

# Organizational Culture

LOG 390  
Achieving Organizational Alignment  
v2.4.0, 11 Oct 2022

## What are we talking about?

### Culture

A **pattern of shared basic underlying assumptions** learned by a group as it solved its problems of **external adaptation (to the environment)** and **internal integration (within the organization)**, which has worked well enough to be considered valid and, therefore, to be taught to new members as **the correct way to perceive, think, and feel** in relation to those problems. ~ Edgar Schein

## Why is it important?

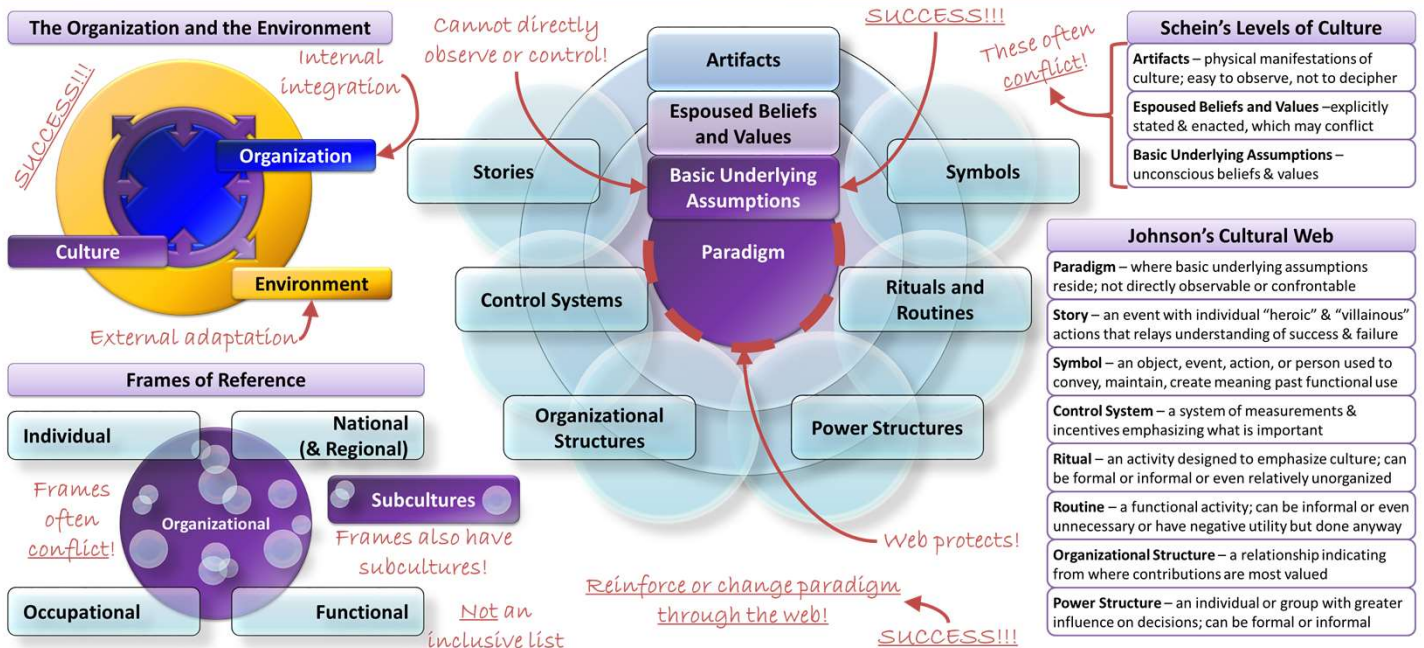
### Organizational Strategy



Source: Adapted from P. Grinyer and J.C. Spender, *Turnaround: Managerial Recipes for Strategic Success*, Associated Business Press, 1978, p. 203; G. Johnson, *Managing Strategic Change – Strategy, Culture, and Action*, Long Range Planning Vol 25, No 1, Feb 1992, p 30; and D. Tosti and S. Jacon, *Organizational alignment*, Vanguard Consulting, 2003, as Adapted by R. Addison, C. Haig, and L. Kearney, *Performance Architecture: The Art and Science of Improving Organizations*, Pfeiffer, 2009, p. 75.

