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CHANGE MEANS BUSINESS

Mind the cultural gap

– Cultural insight via proCulture©

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Table of Contents

Executive Summary

Culture affects an organisation's success. Changing it can be a way to improve organisational performance, efficiency, employee engagement, and many other parameters. However, culture is often considered to be somewhat beyond our control – something which is difficult to measure and manage. This is not the case. Culture can be quantified and operationalised with the purpose of managing it.

proCulture© is a diagnostic tool used for mapping organisational culture and an example of how an organisation can measure and manage its culture. It measures culture on six dimensions, 12 sub-categories and 36 aspects through a combination of surveys, interviews, focus groups and various other methods of collecting data. These cultural markers provide a holistic view of the organisation.

proCulture© can be used for several purposes:
- **Cultural integration:** Due diligence or integration strategy in mergers & acquisitions.
- **Cultural alignment:** Fundamental basis for alignment of organisational culture.
- **Cultural intelligence:** Harvest the benefits of cultural diversity and improvement of collaboration.
- **Cultural change management:** Strategy for intercultural change implementations.

Ramboll has used proCulture© as their tool of preference to manage their acquisition of OBG in January 2019. Through a series of surveys, interviews, and focus groups they mapped their culture to plan their integration efforts for a smoother integration.

There is no bulletproof way of changing a culture. After all, it is people we are dealing with. Using a thorough and robust tool to gain insight into the current culture is a necessary first step to improve the likelihood of success. proCulture© is one example of such a tool. Once the insight has been created, there are five critical elements to get right when changing a culture. They include: 1) having executive buy-in, 2) aligning strategy and organisational culture, 3) changing the stories and walking-the-talk, 4) prioritising a few critical values and behaviours, and 5) monitoring the progress and identifying KPIs for success.

How you approach the five elements depends on many things; your current culture, history, capacity and desire for change, but with a solid analysis tool and those five elements, you are more likely to enter the desired future state in one piece.

1. Understanding culture

Culture is not only a phenomenon at the national level. Organisations also have distinct cultures. Organisational culture is defined as the underlying beliefs, assumptions, values, and ways of interacting that contribute to the unique social and psychological environment of an organisation. And it is not merely of internal interest. Clients, customers, vendors, and other external stakeholders are also confronted with our organisational culture. So, just like we want to manage our communication, PR, and legal issues, we should take control of our culture by first gaining insight into it.

Culture can be visualised by the image of a tree. What is above the ground, and therefore visible, is the trunk (values and strategies), and the branches (behaviours and artefacts). Underneath the ground, are the roots – invisible and often unconscious. This muddle of interwoven aspects is e.g. unspoken norms, processes, history, underlying assumptions, beliefs, norms, symbols, etc. The roots mould the shape of the tree, meaning that the underlying aspects shape the values, strategies, behaviours and artefacts of our culture.

If we try to understand our culture by merely looking at the visible elements, it becomes difficult to truly understand the drivers that shape the culture. If we want to change or adapt to the culture, we recommend using 'the cultural insight-approach'. By analysing the underlying premise of the specific behaviour, we can target the changes more specifically and controlled. This whitepaper addresses 'the cultural insight approach' by describing proCulture©. The use of proCulture© is later exemplified in a case description from a Ramboll acquisition where proCulture© was used as part of the integration strategy for managing the merger of the two organisations.

1.1 Addressing culture

The discipline of cultural studies is well-described by different traditions in the academic field. All attempts to operationalise culture lies primarily within the functionalistic approach, pioneered by the Dutch social psychologist Geert Hofstede who designed the architecture that has characterised much of contemporary, cross-cultural research. Throughout the 1970s, Hofstede collected empirical data at IBM and found it possible to quantify cultural preferences using selected markers. Both scholars and consultancies have since developed practical applications for conceptualising culture for various purposes, and proCulture© is one of those applications.

Such approaches are criticised by those who consider culture to be fluid and emphasise the multitudes of cultures that a person operates in daily such as gender culture, sports culture, family culture, professional culture, national culture, religious culture, etc. The critique is somewhat justifiable, and the more diverse groups we include in a functionalistic analysis, the more generalised the outcome will be. Respecting the critique as inherent pitfalls of practical applications, the approach must be used thoughtfully regarding both the advantages and disadvantages.

Though cultural methodologies are debated, cultural intelligence is a scientifically validated competency that can be both measured and developed. Being culturally intelligent means that people act confidently in intercultural situations, have insights about their own and other cultural preferences that translate into practice, and being able to adapt. Being a culturally intelligent organisation implies the same qualities.

Organisations that are able to understand and address their culture, gain a variety of competitive advantages, such as better recruitment and retention, better management of organisational development, and improved collaboration – all affecting business results positively. Gaining a framework around culture also provides the organisation

with a common language to address it (the 'name it to tame it' advantage). Also, having data on culture means moving away from individual interpretations towards a more holistic understanding. When we understand it, we can manage it.

1.2 Why culture matters

The gains of cultural insight come down to the matter of 'trust', as no one will achieve anything without the help of others. Our human brain is wired to survive on trust. We trust those who react in ways we would ourselves as we thereby can predict their behaviour – which was once crucial for our physical survival. In psychological terms, it is called The Mere Exposure Effect – the preference for the familiar (Zajonic, 1968). When people meet unfamiliar behaviour, the nervous system is automatically stressed, and they tend to feel a lot, but think less, which negatively affects both productivity, quality, and collaboration.

