



Four Types of Corporate Cultures That Hinder Change and Innovation

There are 4 common types of corporate cultures that derail change and innovation. If these describe your company culture, we have a message for you: “Maybe you’re not to blame, but you are responsible.” To enable a company culture change, you have to accept responsibility for the culture’s current state – and for its evolution.

#1 World According to Us

Characteristic of regulated, slow-to-change or “we’re the expert” industries (e.g., healthcare, airlines, legal), where dependability and quality on “having the answer” are top priority. This classic “we controlled our market” company loves procedure, formalized work structures, coordination, and organization. Often they have been subsidized by regulatory protection. They may have a clear vision, values, and identity, but it’s very unlikely that’s dialed into the customer point of view. Process is king; cost cutting is a favorite strategy. Example: The Government. Need we say more?

Favorite mantra: “We already tried that.” “Our way of doing it has always worked fine.” “We know best.”

Death March “Red Flags”: The “not invented here” mindsets create a block to any new idea or process. The organization lacks a sincere willingness to learn or change based on what customers, employees, vendors, or anyone outside “our world” need or want. There is an over-reliance on internal points of view, often based on a bureaucrat or boss who has no clue how their decisions impact customers. There are constant turf wars and boundaries that make collaboration across the customer value chain difficult or near-impossible.

Main remedy: If you see this happening your culture, wake up and expand the points of view you seek and listen to. For example, a significant first step in Lou Gerstner’s overhaul of IBM was Operation Bear Hug: An initiative that required his top 250 executives to interview a minimum of five customers and produce a report on that interaction. How Gerstner did this sent a clear message that IBM was going to be easier to do business with, and that the customer was going to drive everything from now on.





#2 Swarm, aka “We’re Too Busy”

This culture resembles an ant colony: Swarm today, gone tomorrow. Usually characteristic of volatile, fast-shifting industries (eg, technology), they live and die by short-term focus (eg, the Street’s quarterly report). The place is high-energy, dynamic, people take risks, and experimenting and creativity are encouraged – but it becomes like a rudderless ship in its inability to steadily track toward a clear direction. Everything is about winning - but winning is the game, not the goal: “We turn on a dime 20 times an hour.” Value placed on having the cool new product and being on the leading edge. Sales, market share, and market penetration are king, but consistency in the support and service end of the business falter. As the organization grows, constant change competes with a platform of reliable quality and stability, and people feel they are in a continuous shell game: As soon as you figure out the rules and priorities, they change. (often, the priorities are never clear to begin with). Revenues grow but the organization struggles to sustain profit and build a solid and consistent brand identity over time. Employee burnout and turnover are common. Example: Many technology companies struggle to evolve this culture into one that can execute a consistent brand promise and operational efficiency.

Favorite mantra: “I’m way too busy. No time to talk or meet.”

Death March “Red Flags”: Direction has a “flavor-of-the-month” feeling – often attached to a “numbers-game” around selling or spin-off. Communication from leaders about the direction, mission, and progress are haphazard and often send mixed signals. The business has 700 product offerings from 5 divisions, none of whom are talking with each other. Revenues are growing but profits are shrinking. People are constantly confused about priorities and their energy is scattered. Face-to-face meetings are rare – it’s all about Business-by-Blackberry. Employees probably complain about balance, burnout, and “flavor-of-the-month.”

Main Remedy: Establish a compelling mission and vision - and architect a robust communication plan about fewer priorities. This environment desperately needs internal collaboration in service of crystal clear prioritization and goals. In a major telecommunications organization that sought to become more of a solution-seller, the “swarm” culture was alive and well. Several leaders in the company agreed to get their divisions together in meetings and created a “buddy system” to align common goals and create an end-to-end process from the customer’s point of view. This was a breakthrough from the silo-thinking – but they had to fight hard to get the time to do it in a culture where everyone is “too busy.”





