



Cultural Alignment

Product Introduction

Organizational culture is the set of shared values, beliefs, and customary ways of thinking, which shape and guide the behavior of organizational members. The Pacific Institute's Cultural Alignment process provides measurement in the following areas:

- **Your current culture:** "what is expected" of members of your organization, or more technically, the behavioral norms and expectations associated with your organization,
- **Your ideal culture:** "what should be expected" from members of your organization, to create the best possible (i.e., most effective) organization; and
- **The levers for changing your organization:** what can be done to move your culture from its current state to your ideal state.

In general terms there are two types of organizational cultures:

- **Constructive cultures** reward and expect employees to take initiative and personal accountability for performance. These cultures lead to more adaptive and successful organizations.
- **Defensive cultures** reward and expect people to maintain the status quo, to play politics to gain influence and to compete rather than cooperate internally. In a nutshell, Defensive cultures create unnecessary overhead and inferior customer service, which leads to dwindling return on investment and long-term decline in financial performance.

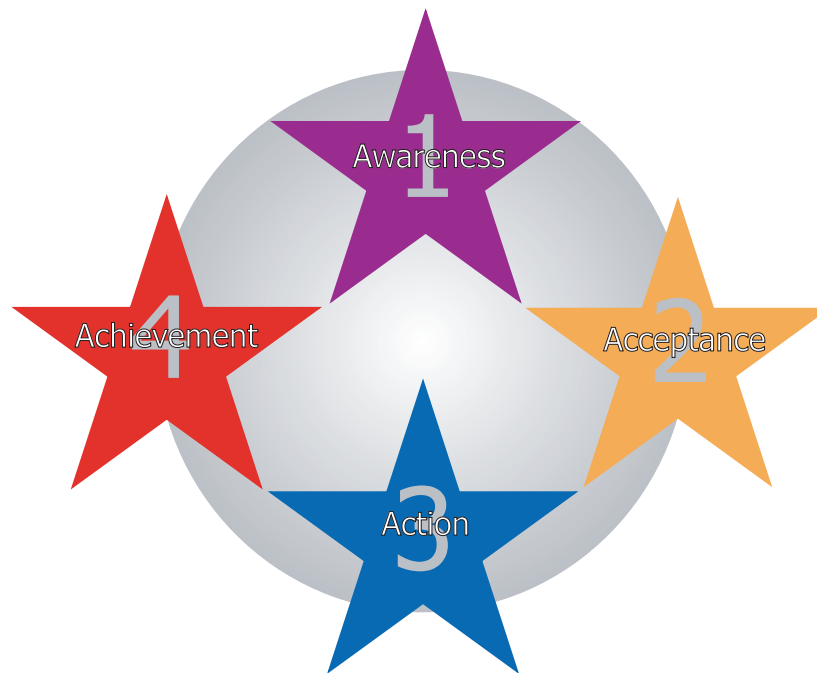
The Pacific Institute's Cultural Alignment process moves beyond measuring the current and vision culture we also provide insight into how the current culture is impacting the performance of the organization and its members, as well as identifying key systems and processes that are preventing your organization from realizing its vision. This insight is a critical step to creating a custom engagement that is aligned to the specific needs of your organization's current reality and goals. This alignment allows us to enable amazing change in our client organizations.

Change is Inevitable
Growth is Optional

Our Growth Model:

Our Growth Model helps; individuals, groups and organizations achieve lasting change and growth.

- We use measurement to create Awareness.
- We use proven processes to bring about Acceptance of the situation.
- We align our Actions with the current Actions in place to maximize the effort.
- We re-measure to celebrate our Achievement and set the path for more growth.



Our Clients' Results:

The following information comes from our clients who attribute the growth they experienced to the TPI culture change process.

- A heavy equipment-manufacturing firm improved their ROA by 40% and increased net profit by 230% in one year.
- A large multi-national African based corporation's purchasing and logistics department saved over \$240 Million in a two-year period.
- A professional sports team improved their culture by 60%, which improved their responsiveness within the organization and with the community at large.
- A supermarket chain increased sales by 8%, net profit by 15% and stock price grew by 284% in a 2 year period.
- An Asian Shipping Company (results displayed on the following page) achieved an increase in ROA of 18%, ROE of 17%, Profit of 47%, Operating Margin by 12%, Dividend by 120% and Market Share by 8.7% while reducing Staffing Costs by 21%, Fixed Costs by 62% and Variable Costs by 36% - in a two year period.