## What does it look like?

### Cultural Framework



Source: Adapted from E.H. Schein, *Organizational Culture and Leadership*, Fourth Edition, Jossey-Bass, 2010, and G. Johnson, K. Scholes, and R. Whittington, *Fundamentals of Strategy*, Prentice Hall, 2009.

### Artifact Survey

#### Stories

What core beliefs do stories reflect?  
How pervasive are these beliefs?  
Do stories relate to strengths or weaknesses? Success or failures?  
Conformity or mavericks?  
Who are the heroes and villains?  
What norms do mavericks deviate from?

#### Symbols

What language and jargon is used?  
How internal or accessible is it?

What aspects of strategy are highlighted?  
What status symbols are there?  
Are there particular symbols?

#### Control systems

What is most closely monitored/controlled?  
Is emphasis on reward or punishment?  
Are controls related to current strategies?  
Are there many/few controls?

#### Rituals and routines

Which routines are emphasised?  
Which would look odd if changed?

#### What behavior do routines encourage?

What are the key rituals?  
What core beliefs do they reflect?  
What do training programmes emphasise?  
How easy are rituals/routines to change?

#### Organizational structure

How mechanistic/organic are they?  
How flat/hierarchical are the structures?  
How formal/informal are the structures?  
Do structures encourage collaboration?  
What power structures do they support?

#### Power structures

What are the core beliefs of leadership?  
How strongly held are these beliefs?  
How is power distributed?  
Where are the main blocks to change?

#### Overall

What is the dominant culture?  
How easy is this to change?  
Are there any linking threads through the separate elements of the web?

# Production Systems

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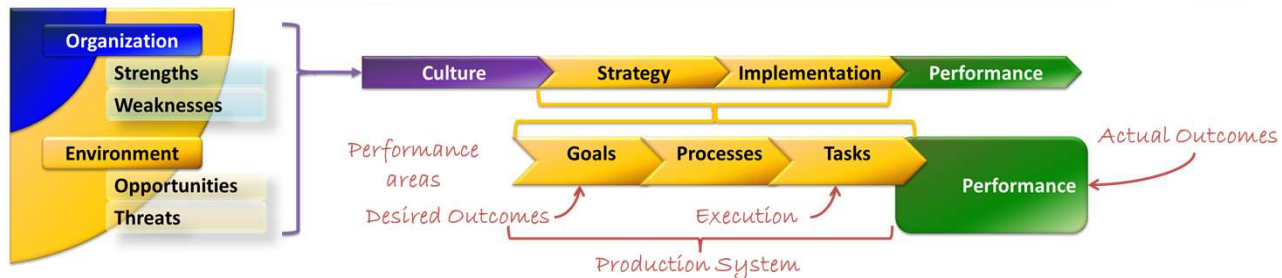
## What are we talking about?

### Production System

A **socio-technical system** that **combines technological elements** (machines and tools) **with organizational behavior** (division of labor and information flow). It organizes activity around an objective, transforms inputs into useful outputs, controls system performance through feedback, and operates in concert with other organizational systems. ~ S. Anil Kumar & N. Suresh

## Why is it important?

### Organizational Structure



Source: Adapted from P. Grinyer and J.C. Spender, *Turnaround: Managerial Recipes for Strategic Success*, Associated Business Press, 1978, p. 203; G. Johnson, *Managing Strategic Change – Strategy, Culture, and Action*, Long Range Planning Vol 25, No 1, Feb 1992, p 30; and D. Tosti and S. Jacon, *Organizational alignment*, Vanguard Consulting, 2003, as Adapted by R. Addison, C. Haig, and L. Kearney, *Performance Architecture: The Art and Science of Improving Organizations*, Pfeiffer, 2009, p. 75.