Needless to say, we are even more connected globally than ever before. A Danish company buying an American company to merge with their existing American branch, a German manager in a French firm managing a workforce of Indian IT developers, a Swedish corporation with 14 HR partners for different regions trying to steer the overall organisation in a direction that complies with everyone. In all these examples, the relevance of culture is evident.

Also, in a far more competitive market, the one who has the strongest and most coherent narrative leaves the strongest impression. Our narrative is far more than the texts on our webpage or our guiding principles on our reception wall. In fact, if stakeholders detect inconsistency between what we say and how we behave, our words only carry 7% of the weight. What mainly matters are demeanour, tone, etc. So, if we wish to leave a strong impression, we want to ensure consistency.

Trust is a universal prerequisite for collaborative interaction, and evidence shows a correlation between internal trust and all aspects of successful business elements (Ferrin & Gillespie, 2010). However, even though we all need to trust, the way to build it varies in different cultures. Therefore, insights into what I need from others to trust them as well as what they need to trust me are essential insights for succeeding at both management and collaboration.

Building cultural awareness is the most effective way to reduce prejudices

As the Mere Exposure Effect tells us that likeminded people are more trustworthy, (often wrongful) conclusions will follow from that deduction. In short, when we have a preference for something, everything else will seem inferior. Building cultural awareness is the most effective way to reduce clichés and prejudices that are seldom beneficial to business success. However, it is still interesting to dwell a bit on whether there is some reasoning in talking about better or worse cultural traits?

1.3 There are no right or wrong cultural traits

So, are there any right or wrong, better or worse cultural traits? For example, do collectivistic cultures produce better team performance? Does high-performance orientation lead to a healthier bottom line? Is low uncertainty avoidance a prerequisite for innovation and entrepreneurship?

No cultural traits are by themselves better than others

Firstly, no cultural traits are by themselves better than others. What constitutes 'desirable' or 'undesirable' culture relates to the values and purpose of the organisation. Secondly, given the Mere Exposure Effect, we do have preferences for certain traits over others. As organisational culture usually inherits traits from the surrounding national culture, some characteristics will be more natural (or estranged) than others. As an example, many Danish organisations will have a very low power distance, as the underlying value of egalitarianism is a virtue in the surrounding society. But that does not necessarily mean

that hierarchy and authority cannot thrive. The Danish military, for example, wouldn't work with a low power distance and there are many examples of large corporations in Denmark that have great success with a higher power distance than the Danish norm.

With that being said, evidence suggest that some cultural traits better foster environments for specific elements. The GLOBE study – the largest cultural study of its kind – found evidence for a statistical correlation between performance-orientation (the degree of focus on performance and development) and economic prosperity (House et al., 2004). This is not surprising as organisations with high-performance orientation foster leaders who value and reward hard work, ambition, high standards, and performance improvement (Binovska-Kocheva & Kockoska, 2015). However, the question is still whether those are the aspirations of, e.g. the public sector, creative environments, or school teachers?

Uncertainty avoidance is the tolerance for ambiguity and uncertainty, and a high uncertainty avoidance seeks to balance optimal stability with minimal risks. It has been said that without uncertainty, entrepreneurship would be unnecessary. Though we haven't come across evidence for a strong correlation between uncertainty avoidance and entrepreneurial activity, lower levels of uncertainty avoidance do – amongst other factors – lead to higher levels of entrepreneurship (Wenneker cited in Hanciogulo et al, 2014).

As for the question of whether collectivistic cultures generate better team performance, the answer depends on how teamwork is put together. People with a collectivist mentality will utilise harmonising strategies when collaborating, whereas people with individualistic mentalities will employ consultation strategies. And, the evidence further shows that high team performance is best achieved by a diversity of strengths in the group (Meyer et al. 2012). Especially when fostering diversity, cultural insights provide a platform for addressing, understanding and building trust across the organisation.

2. Operationalising culture

We need to measure culture because we cannot rely on our 'gut instinct' about what culture is if we want to use it for strategic purposes. Furthermore, the data can tell us far more than what our cultural preferences are at the overall level. For example, the data reveal whether men and women, people from different business units, across age groups or seniority are aligned. Moreover, it reveals what parts of the cultural aspects we are most united about (our strongest traits) and on what we disagree upon. Or how two merging organisations fit culturally – not just from a process and legal perspective, but in the way that employees behave, collaborate, are motivated, etc. We also need measurements if we are looking to track the process of adaptation.

When initiating a proCulture© analysis, it is important to identify the reasons for gaining the cultural insights and how the output will be used. If we are using it for the due diligence phase of a merger or acquisition, we must decide whether the outcome could affect the purchase price. If we are using it to consolidate a fragmented organisation of strong sub-cultures into 'one company', we must decide if we are willing to put weight behind the alignment strategies, we might subsequently implement. If we are using it as an awareness platform to improve the cultural intelligence across the organisation to ensure better intercultural collaboration between regions or business units, we must decide if we are then prepared to invest in succeeding development. The point is, that if we are not prepared to back the desired changes that follow from the insights we gain, the outcome is simply knowledge and of limited value on its own.

