



# How To Change The World By Changing Your Culture

*By Meghan Oliver*

**Here's how one organization made remarkable changes in its culture – and how you can do the same.**

**Y**ou spend a great deal of time, energy, and other resources strategizing about making a difference in the world. Have you considered what a transformation you can make by empowering and engaging your own employees?

**“All major change initiatives need to start at the top.”**

A good place to start is with your organization's culture. Why? Because only certain types of cultures are linked to employee engagement and satisfaction, quality of service, and organizational sustainability.

Let's take a look at one nonprofit organization whose leadership team turned their focus inward and developed a constructive culture. The result was increased employee motivation and satisfaction, teamwork, and quality of service.

## The Challenge

Pact is a nonprofit organization striving to eradicate poverty and strengthen capacity in communities across the globe. While Pact has always focused on empowering the people served, its own culture and the empowerment of employees took a back seat.

When CEO Mark Viso joined Pact, he took the helm of an organization with a long history of passive-aggressive behavior. The company was segmented, open communication was nearly nonexistent, and there were few processes and systems in place. Employees had to “know the right person” to get things done.

**“In a passive culture, people's natural creativity is stifled.”**

Viso's goal for Pact was to grow the organization and strengthen its capacity to help people and communities. For that to happen, he knew that Pact's culture would need to change.

To begin moving Pact's culture in the right direction, Viso brought in Chris Ihrig, CEO and lead practitioner at Edge Global Advisors. Edge focuses on partnering with organizations to build engaging, effective cultures.

Ihrig had experience working with nonprofit organizations and building capacity in marginalized communities, making him uniquely qualified to guide Pact's culture change initiative. With a new leadership team in place, Viso and Ihrig began working to take ownership of Pact's future.

## Finding the Right Tools

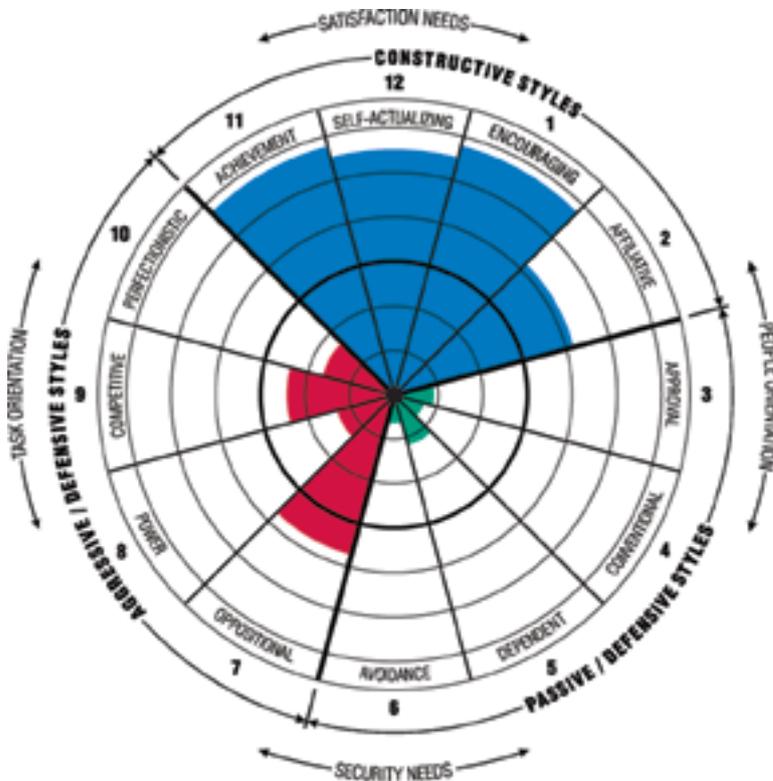
All major change initiatives need to start at the top. Viso followed that rule. He began by inviting the senior leadership team to a weekend retreat, where participants were able to agree on a new vision for the future.