## What does it look like?

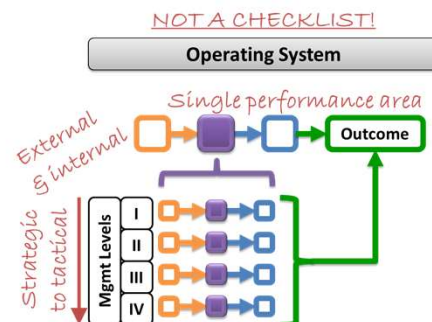
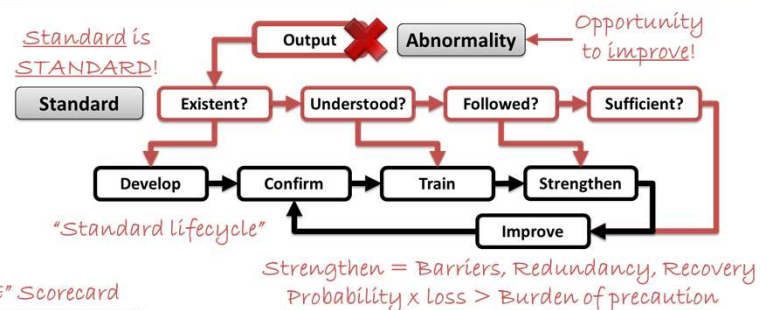
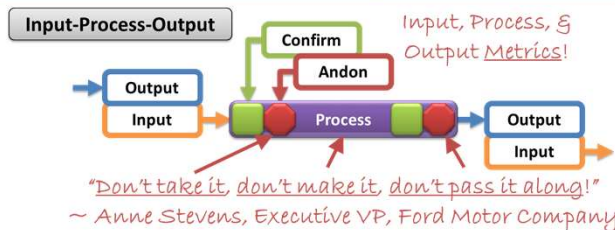
### Ford Production System (FPS)

“A manufacturing **strategic approach** that includes the right **Leadership Behaviors, Operating Systems, and Key Unifying Processes** supported by an **Aligned and Capable Organization** to deliver **Best in World Results**”

### FPS Leadership Behaviors

**Flawless execution:** Business Acumen / Commitment to Quality / Courage / Customer Satisfaction / Drive for Results / Innovation & Technical Excellence  
**Integrity:** Demands the Truth / Does the Right Thing / Drives Diversity  
**Building effective relationships with key stakeholders:** Community Commitment / Connects with Customers / Develops Employees and Teams

### FPS Operating Systems



### “SQDCPME” Scorecard Integrated Operating Systems

	Performance Areas						
	S	Q	D	C	P	M	E
	Safety	Quality	Delivery	Cost	People	Maintenance	Environment
Outcomes	Zero Fatalities and Serious Injuries	Zero Defects	Lean Material Flow and On-Time Delivery	World Class Efficiency	Skilled & Motivated People	100% Utilization	Green Enterprise

Source: Adapted from Ford Motor Company, 2015.

### FPS Key Unifying Processes

**Policy Deployment** – the structured delivery of shared and supported performance objectives throughout all levels of the organization to ensure total alignment  
**Time & Data Management** – a standardized cadence to eliminate unproductive activities, consolidate similar activities, and prioritize activities to drive specific results  
**Continuous Improvement** – the structured and disciplined process to drive improvements and accelerate alignment to performance standards

**Process Confirmation** – the verification and validation that processes are properly designed to meet standards according to their prescribed frequency and expected results  
**Standardized Work** – the defining of processes at all levels to facilitate compliance with standards, elimination of abnormalities, and Continuous Improvement  
**Visual Management** – the organization and communication of information visually to immediately identify standards and abnormalities and facilitate Continuous Improvement





# Organizational Change

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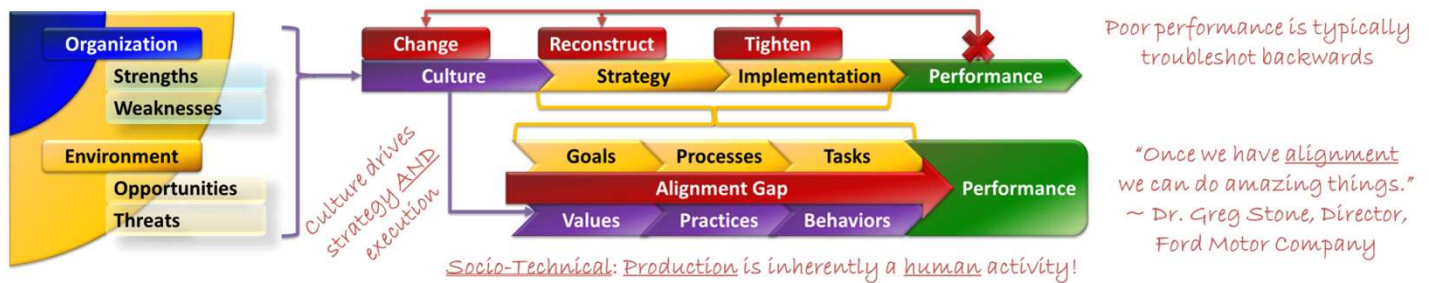
## What are we talking about?