2.1 Benefits of cultural insights

Gaining insights into the organisational culture and inherent sub-cultures in the organisation adds value in several ways:

Figure 1: Benefits of cultural insight

| An undeniable competitive advantage | Potency with stakeholders and employees | Better management of organisational development | Harvesting the benefits of cultural diversity |

Source: proacteur, 2019

- Cultural knowledge is a definite competitive advantage that directly influences potential market growth, productivity, and quality. Several studies show that culture is one of the top most important factors to succeed in business.

- Insight is potency and gaining a stronger company culture results in better talent management, recruitment, and retention. According to a Forbes article, 89% of new hires who fail are due to attitude or cultural reasons – not skills (Murphy, 2012). Also, it positively affects the identity of the company by leaving a stronger impression with stakeholders.

- Better management of organisational development as understanding cultural elements leads to more suitable choices regarding process optimisation, strategies (e.g., in mergers & acquisitions) or perhaps technologies.

- Improving international collaboration since half of the substance of cultural intelligence is insights about own preferences. Having insight and a language to address culture promotes dialogue. Because talent is increasingly mobile, even companies whose operations are entirely domestic will often have a culturally diverse workforce.

This means that culture is a business issue – not merely an HR issue. Though HR plays a natural and significant role in curating, refining and strengthening the culture, the prioritisation and ownership of the exercise is a business priority and rests with the CEO.

2.2 Four main pitfalls to avoid

Regardless of the drivers and tools which are chosen, some pitfalls should be avoided in preparation for the cultural analysis:

Idealised neglect – thinking that being an international corporation automatically produces intercultural capabilities and therefore neglecting to cultivate these. Evidence shows that cultural competencies in Denmark are primarily achieved in large companies for people of higher education. But what about the rest? The same report concludes that only 5% of the Danish population are classified as having high cultural competencies (Ministry of Education, 2005).

Management supremacy – assuming that cultural insight is a managerial exercise exclusively. The top-level management often has a different view of the culture than the rest of the organisation. Make sure that the analysis includes a representative cross-section of the company population but keep the ownership of the culture anchored at the top.

Culture revolution – thinking that cultural insights will move mountains. The magic happens by change, little by little, and in the long haul. The key to revolutionising anything is perseverance. You can buy a company and provide people with new email-addresses and coffee cups from day one. However, without a persistent focus on cultural integration, five or ten years later, you will still have people talking about legacy-X.

Missed opportunities – looking at the overall result without deep diving into the demographic details. The insights are interesting in many ways. Investigate how much variance there is on individual questions (what we agree or disagree about?), or differences across the organisation (for example that managers are more inclined to this trait or people in accounting differ in terms of that trait). This will allow you to target subsequent adaptations.

2.3 proCulture© - a robust cultural analysis tool

The proCulture© analysis is a tool which can be used to map organisational cultures in order to ensure:

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The outcome of the analysis highlights both the strengths and weaknesses of the culture. What constitutes strengths or weaknesses depend on the purpose of the analysis. If the goal is to identify a cultural fit between two organisations, similarities are considered levers for integration whereas differences constitute challenges as these will affect the Mere Exposure Effect in a situation that for many is unsteady and feared to be a matter of professional survival. But as evidence shows, diversity has a direct, positive effect on the bottom line, which suggest that differences are not, in general, considered to be weaknesses (Andersen & Andersen, 2016).

There is a tendency to focus on cultural differences. We simply notice different behaviour in others far more than the similarities, which means that when we interact with people with different behaviour, we become aware of our own cultural preferences. The differences, therefore, make us conscious about our own culture as well as the distinction of others. Nevertheless, from a business perspective, the similarities are often the more interesting aspects as they provide the common ground from which we can collaborate, negotiate or trade. Bringing the point to a head, exclusive focus on cultural differences is simply counterproductive.

The proCulture© analysis process is a three-step process.

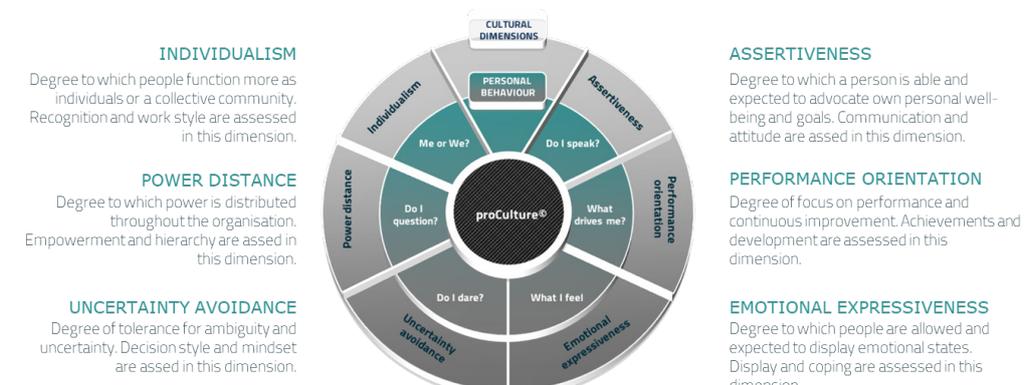Figure 2: The three-step process of the proCulture© analysis

Source: proacteur, 2019

The methodology is developed with reference to Hofstede, Trompenaars and the GLOBE study – authorities within mapping organisational culture. The complexity of organisational culture is operationalised by six cultural dimensions. For proCulture©, each dimension is divided into two sub-categories, each containing three aspects. The total of 36 different aspects caters for a holistic insight into the organisational culture.