He also asked employees to assess the organization's culture by taking Human Synergistics' Organizational Culture Inventory® (OCI). This survey provides a “point-in-time” snapshot of an organization's operating culture. It pinpoints behaviors that people believe are expected or implicitly required of them as members of the organization. It breaks down factors underlying effectiveness into 12 styles, which it groups into three clusters: Constructive, Passive/Defensive, and Aggressive/Defensive.

FIGURE 1: PACT'S CURRENT CULTURE



FIGURE 2: PACT'S IDEAL CULTURE



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In addition, Pact employees took a complementary survey, the Organizational Effectiveness Inventory® (OEI). This survey measures the factors that shape culture and the outcomes of culture at the individual, group, and organizational levels. An organization's results are compared to historical averages and "Constructive Benchmarks" (that is, average results for organizations with Constructive Cultures). In combination, the OCI and OEI present a complete picture of the case for change and the levers to achieve it.

The quantifiable, valid measures afforded by the OCI/OEI were exactly what Pact needed. The results moved the organization from a reactionary, "put out the fire" mode to a focus on creating a positive new future. The surveys provided the impetus the organization's leaders needed to make meaningful change.

## Studying the Survey Results

The snapshot of Pact provided by the two inventories showed an organization in flux. There was limited communication and an absence of cohesive teams to lead change. The organization's leaders were focused on individual operations and projects rather than an inspiring, unifying vision.

This segmented, ad-hoc way of operating showed through in Pact's culture profile. Take a look at Figure 1.

The survey results revealed a culture that was heavily skewed toward Passive/Defensive styles. People in such cultures tend to follow rules blindly, seeking approval so incessantly that their natural creativity, passion, and sense of adventure are stifled. Passive/Defensive norms are fueled by insecurity and lead people to subordinate themselves to the organization, allowing it to stagnate.

The high ratings in the Avoidance and Conventional styles reinforced Ihrig's initial impression of Pact's culture, and it was confirmed when Ihrig and Viso began planning for change. When they asked employees to help plan an agenda, the result was completely consensus-driven. The lack of any individual initiative or innovative thinking pointed to an unhealthy culture.

The rest of the profile was worrisome as well. In addition to the strong Passive/Defensive results, the profile showed unduly strong Aggressive/Defensive norms. Such styles emphasize an orientation toward tasks rather than people and a tendency for employees to focus on their own needs at the expense of the group. Aggressive/Defensive styles often reflect stressful cultures mired in conflict, where status is more important than expertise.

Pact's Current Culture Profile presented a stark contrast to its Ideal Culture Profile — that is, the type of culture employees felt would enable the organization to perform effectively (as indicated in Figure 2). The Ideal Culture Profile showed that Pact workers strongly desired a Constructive Culture, one which promotes the fulfillment of higher-order needs and attainment of organizational goals.

Though there was a huge disconnect between Pact's Current and Ideal Cultures, the OEI results were even more startling. Of the 29 causal factors measured by the OEI, only seven of

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these “levers for change” were above (that is, more positive than) the historical average. (For a graph showing the details, see Figure 3 at <http://www.snpo.org/images/pact/>) Pact’s most negative results were in the areas of training and development, articulation of mission, downward communication, respect for members, empowerment, feedback, employee involvement, and goal clarity.

The outcomes (effectiveness criteria) assessed by the OEI were even less reassuring: Out of 12 outcomes, none were above the historical average. (See the graph online in Figure 4 at <http://www.snpo.org/images/pact/>) The least positive outcomes were external adaptability, organizational-level quality, role clarity, satisfaction, and intention to stay.

## Identifying a Focus

The survey pinpointed which drivers of change needed work. The key insights gained from the survey results helped Viso and Ihrig focus their change initiative.

They were especially struck by employees’ feelings of unrest and intention to leave the organization. As a result, they decided to concentrate on improving communication and providing more education, training, and development. In addition, they made a commitment to give workers more responsibility, accountability, and power to initiate meaningful change. Such efforts, they hoped, would improve employees’ feelings of empowerment and motivation.