### Change Management and Change Leadership

**Change Management** involves (a) **planning and budgeting**, (b) **organizing and staffing**, and (c) **controlling and problem solving**. **Change Leadership** involves (a) **establishing direction**, (b) **aligning people**, and (c) **motivating and inspiring**. They are two **distinct yet complementary systems**. ~ Dr. John Kotter

## Why is it important?

### Organizational Alignment

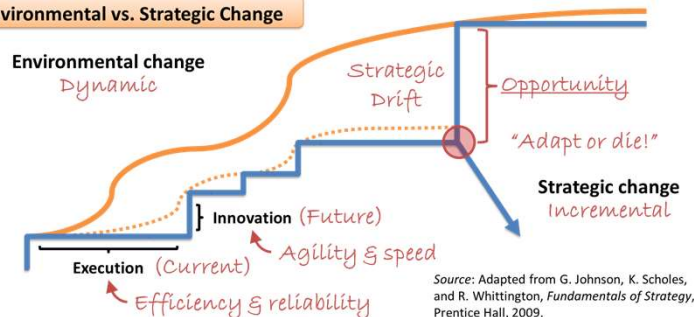


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## What does it look like?

### Strategic Drift

#### Environmental vs. Strategic Change



Source: Adapted from G. Johnson, K. Scholes, and R. Whittington, *Fundamentals of Strategy*, Prentice Hall, 2009.

**Strategic drift:** tendency for strategies to develop incrementally and failing to keep pace with environment. May take years and even go unnoticed.

**Strategies tend to develop incrementally because:**

- Timing, lack of resources, imperfect and incomplete information, and biases that favor the status quo

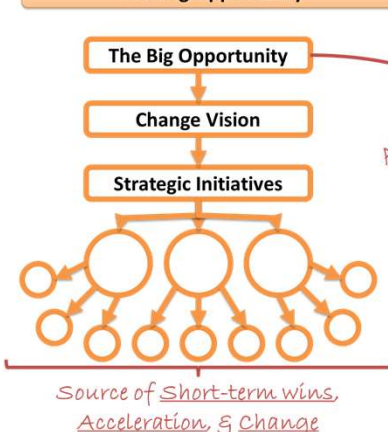
**Biases:** Present, Familiarity, Loss aversion, Confirmation  
**Combat biases through framing and nudging**

### Kotter's Change Process Model

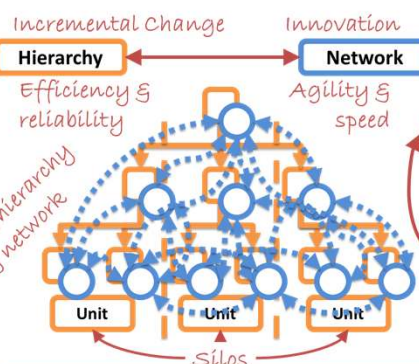
“Big Opportunity Statement”:

- What happened? What should we do about it? How will it make us better?
- Clear, Memorable, Enduring: SIMPLE!