Figure 3: The proCulture© dimensions explained

INDIVIDUALISM
Degree to which people function more as individuals or a collective community. Recognition and work style are assessed in this dimension.

POWER DISTANCE
Degree to which power is distributed throughout the organisation. Empowerment and hierarchy are assed in this dimension.

UNCERTAINTY AVOIDANCE
Degree of tolerance for ambiguity and uncertainty. Decision style and mindset are assed in this dimension.

ASSERTIVENESS
Degree to which a person is able and expected to advocate own personal well-being and goals. Communication and attitude are assed in this dimension.

PERFORMANCE ORIENTATION
Degree of focus on performance and continuous improvement. Achievements and development are assessed in this dimension.

EMOTIONAL EXPRESSIVENESS
Degree to which people are allowed and expected to display emotional states. Display and coping are assessed in this dimension.

Source: proacteur, 2019

It is important to emphasise that because company X, for example, has a high uncertainty avoidance score, it doesn't mean that all the individual employees share that quality. They might. The cultural traits follow normal distribution curves, and individuals' preferences may be similar or different from the group average scores. Also, numbers cannot fully describe human behaviours, but they can help leaders understand the cultural mud (Bing, 2004).

The proCulture© data is collected from an online survey with 65 questions and takes on average 12 minutes to complete. The questions address behaviours – not beliefs – and are answered anonymously to increase the credibility of the data. To achieve a statistically valid data set, the distribution must have ample representation and proportion. For large companies, a participation rate of 10% can be adequate, but for smaller units or organisations, 10% of, e.g. 100 employees are insufficient. The quantitative data set is combined with qualitative data from interviews, and the results of the data collection are the accumulated, quantified data from both data sets.

Cultural data derived solely from quantitative data lack in-depth insight into how the answers can be interpreted. Thus, the interviews are an inherent part of the proCulture© analysis process. However, as proCulture© is used for different purposes, the method is scalable. The only situation where including qualitative data is not highly recommended is when proCulture© is used to enhance cultural intelligence. Here, quantitative input is included in the facilitated process as it serves a dialogical purpose.

Figure 4: Data collection and accumulation process

Source: proacteur, 2019

3. Changing culture

Culture affects an organisation's success and changing its culture is, therefore, a way to improve performance, efficiency and employee engagement and many other parameters. For example, we know that there is a strong connection between an organisation's culture on one hand and its leadership, employee engagement, customer satisfaction and the level of innovation in the organisation on the other (Newton, 2016). Indeed, a longitudinal study found that culture "comes first" - i.e. that culture is the most important aspect - in predicting sales, as mediated by customer satisfaction (Boyce et al, 2015). No wonder many executives are focused on changing the culture to get this exactly right.

Changing culture is not easy and many steers away from even attempting to modify it for that exact reason. The first problem for many is that culture is difficult to get a grip on, and it takes time. Conventional wisdom says that it takes years to change a culture, but that assumption is not necessarily right. Some organisations have shown that it can be done quicker than most think.

3.1 Five critical elements when changing the culture

Organisations approach cultural change differently and with good reason; the approach should match the organisational culture. Some turn it into a project with a formal project model, structure and governance with the executive leadership team as a steering committee. In other cases, the CEO drives it more informally, and in still others, it is owned by the board.

There is no evidence to suggest that one approach is better than others, but we have found five elements to be critical for the success of changing the culture in an organisation.Elements which match research-based principles for effective cultural change (KatzenbachIlona et. al.,2012).

Figure 5: Five critical elements for changing a culture

Source: proacteur, 2019

Those five elements will be described below and are exemplified by a company, that wants to change the cultural dimension of individualism, so people work less individualistic and more team orientated.

#1. Executive ownership

A cultural change must always be owned by executive leadership. To be clear, executives do not dictate or shape the culture on their own, but they need to own and drive the effort to change it. Otherwise, it will not happen. This element cannot be emphasised enough.

Often, the project of changing a culture is given to HR and with some justification. HR has many of the competencies required to understand the components of culture, HR owns many of the people processes, which must be adjusted in a cultural change and HR partners are a necessary link between leaders and employees. However, HR cannot change the culture by itself. Instead, it can assist and collaborate with executives to make cultural change happen.

Changing a culture is a change management project, and we know that the number one success criteria for a change project to succeed is active and visible sponsorship (Prosci, 2018). Indeed, in their best practice study of change management, Prosci – market leader in change management – found that 'sponsors' was mentioned three times more than any other contributor to success.

To be an effective sponsor, the executive must be active and visible throughout the entire project. This implies 1) to participate visibly throughout the project by supporting the team and to champions the change, 2) to communicate support and promote the change to all impacted groups and 3) to build a coalition of sponsorship and thereby bridging internal silos and creating a combined effort (Prosci, 2018). In other words, being a sponsor of a cultural change means much more than just talking about it at Town Hall Meetings and providing funding for initiatives. It requires engagement, communication and walking-the-talk from the entire executive leadership team.