## Creating Cultural Standards

As part of its renewed focus on communication and unification, Pact’s leaders filled an important position to help draw segments of the organization together: They hired Shawn Mood as Vice President of Global Human Resources. Drawing on a wealth of global human-resource experience, Mood immediately began working with the leadership team to make Pact a more cohesive, effective organization.

“We operate in 26 different countries. They all have their own national cultures and labor laws and obstacles,” says Mood. “Even with a strong culture, which we didn’t have, it’s very difficult to move that culture around. We hire people from the local community. We have, say, 100 employees in Malawi and 98 of them are from Malawi. How do we translate our culture to a country 5,000 miles away?”

One answer was for the leadership team to emphasize face-to-face interaction. Understanding that e-mails invite miscommunication, they made a strong effort to travel to the organization’s branches and meet personally with employees there. These in-person meetings made a tremendous difference in humanizing the U.S. office for people in international branches. Employees around the world came to see that the people in the D.C. office were in their corner, with their best interests at heart, even if they weren’t there every day.

“One of my first tasks was to help standardize how we treated expat employees,” Mood recalls. Each contract had been done on a case-by-case basis and all the branches had different rules and regulations. This improvised way of operating was pervasive at Pact, with goals often being reached more by luck than plan. Putting systems in place throughout the organization improved morale, because people knew what was expected of them and how to reach important goals.

“For example, getting funding from donors is very important to Pact. In the past, individual employees or groups of employees would approach potential donors on their own,” Mood says. “In the space of one year, we organized our development function under a cohesive department that introduced templates and semi-standardized processes. The employees felt much better about this function because it was now an organized event rather than a freeform experiment. If you multiply that by lots of different functions, it leads to great results.”

## Taking Action

With a cohesive strategy, standardized procedures, and a solid mission and vision communicated to all employees, the culture at Pact improved rapidly. “A year later, I could see a huge difference in people’s willingness to have conversations directly,” says Ihrig. “To see the change in how employees make decisions is beyond outstanding. I don’t dread retreat-agenda-planning phone calls anymore. There is now a true spirit of team, collaboration, and focus. The organization’s leaders know where they’re headed, what’s needed to get there, and most important, how to engage and empower the talent in the organization to deliver results.”

In preparation for Pact’s annual meeting the following year, the leadership team asked employees to take the OEI assessment again. The results would give them the chance to re-measure the levers for change and outcomes and to identify items that still needed work.

The results were again surprising. This time, however, the surprise was positive. “My surprise was how quickly the shift happened,” says Ihrig. “Typically we see more of an 18-month to three-year process for the kind of shift we saw in 12 months for Pact. It was a perfect storm — so many things were going in the right direction at the same time. The quality of the work and quantity of return led to amazing results.”

By this time, Pact employees around the world had the new strategy and goals in front of them and understood them fully. They knew what kind of work they were going to perform and what they were going to focus on. The ad hoc culture had been replaced by an overriding organizational vision.

The payoff was clearly documented by the new survey results. Of the 29 causal factors, 21 were now above the historical average, compared with only seven the year before. In addition, scores for seven of the 12 outcomes rose to above the historical average, compared with none just one year earlier. (You can see graphs of these results in Figures 5 and 6 at <http://www.snpo.org/images/pact/>)

“Scores went up because the context of the organization was more understood,” according to Mood. “It was a recalibration — people understood the reasons for decisions in the organization.”

Committed to their goal of more open communication, Mood and Viso quickly compiled the survey results so everyone at Pact could see and celebrate the organization’s impressive progress. “We presented the results to all U.S. staff and our board of directors in person and sent the presentation to every member of our staff worldwide,” says Mood. “We held conference calls and encouraged people to call in to ask questions.”

In addition, Pact’s leadership team put together a working group to dive into the survey data and determine new goals for the organization. The group came up with a list of 14 specific, realistic action items based on the causal factors that still needed improvement. These action steps included:

- **Implement supervisor training** focusing on feedback and communication.
- **Develop, publish, and communicate specific strategies** for each department within the organization.
- **Communicate more often with all staff members worldwide**, using a variety of communication tools.