#### The Big Opportunity



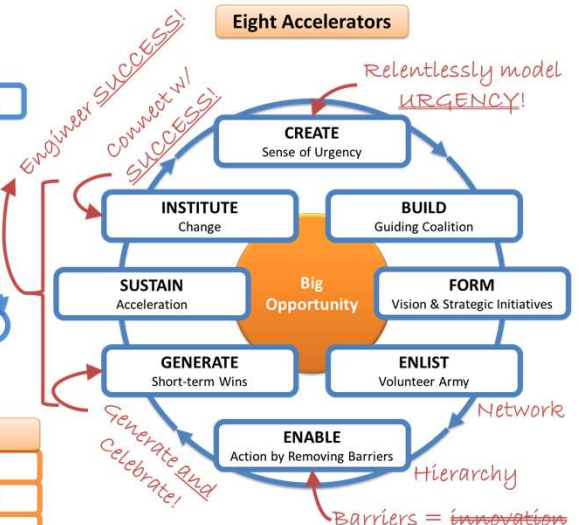
#### The Hierarchy and the Network



#### Principles of Successful Change

Management & Leadership	In concert!
Head & Heart	Rational & compelling!
Dual operating systems	Inseparable
Many vs. Few	50% + 1
“Want to” vs. “Have to”	“Get to”

#### Eight Accelerators



Source: Adapted from J. Kotter, *Accelerate*, Harvard Business Review Press, 2014.



# Leading Systematically

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## What are we talking about?

### Leadership System

**How leadership is exercised**, formally and informally, throughout the organization; it is the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; two-way communication; selection and development of leaders and managers; and reinforcement of values, ethical behavior, directions, and performance expectations. ~ Baldrige Glossary

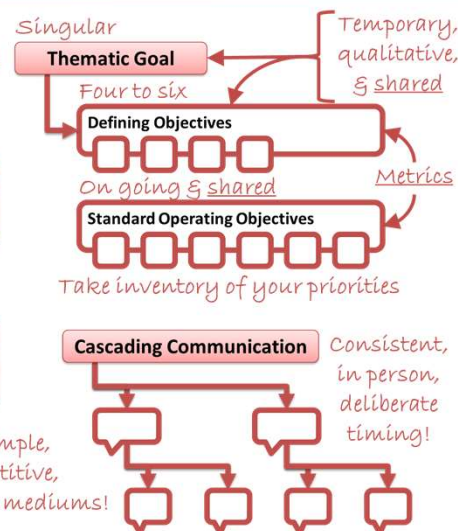
## Why is it important?

*"The only thing of real importance that leaders do is to create and manage culture; the unique talent of leaders is their ability to understand and work with culture; and it is an ultimate act of leadership to destroy culture when it is viewed as dysfunctional." ~ Edgar Schein*

## What does it look like?

### Lencioni's Organizational Health Model

Three to seven members: NOT ALL-INCLUSIVE!



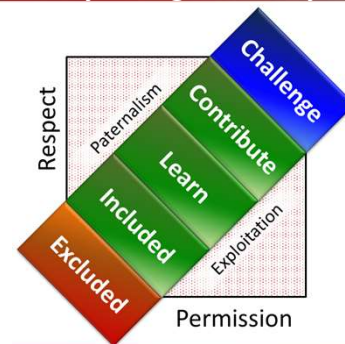
Source: Adapted from P. Lencioni, *The Advantage*, Jossey-Bass, 2012.

### Leadership Behaviors



Source: Adapted from P. Lencioni, *The Advantage*, Jossey-Bass, 2012.

### Psychological Safety



### Credibility



### Leadership Team Meetings

#### Meeting Types

- Daily Check-in:** Share daily schedules and activities (ROE: max 10 minutes, no sitting, focus on coordination, never cancel regardless of attendance)
- Weekly Tactical:** Review activities & metrics; resolve tactical issues (ROE: ~45-90 minutes; See Tactical Agenda)
- Monthly Strategic (or ad hoc strategic):** Discuss, analyze, and decide critical issues affecting long term success (ROE: 2-4 hours; limit to one or two topics, require preparation, engage in healthy conflict)
- Quarterly Off-site Review:** Review organization, environment, culture, & strategy (ROE: 1-2 days; do not over-structure or overburden)

#### Tactical Agenda

- Real-Time Agenda:** Top three concerns/person (ROE: <1 minute/person)
- Scorecard Review (SCR):** Thematic goal & standard operating objectives
- Discussion:** Prioritize and discuss most important issues from Real-Time Agenda & Scorecard Review
- Potential Strategic Topics:** Validate, prioritize, and schedule if appropriate (ROE: Resist urge for further discussion)
- Decisions/Actions:** Review & clarify all decisions and assign actions and timeframes (ROE: Confirm formal commitment from each team member)
- Cascading Messages:** Agree on messages and timeframes