The example company that wants to improve the dimension of collaboration, so people work less individualistic and more team orientated, must activate the main sponsor. The primary sponsor is often the CEO or the head of the part of the organisation where the change is taking place (the division or the region). The sponsor might announce the effort by explaining why the company wants to change its culture, why keeping the old culture is not an option, why this is important at a personal level to him/her. At the same time, the sponsor can have 1:1 meetings with leaders to gain internal support and increase the personal desire for the project.

#2. Align strategy and organisational culture

Peter Drucker is attributed to the quote "Culture eats strategy for breakfast". What he meant was that if there is a misalignment between strategy and culture, the culture will prevail. In other words, organisations work best if there is alignment between strategy and culture. If an organisation wants to change its culture, it should therefore, be natural also to adjust its strategy as part of the process, as the two affect each other.

The strategy involves more than identifying goals. Strategic plans include a description of the formal processes in the organisation such as budgets, goals, metrics, processes, reporting structure, performance management system, leadership training, and incentives amongst other things. It is these strategic plans, which needs to be adjusted in the face of a cultural change.

If the example organisation wants to change its cultural dimension of individualism, so people work less individualistic and more team orientated then formal structures around 'work form', 'decision making' and 'silo structures' can be altered to facilitate the change. It may be that the organisation changes its spot bonus program to focus on team effort primarily, structure work around teams instead of individual assignments and that silos

are broken down by changing the internal P&L structure. All are elements of the strategic plans, which should be adjusted as part of the process.

#3. Change the stories and walk-the-talk

The formal strategic structures and plans are important, but when speaking of culture, the informal processes are equally important.

Changing stories contributes to changing the culture

An important cultural aspect, which all leaders do, either consciously or (most often) unconsciously, is that they tell stories. And the stories we tell are part of our culture – both from executive platforms and by the water cooler. Stories are tremendously powerful. People are under the conception that we say what we believe, but the reality is that we also believe what we say – eventually at least. Changing the stories, therefore, contributes to changing the culture. If the current story is that "In our organisation, we work hard, and we don't stop until our customers are satisfied even at the expense of holidays, planned birthdays or even our emotional well-being", then this strongly affects assumptions, behaviours and thereby the culture of the organisation.

Stories like the above example are often not expressed in such a direct way, but it may be that certain people are publicly recognised for their hard work and it might be mentioned that "She even stayed with the customer throughout her last holiday to make sure that the client was totally satisfied". That story conveys the culture simply and reliably. If an executive wants to change the culture, he/she must create new guiding stories and also manifest them in the formal processes such as e.g. reward systems.

Stories include more than just the speeches given at an office gathering. It comprises all of our verbal and non-verbal language. For example, it also includes the metaphors the leaders use; "we are an effective sales machine" is very different from "we are one big family and help each other in sales" and will impact people differently.

Core influencers must be seen to be walking the talk

One way to affect informal processes is to identify core influencers; formal or informal leaders who impact and carry the culture as people look to them for social cues. It is critical that this group is walking the talk, i.e. that their behaviour is aligned with the new culture the organisation is trying to promote in a visible way. If the example organisation wants to promote collaboration and teamwork, they may highlight how they work together, listen to each other's ideas, have lunch together, participating in the same office parties, etc. Any contradictions between what the core influencers say and what they do will be interpreted negatively and will be counterproductive of what we are trying to achieve.

#4. Prioritise a few critical values and behaviours

Changing a culture can be a daunting and overwhelming task, especially if you are trying to transform the entire culture and many cultural dynamics all at once. This may require a multitude of large programs with many formal as well as informal process changes.

A few critical behaviours can be used as levers for a cultural change

A sweeping cultural change approach is sometimes required, but an alternative way is to focus on a few critical behaviours, which you believe is important to get right. They can be used as levers for the overall cultural change and be the tipping point for success.

When a few key behaviours are emphasised heavily (and if the change management is done well), employees will often develop additional ways to reinforce them. Use the strengths already existing in your culture. One way of identifying strengths in the culture is to find the areas with the lowest variance in views of the cultural aspects as they represent the aspects employees agree most about. These are our strongest cultural traits.

The critical behaviours should be systematically reinforced. Find important events where culture is manifested, for examples such as performance management process, annual budget process and Town Hall Meetings.

If the example organisation wants to change its cultural dimension of individualism, so people work less individualistic and more team orientated, it can identify a few critical behaviours such as inclusion of employees in important decisions, that all client proposals should be completed by a team of at least four people, and that fixed office seating is replaced by activity-based-seating with emphasis on cross-team collaboration. There will be other areas and processes to change, but by prioritizing and focusing on these few critical behaviours, the change will get off to a good start and avoid change fatigue.

#5. Monitor the progress and identify KPIs for success

Without knowing the current state, it is difficult to transition successfully to the future state

Culture can be measured and analysed, as described in chapter two. Without knowing the current state, it is difficult to transition successfully to the future state. It is sensible to identify specific metrics which will show whether the activities supporting the cultural change are having the desired effect. These metrics should focus on behaviours and predictable results from the intended behaviours.

It will also be natural – and valuable – to conduct a follow-up cultural analysis to measure all aspects of how a culture has evolved over time. When focusing on a few elements of a culture it is important also to monitor the other dimensions of the culture, as many of the cultural aspects are interlinked and therefore likely will be impacted by spill over. Also, know that cultural changes are not something we measure every three months. It takes time.

