

Changing a Culture's DNA

Relationships determine the pace and quality of learning and innovation • BY DIANA M. SMITH



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The late novelist David Foster Wallace once told a joke about two fish swimming along who meet an older fish going the other way. The older fish nods and says, “Morning, boys, how’s the water?” After swimming on for a bit, one of the younger fish turns to the other and goes, “What the hell is water?”

In organizations, culture is the water we all swim in. It’s all around us. We work in and through it every day, yet we have trouble seeing it and rarely take note of it. Mostly we let its currents shape our behavior rather than figuring out how our behavior might reshape its currents. That’s because we overlook a basic law of culture best captured in an article by Václav Havel that inspired the Eastern Bloc dissident movements during the Cold War: By accepting the prescribed ritual, we all become a player in the game, thus making it possible for the game to go on, for it to exist in the first place.

Just as Wallace’s young fish are unaware of the water, so are we unaware of our part in perpetuating outdated cultural games. That’s why most leaders agree with what design experts David Nadler and Michael Tushman say in *Competing by Design*: Culture is the most difficult aspect of organizational architecture to reshape in a lasting way.

I concur. During the past 30 years, I’ve watched countless culture change efforts fail to break down functional silos, transform sluggish hierarchical behavior or make organizations more adaptive. Why? They never surfaced or changed the outdated cultural assumptions everyone took for granted.

It is never easy to change assumptions about how to navigate hierarchies, work across functions or serve external customers. But it has been made a whole lot harder by approaches to culture change that confuse the expression of culture — written documents such as values or mission statements, espoused beliefs, office arrangements, rituals and rites — with a culture’s less visible but more powerful core: the implicit assumptions people carry in their heads and that govern how they interpret events and take action, individually and collectively.

It’s those assumptions that determine how fast and how well organizations can innovate and learn. It is those assumptions my colleagues and I have set out to surface and change. Through these experiments,

we’ve discovered what culture expert Ed Schein also observed: “Almost any change in behavior, assumptions, attitudes and values is mediated by interpersonal relationships of one kind or another.”

We’re finding that relationships — and the patterns of interaction that define those relationships — have the power to reinforce or to transform cultural assumptions. As such, they form the basic building blocks of an organization’s culture, translating formal designs into cultural realities. We’ve found it’s possible

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to accelerate learning and innovation not so much by developing adaptive, learning-oriented leaders, but by developing adaptive, learning-oriented relationships among leaders, especially along three axes:

Vertical: Build relationships across hierarchical levels that can devise innovative solutions that take into account both functional realities and corporate imperatives.

Lateral: Build relationships across functional boundaries that invent options that address conflicting interests while meeting the interests of the whole enterprise.

External: Build relationships with external constituents — customers, suppliers, distributors, investors — that fully grasp their needs and create ways to meet them that are better and less expensive than competitors.

By targeting symbolically powerful relationships along each of these three axes and turning them into learning relationships, it’s possible to build a culture that picks up the pace and improves the quality of innovation and learning.

As CEO Eric Schwarz and President Emily McCann of Citizen Schools say of their effort to build learning relationships at the top of their organization: “Learning through our relationship has freed us up tremendously and accelerated our learning and growth — both as leaders and as an organization.” **CLO**