“The survey made it clear which drivers of change needed more work.”

- **Organize** team-building events.
- **Build career paths and training plans** for employees.

All the group's suggestions — large and small — became actionable “assignments” that the leadership team agreed to take on, monitor, and evaluate on an ongoing basis. For example, one recommendation was to have a suggestion box on the organization's intranet page so people could have more input. This idea was put into place immediately. The leadership team made a concerted effort to follow up promptly on all the ideas in this suggestion box. Such changes signaled the new focus on listening and responding to everyone in the organization.

More obvious than the strides Pact has made in improving the organization's OEI levers for change is the shift in day-to-day behaviors. The increases in communication and standard procedures have greatly improved the way Pact's employees interact and approach their work.

“The thing I see most is that we are getting away from a defensive culture. People are more willing to approach colleagues directly instead of gossiping and passively responding,” observes Mood. “If there's a problem, they'll usually approach it head on rather than avoiding it and letting things fester.”

Seeing the importance of organizational culture in action, Pact's leadership team added “healthy culture” to its balanced scorecard, making it a key item for measuring the success of the organization as a whole. (For details on creating a balanced scorecard for your organization, see the first article in “Be the Change You Want to See” in the box at the end of this article).

## Committing to Lasting Change

Although Pact has already seen tremendous growth, its leaders know there's still work ahead. They hope to maintain their momentum and further improve their training and development program. They want their employees to be proud of the work they do and

take ownership of their futures while they inspire the people they help to do the same.

With support from Ihrig, the leadership team at Pact plans to re-test with the OCI once every other year and use the OEI once a year to keep moving their levers for change and outcomes in the right direction. Judging from the progress they've already made, Pact will be able to make an even greater impact on the lives of marginalized individuals throughout the world.

“The better we can do as an organization, the more positive impact we can have on our beneficiaries,” says Mood. “When we make improvements in our systems, professional development, and culture, we make ourselves better, wiser, and more accessible. It makes our results much better.”

According to Ihrig, Pact has all the right pieces in place to continue making a meaningful, lasting transformation. “Culture change is a process. There's no magic wand — it's a series of intentional questions being asked and actionable steps being implemented,” he says. “You have to be ready for the hard work. Pact was ready — they felt the tension and knew there had to be a paradigm shift. If you do the work right, some amazing breakthrough results can happen for you, just like you see at Pact.” 

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“How do we translate our culture to a country 5,000 miles away?”

## Steps to a Constructive Culture

**Step 1: Create and lead a “culture team.”** The participation and advocacy of organizational leaders are crucial in making sure this team succeeds.

**Step 2: Measure your current culture, ideal culture, levers for change, and outcomes** using a validated employee survey.

**Step 3: Study your feedback reports.** Determine which drivers and culture styles you want to focus on improving.

**Step 4: Create an action plan,** which should include a leadership development component.

**Step 5: Roll out** your plan.

**Step 6: Measure your progress** with an annual survey.

## Be the Change You Want to See

Delve into more change strategies with these articles from the Society for Nonprofits' Library at [www.NonprofitWorld.org/members](http://www.NonprofitWorld.org/members):

**Using a Balanced Scorecard in a Nonprofit Organization** (Vol. 27, No. 3)

**Organizational Culture: It's the Walk, Not Just the Talk** (Vol. 29, No. 6)

**Grounded Visioning: A Quick Way to Create Shared Visions** (Vol. 26, No. 4)

**Transforming Your Organization from the Inside Out** (Vol. 25, No. 4)

**Five Golden Rules for Board-Exec Retreats** (Vol. 26, No. 1)

**Going Global: Leading through Culture Clash** (Vol. 29, No. 2)

**The Key to Building Productive Teams** (Vol. 21, No. 4)

**You Don't Need Wall Street Bonuses to Improve Employee Morale** (Vol. 29, No. 5)

**Spears Carriers for Change** (Vol. 29, No. 5)