One company took a cultural pulse survey six months after launching an office turnaround. Amongst other improvements, it showed a dramatic increase in engagement, which took everyone by surprise, and resulted in a significant reduction in attrition (people leaving the company), from 12 per cent to 6 per cent (Power, 2013).

Many types of data can be used

Different types of data and analysis can be used (Nielsen & McCullough, 2018). If our example company wants to change its culture to a more collaborative work environment, metrics around an average number of people or employees from different divisions who are participating in meetings can be tracked. Network analysis can be used in order to monitor interactions patterns in the organisation. Questionnaires and observational data around teamwork can be used. And finally, engagement data should be monitored to track the effect on satisfaction and performance.

There is no bulletproof way of changing a culture, but there are five critical elements to get right

There is no bulletproof way of changing a culture. It is people we are dealing with after all. Using a proven and robust tool to gain insight into the current culture is a necessary first step to improve the likelihood of success. proCulture© is one example of such a tool. Once the insight has been created, there are five critical elements to get right when changing a culture. How they look like for your organisation depends on many things; your current culture, history, capacity and desire for change, but with those five elements you are more likely to enter the desired future state in one piece.

4. Case: Using proCulture© as input for integration in an acquisition

By Tina Gaardsøe Albrechtsen & **Peggie Chan**
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RAMBØLL

While change management thought leaders would undoubtedly agree on the time and commitment it takes to evolve an organisation's culture, this case study serves to illustrate the culture alignment strategy and process chosen at the outset of an acquisition to positively influence and steer the new combined organisation.

Ramboll is a leading engineering, design and consultancy company founded in Denmark in 1945. The company employs more than 15,000 people globally and has especially strong representation in the Nordics, UK, North America, Continental Europe, Middle East and Asia-Pacific. With 300 offices in 35 countries, Ramboll combines local experience with a global knowledge base. Ramboll works across the following markets: Buildings, Transport, Planning & Urban Design, Water, Environment & Health, Energy and Management Consulting.

Background

In 2014, Ramboll acquired ENVIRON (now Ramboll-Americas), thereby staking a claim in the US market and firmly establishing its global presence. The acquisition of ENVIRON added more than 1,500 environmental and health science specialists in 21 countries. This acquisition placed Ramboll in the global elite within environmental services and represented a major step for the leading Nordic consultancy in becoming truly global.

Continuing its growth trend, Ramboll acquired OBG in January 2019, thereby building on the ENVIRON acquisition to grow its presence in North America. Founded in 1945, OBG employed 900 experts and delivered integrated engineering solutions within water, energy, environment and advanced manufacturing for more than 70 years.

With the new acquisition doubling its size in the US, Ramboll established a new Principal Business Unit for the Americas covering the US, Canada, Mexico and Brazil with services in water, energy, environment and health. Effective 1 January 2019, the business unit will be led by OBG CEO Jim Fox as Managing Director. The ambition is for the unit to grow from the current 2,000 employees to 3,000-4,000 US employees in four to five years.

Purpose & approach

Research shows that despite synergy opportunities, 70-90% of mergers and acquisitions fail due to unsuccessful cultural alignment (Lund & Whitt, 2017). Building on its acquisition experience, Ramboll leadership made the decision to engage with proacteur to provide guidance to cultural alignment in a purposeful and strategic manner to support the OBG acquisition and guide the culture of the future Americas organisation.

The Integration Steering Committee (SteerCo) and Integration Management Office (IMO) dedicated an integration workstream team to the topic of culture, lending appropriate leadership attention and support to the initiative. This team included mixed representation with leadership provided by the Global Head of Talent Development, Tina Albrechtsen. The workstream leader engaged directly with SteerCo including CEO, Jens Peter Saul and

Ramboll acquired OBG and thereby doubled its presence in US

70%-90% of acquisitions fail due to unsuccessful cultural alignment

Americas' Managing Director, Jim Fox, to outline and approve the strategy, process and engagement of key stakeholders. Key considerations during this stage of the project was focused on the timing of activities both from a business perspective but also in terms of understanding when new employees would be most willing to provide honest and open feedback. The main point being that newly acquired employees could be placed at risk if they felt they were being "assessed" shortly after being acquired by the new company.

The organisational culture was assessed on three separate levels

Working with proacteur, the organisational culture was assessed on three separate levels: Ramboll-Global, Ramboll-US (i.e. legacy ENVIRON) and legacy OBG. A sampling of each organisation was selected to participate in an online survey designed by proacteur. A smaller subset participated in one-on-one interviews and another small group engaged in focus group discussions. proacteur assessed each organisation according to six cultural dimensions, and the findings were compiled in a comprehensive report for further review.

According to the overall strategy and process approved by SteerCo, the Cultural Analysis planning team first participated in a detailed debrief with proacteur to gain a deeper understanding of the data gathered. The planning team worked closely with Jim Fox to tap into his experience with early engagement tours and understandings of both Ramboll-Americas and legacy OBG to present the content in a positive and constructive light.

