entails hanging the open bag inside the aquarium and gradually adding water from the tank into the bag, allowing the fish to adjust to the temperature and conditions of the water. After a suitable amount of time, the fish is released into the new surroundings.

Unfortunately, it seems that fishkeepers dedicate considerably more time to this process than many organizations that have overlooked or forgotten the strategic importance of talent selection, development and on-boarding (the HR term for acclimatizing). This process is as important to the individual fish's ability to adapt and flourish in the new environment as it is to the environment itself.

Since the tank is a self-contained environment, contaminants (e.g., disease, parasites, fungus, and bacteria) that make their way into the tank easily take hold. They quickly pollute the entire environment and often require massive effort and dangerous (chemicals) measures. Only an observant fishkeeper will notice the early signs of a problem. Once a disease has polluted the water, quick and deliberate action is necessary to protect the habitat; a strong, healthy environment can help to minimize the damage. Sometimes, there is no choice but to deliver the fish from their watery grave and begin all over again with a clean tank and new fish. Starting from scratch is not an option for business owners and executives but the analogy underscores the challenge of culture – it is a lot work.

That's right. You are the fishkeeper and it's time to start looking closely at the tank. Are the fish swimming happily around the tank or floating upside-down in a toxic environment? If you are ready to harness the power of your people, remember that it takes tremendous dedication, commitment, expertise and insight to reach into every corner of the tank and replace all those long-standing tangible and intangible expressions with a completely new paradigm. The rewards, however, are substantial, not just for the fish but for the fishkeeper as well.

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