Is Your Culture Holding your Company Back?

by Michael J. O'Brien

One of the primary purposes of corporate culture is to maintain the system – to keep things just the way they are. In this way, your culture can be working against you – trying to keep the organization growing and developing. In this brief article I will explore how cultures are created, and how you might unwittingly have a defensive culture.

As humans we are very adaptable and perceptive – when we find ourselves in a new situation (as some would say out of our comfort zone) our awareness heightens and we start to recognize how others are acting and we adapt to model their behavior to fit in. Operating at this heightened awareness takes a lot of energy, so we start to take on the behaviors of those around us (indoctrination) until we get back into a new comfort zone. In organizations, the behaviors adopted are the behaviors that we perceive as being necessary to fit in and in most cases get ahead. These behaviors may or may not be what we would choose to do, but none the less they are the way things are done around here.

A classic example of this occurs on airplanes. When you fly you are part of a temporary organization, where the flight attendants are the formal leaders. During the flight, the flight attendants communicate information about where to put your stuff, to keep you seat belt on, and what to do in case of emergency. One thing that flight attendants do not do is tell you how to get off the plane when you arrive safely; culture has taken care of that as a norm has been established to get off the plane row by row. It is efficient and effective, and no one has to say anything, that is just the way we do it. However, occasionally the flight arrives into a hub late, and the flight attendants make an announcement – “We apologize for arriving in Detroit late, we have some passengers on board whom have tight connections, so would you please let them off the plane first?” It is a reasonable request, however it rarely has any effect, the norm to get off the plane row by row is stronger than a reasonable request from the leadership. This phenomenon happens in organizations every day, we as leaders make reasonable requests, and our staff has no problem acting like we never said a thing – culture is a powerful force that drives behavior and performance even when it is contrary to our demands.

There are two types of culture – Defensive and Constructive. Constructive cultures reward proactive behaviors that foster innovation, performance and personal responsibility and accountability. Defensive cultures on the other hand reward inactive or reactive behaviors that focus on maintaining the status quo, blaming others for creating problems and a real desire to look good on the surface. All organizations have some of each set of behaviors in their culture, but what differentiates companies is which set of behaviors is dominant. Research has shown that only about one third of the cultures are primarily constructive, while the remaining two thirds are primarily defensive.

The tendency for organizations to be more defensive than constructive is just part of a natural path that organizations follow (unwittingly) in their growth and development. Most organizations start out constructive (or with a lot of money) and to survive they develop a product or service that establishes them with a dominant market position. Over time their initial success leads to more success and they lose the urgency to create and develop new products to survive and they start to develop a sense of needing to “protect the core” and maintain this success. The management gets into a comfort zone convinced by their success in the past, that their brilliance will carry them forward. As more and more effort goes to protecting the current business, the management develops arrogance – and they start to pay attention only to information that reinforces their view of their brilliance,

and ignore and rationalize information that would suggest that their core business is deteriorating and that they need to reinvent themselves. To prevent dissidence from occurring the focus shifts internal – attempting to maximize profitability on the core product or service oblivious to the realities of the market. The true performance of the organization continues to deteriorate until one day they wake up in a crisis and have no idea how they got there. In fact recent research has shown that the more defensive the culture of the organization the more volatile the financial performance is – i.e. going through cycles of developing new and then protecting the core until it is gone and then in a panic develop a new and protect that and so on.

So if you have been frustrated trying to implement new initiatives, perhaps it isn't the initiative that has been the problem, but that unseen obstructionist the culture. The companies that continually promote a more constructive culture do this through effective leadership, leadership that recognizes how important it is to keep the organization ever-green. These organizations are externally focused, balance the concerns of all stakeholder groups, keep politics out and ensure that communication flows freely ensuring candid discussions and decision-making. These leaders do this by being future focused always anchoring decisions to a clear vision, a strategy and clear expectation. In other words, vision and values are not posters in these organizations, but true operational tools.


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