A series of workshops with the Americas Leadership Team was designed

Consistent with recommendations highlighted in the Bain article "Integrating Cultures After a Merger" (Stafford & Miles, 2013), the team proposed a series of workshops. First to gain a solid understanding of the current state for each organisation, then to identify the ideal future state and priority areas to make the most impactful progress for each organisation. The team placed a heavy focus on fostering psychological safety throughout the process. Fostering trust was essential in creating an open and respectful environment where challenging discussions could take place in a constructive and positive manner despite challenging and potentially divisive content.

Discussion around participation was considered as a key contribution for driving success, and the decision was made to ensure that participants in the workshop were aligned with the leadership responsibility to ensure integration success. Additionally, clarity on the purpose and long-term vision from executive leadership would ensure all in attendance set the stage and tone for the discussion.

The first step was to understand current state through a "compare and contrast" presentation

Participants for the first workshop were carefully selected to include the Americas Leadership Team (ALT) members as well as other invited guests with strong connectivity to culture, including the Heads of Communications and Human Resources Leaders for the Americas. The Managing Director, Jim Fox, opened the workshop by emphasising the opportunity for this leadership team to build on the strengths of two strong and successful organisations in the Americas to build an even stronger future Americas organisation. Further to this, a heavy focus was placed on how to most effectively review and interpret the data. To understand your own culture, you must "compare and contrast" although the end state is a common goal for the combined organisation (i.e. the team would come to an agreement on the future ambitions for the organisation). It was also key to reiterate that the data does not describe a right or wrong culture, but merely different perspectives on what work culture can look like.

Guided by proacteur, the workshop participants took a deep dive into the findings. First on the Ramboll-Global culture, then the Ramboll-US culture and lastly, the legacy OBG culture by highlighting similarities between Ramboll-Global to Ramboll-Americas, Ramboll-Global and legacy OBG. And finally, looking at differences between Ramboll-Americas and legacy OBG. Throughout the workshop, key messages were highlighted and reinforced by both the planning team and workshop participants: It is essential to truly appreciate and value diversity in all its different forms, culture must be linked to the

Americas' strategy, and culture change takes time to nurture, along with purposeful and consistent guidance.

The group committed to two additional workshops in the near term, both with purposeful scheduling. The second workshop will provide a high-level review of the key findings and will introduce the concept of Appreciative Inquiry to seek to engage stakeholders in self-determined change by focusing on existing strengths already present in the organisation, that can contribute in creating a common ambition (and future state) – ultimately supporting a successful integration.

The third workshop will be scheduled to follow the strategic planning session for the Americas. The introduction to the Appreciative Inquiry process prepares the group to consider cultural alignment priorities that will either be foundational to the entire Americas organisation and/or critical to the success of specific collaborations. Following this workshop, the planning team anticipates working with leaders of these prioritized collaborations to continue culture alignment.

Anticipated challenges and recommendations to address

- **Psychological safety** - Perceived differences can create divisions between the stakeholder groups. Take the time to educate participants on the significance of psychological safety and create appropriate ground rules together to foster a professional environment based on respect and trust. Ground rules provide clarity on acceptable behaviours for engagement and encourage participants to share the best of their thoughts and ideas while being open and respectful in communications.

- **Advocacy and buy in** – Carefully select the participants who will engage and represent the best interests of each stakeholder group. Knowing they had a strong advocate at the table will support building buy-in with the stakeholder groups for the team's recommendations and decisions at a later point in time.

- **Uncertainty avoidance** – Be open, clear and non-judgemental when identifying the most significant challenges, perceptions and misunderstandings (the proverbial "elephant in the middle of the table") to be addressed by the team. Set the expectation with the team that while some challenges will take more time and ongoing efforts to resolve, it is important not to avoid the topic and create further ambiguity and uncertainty.

- **Division and competition** – Differences in philosophies, practices, models and leadership styles can create natural divisions between organisations and individual groups. In addition to strategies listed above (i.e. psychological safety, ground rules, etc.), it will be critical to first align executive leadership on the vision and approach to model behaviour for their own business units. Link the cultural alignment to business strategy to create a common goal and vision for the entire organisation. Educate how high team performance may be best achieved through the diversity of strengths and the competitive advantage of bringing the best strengths of both worlds. Highlight opportunities to support and share best practices and lessons learned with one another.

Key learnings to date

Producing a cultural analysis is, of course, only the first part of the process during an integration. The team recognizes that culture data cannot be used independently. It must be discussed and utilized in the context of the business strategy, other influential organisational initiatives (e.g. Ramboll's recent introduction of a company-wide matrix model) and an organisation's overall way of working.

Culture development is a long-term, iterative process. It requires ongoing engagement

and reinforcement with key stakeholder groups on the direction and appropriate actions required for alignment.

Cultural development also benefits from ongoing and consistent communication. Take the time to celebrate early successes and acknowledge key contributors and influencers and reiterate the current focus and long-term vision. Be careful to communicate there is no "right" or "wrong," but rather a focus on work culture and preferences.

Regardless of the geography of a company, many organisations have embedded styles, practices and even language. Actively seek clarity, even translations when necessary, to ensure a consistent understanding before moving forward.

Take a pause to check your own assumptions and biases about the process and the people. For the culture team to be a success, a high degree of sensitivity and interest is essential.

Think strategically and seek input from key stakeholders on ideal timing of activities and discussions to ensure high-level engagement and a positive experience for participants (e.g. When does it make sense from an employee perspective to be asked about proving input?). Speed does not necessarily increase the chance of success.