#3 Wet Blanket

In a “wet blanket” culture, leaders overplay their power and as a result (sometimes unwittingly), dis-empower everyone else. This results in diminished buy-in or engagement to change. Progress is not the result of felt need, it is mandated by edict. Nobody really accepts accountability, they just wait for someone else to decide or act, and decisions are regularly escalated up and across the chain. The most visible symptom is a lack of personal responsibility throughout the company. Change efforts don’t have buy-in, only compliance. Employees feel they must “tow the line” or face punishment. This strong culture resembles the classic “parent/child” syndrome – there’s no “collaboration,” just do it “because I said so.” Turnover among young employees is very high. It is often the result of a legacy of a powerful entrepreneur who made the place famous. Or maybe the place is run by golden-oldies or “good-ole-boy” networks who have been in power forever. There is strong loyalty and camaraderie, but people don’t speak the truth for fear of retaliation by the “old guard” who support the dominant culture. Examples: Enron is an extreme example. A lot of large legacy companies experience a less dramatic version of this pattern.

Favorite mantra: “Great idea, but sounds like a career limiting move.”

Death March “Red Flags”: A lot of people’s attention is spent on pleasing managers and leaders. The general consensus is that leaders are out of touch with a critical reality from a customer, employees, or the marketplace. The boardroom – or some powerful tribe within the company -exerts undue power (ie, in one multi-billion dollar company, the Sales group could call in a last-minute software change on a new release within weeks of it hitting the market and the CEO supported it, which would delay the release by months). Decision-paralysis very common – “so and so has to decide.” Many work is disconnected from purpose and “do-overs” and waste due to “delegating up” are common. Lip service to “empowering and engaging people” is seen as a joke.

Main remedy: Build a structure to support truth-telling. Be fearless in your willingness to ask people what they think and act on it. This is one of the most difficult cultures to evolve without a change of guard. Existing leaders are rarely enthusiastic about relinquishing their powerful hold, which is why most “turnaround” efforts begin with a new CEO or leader, who in turn establishes a new team.





#4 We're So Nice!

In a “we’re so nice” culture, truth is a death sentence. We are polite, politically correct, and tell the truth as long as it’s what someone wants to hear. Even though people are deeply concerned about problems with customers, products, or quality – progress to fix them at the root is rare because it is not safe to surface the root issues, let alone discuss them or talk about an alternative strategy. Often, people have been fired or punished for attempts to speak up. This results in organizational schizophrenia in which people nod, smile, and agree – but often do not follow through. People talk about “loving” the boss but they often don’t trust him or her - there is open criticism behind people’s backs, and the undertone of fear permeates. Risks or new methods are avoided - “They won’t let us _____” and an almost paranoid sense that “big brother is watching.” Decisions are regularly escalated up and across the chain. People hide bad news and their true opinions from their leaders – who are often *shocked* (and indeed some say “betrayed”) when they discover how people really feel. This culture suffers from lack of personal responsibility throughout the company - finger-pointing has reached an art form.

Favorite mantra: Silence. Often the leader is the only one talking.

Death March “Red Flags”: Over- reliance on one or two points of view, often based on a bureaucrat or boss who has no clue how decisions impact customers. There are constant turf wars and boundaries that make collaboration across the customer value chain difficult or near-impossible. When you challenge people in this culture, you see a “deer in the headlights” response of fear – followed by an auto-pilot pull toward getting the right answer, versus any tendency to evoke curiosity, learning or discovery. There is no sense of possibility – being seen as polite, nice and agreeable is the game, and people are long past sticking their neck out for anything other than that.

Main remedy: Teach people how to engage in “healthy conflict.” This cultural dynamic is difficult to shift without a courageous leader at the top who starts speaking the truth with BRIEF but vulnerable openness, and then shuts up and invites others to do the same. There has to be a “no retribution” ground rule for offering ideas and people need to see their ideas are actually put into practice in the organization. It’s very important that people see that truth is not a substitute for accountability – we don’t just speak our minds, we create results. With that in place, you can turn this around quickly.

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