Critical success factors

- Executive leadership accountability to model for rest of the organisation
- Leadership participants selected to advocate on behalf of key stakeholder groups
- Foster psychological safety and trust
- Establish a clear strategy and process for cultural alignment
- Confidential nature of detailed cultural analysis data – be purposeful with target audiences and key messages
- Acknowledgement of short-term and long-term challenges
- Team face-to-face engagement for the more challenging conversations
- Translation - seek clarity on language/definitions
- No one size fits all approach - must take each organisation's unique culture and readiness into consideration. You may be more effective to "go slow to go fast."
- Emphasize and model appreciation for differences (cultural considerations)
- Consider your continuously evolving culture and other influential factors (e.g. generations, technology, ways of connecting and collaborating globally, etc.)

"It requires ongoing open and honest assessment to consider how far and fast you can introduce and implement change in an organization. Linkage to strategy is essential, and you have to build a shared sense of responsibility and support from diverse stakeholders, starting with leadership at the top of the organization. Focus on winning the hearts and minds of your people, to inspire us all to work to achieve something greater together." ~ Jim Fox

5. Conclusion

Culture is by the faint-hearted considered impossible to tame and by the sceptics reduced to guiding principles on the wall of the reception. Located exactly in the middle of the two perception lies a huge competitive advantage. The one who has the strongest and most coherent narrative leaves the strongest impression in the market as it guides behaviour and enhance performance. And culture is a massive storyteller. Moulding the organisational culture is, therefore, a task that directly impact business success.

When changing the organisational culture, the first premise is patience. The second is top level engagement, and the third is using a 'cultural insight-approach' to target the changes specially and controlled. Cultural insight is found at both a personal and an organisational level and means having insights into cultural preferences that translate into practice and being able to adapt.

So, the first step in controlling this competitive advantage is to measure culture. For one, because we cannot rely on the 'common knowledge' about what our culture is if we want to use it for strategic purposes. But also, because the data can tell us far more than what our cultural preferences are at the overall level allowing us to target changes in a controlled manner.

Culture can be measured by using proCulture© leading to four main benefits:

- Cultural knowledge is a definite competitive advantage that directly influences potential market growth, productivity, and quality.

- Insight is potency and gaining a stronger company culture results in better talent management, recruitment, and retention.

- Better management of organisational development as understanding cultural elements leads to more suitable choices regarding process optimisation, strategies or perhaps technologies.

- Improving international collaboration because half of the substance of cultural intelligence is insights about own preferences.

At the very essence of what makes culture relevant is trust – a universal prerequisite for interaction and therefore business success. We all rely on trust but the way we build it varies. As it was emphasised in the case of Ramboll, creating a psychologically safe environment in a process of a merger was at the very top of priorities. Amongst other things this implies accentuating that culture is not right or wrong. What constitutes desirable or undesirable culture relates to the values and purpose of the organisation as well as the drivers that has initiated the demand for cultural insight. There is evidence that diversity has a direct, positive effect on the bottom line. Diversity, however, challenges the way the human brain is wired to trust the familiar and therefore predictable. Thus, diversity requires cultivation.

Cultivation of cultural insight is not simply a matter of mapping culture. Insight is simply insight if we don't put weight behind moulding it to support the desired changes. Therefore, five critical elements of the change process are identified to ensure success. At the top of the list is the executive ownership (1) which is crucial. Both because the 'executive sponsors' are the most critical resources to have on board in any change process but also because culture and strategy must be aligned (2). When we have this in place, we must change the narratives and walk the talk (3) of our desired culture. Both at formal and informal levels. As cultural changes can be both lengthy and complicated a prioritisation of the efforts (4) are recommended as well as monitoring the progress (5).

It is our hypothesis that most CEOs well know the gains of cultural insight. The problem is not a lack of acknowledgement of the importance of culture. The problem is rather that most lack an approach to 'tame the beast'. proCulture© names it to tame it. As the ancient Greek philosopher Seneca stated two thousand years ago – "It is not because things are difficult that we do not dare, it is because we do not dare that they are difficult."

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About proacteur

proacteur is a consulting firm that provides evidence-based and best practice consulting services within Change Management. We follow an internationally established and proven change management method that is holistic and takes the complexity of the change into account. This ensures that the change is robust and lasting.

Here is how we do it:

1. Together we make sure we understand the issue

2. We develop the people to fulfil their role in the change

3. We manage the change together with you

We base all decisions on data and strategic indicators to make sure not to lose sight of the targets at hand – whether it is quality assurance in our clients' deliverables, improved production efficiency, or process optimisation.

proacteur was founded in 2006 and has 20 consultants today. Our values, our ambition and our vision have remained unchanged since the beginning; we want to be the best in the Nordic region to help organisations translate strategies into reality and to bring projects to succeed.
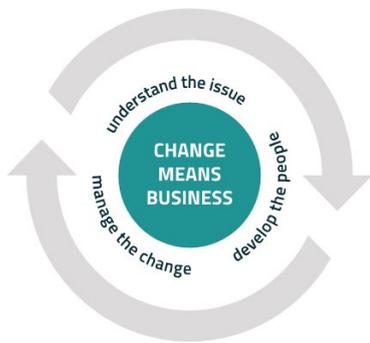
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