

# Center Solutions

Ideas for Today's Workplace from the Center for Organization Effectiveness, Inc.

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*“Organizational Culture Assessment isn't just for “touchy-feely” companies. It is a critical process to ensure productivity, corporate longevity, and organizational stability.”*



Steve Palmer, Partner

## Organizational Culture Assessments – What Are They and Why Do One?

by Steve Palmer, Partner

### The Purposes and Benefits of Cultural Assessment

The term “Organizational Culture” might best be defined as a company’s personality. Why would a company be interested in evaluating its organizational personality? Our thesis at the Center is simple: A clear understanding of organizational culture is critical to long-term success. Unfortunately, in many companies it will remain undervalued until management can properly measure it and understand its role in corporate success. While often seen as intangible, culture is quite real, and powerful.

Organizational culture is not a vision or value statement developed by a senior management group. Often there is a discrepancy between what an organization strives to achieve, and the beliefs and values actually displayed. An organization must discover “who” it is before it can work on who it wants or needs to be to succeed.

While an organization strives to attain its business objectives and meet its corporate goals, it must assess whether its culture is appropriate to take the actions necessary to achieve these goals. A well-designed cultural study, using rigorously collected data (focus groups, interviews, surveys, etc.) will enable a company to determine the gap between its current culture and the culture it needs to succeed. This gap analysis can be used

to design tools, interventions, and processes to create and guide cultural change (i.e., leadership and employee development, large-scale system changes, reorganizations, etc.). Studies have repeatedly found that high-performing organizations are aware of, and leverage the strengths of their corporate cultures.

### Organizational Culture Assessment vs. Satisfaction Surveys

Organizational Culture Assessment is a broad measure of the dynamics, traditions, and characteristics of an organization. Employee satisfaction (sometimes called climate) studies measure the manifestations of corporate culture interacting with outside forces (a healthy culture will generally create a higher level of employee satisfaction.) The easiest way to think of the difference between corporate culture and employee satisfaction is to think of the difference between the cultural makeup of a society and the general happiness of its population.

To assess organizational culture is not to assess employee satisfaction or to measure organizational climate. Employee satisfaction studies measure the policies, practices, procedures, and routines that govern the organization; as well as behavioral expectations and a company’s reward structure. Culture studies look at some of the same attributes, but go one step further to measure Autonomy, Change Orientation, Conflict, Diversity and Inclusion, Fun, Innovation, Participation, Pressure and Stress, Sociability, Trust, etc. In one sense, satisfaction surveys are a subset of a true culture assessment.

Employee satisfaction surveys measure how individuals *feel* about the company (e.g., how compensation makes up for the workload or

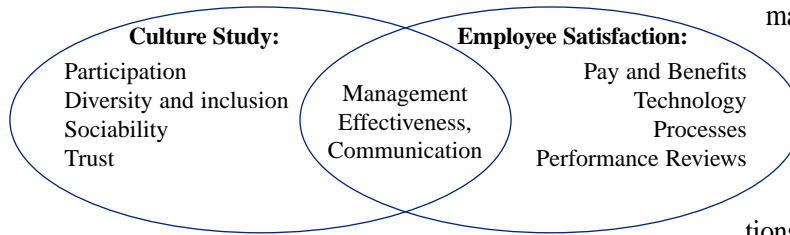
Center for Organization Effectiveness, Inc.

*Our purpose is to help foster and build effective organizations. Organizations that are enduring and great.*

*This newsletter is a part of that effort. If you know others who should be on our mailing list, please write or email their name and address.*

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ineffective management practices). Culture studies measure how those factors effect the organization (as opposed to the individual) and its capability to achieve its objectives. At the Center we attribute *competencies* or skills to individuals, and *capabilities* to organizations. A capability represents the organization's ability to deliver a valuable business outcome. Thus, "succession planning" is *not* a capability; "the ability to create a deep pool of talented managers" is a capability.



## Mergers, Partnerships, and Acquisitions: Do Cultures Collide?

Companies are partnering, merging, and acquiring each other in unprecedented numbers today. Many of these partnerships have proven to range from passive hostility to outright failure. Studies have shown that, over the past decade, over 50 percent of acquiring companies produced below average returns in the three years after the deal, compared with their non-acquiring industry peers.

Why do many of these partnerships in reality diminish profits rather than enhance them? It rarely has to do with overpaying for the target, poor strategic fit, or incompatible corporate visions. Rather, companies that fail to meld the cultures of the employee groups or win the support of customers following a merger are those that fare the worst. Understanding the cultures of organizations striving to merge is critical to successfully and quickly weaving management and employees together to maintain and eventually enhance productivity and customer service. Just as two individuals with an incompatible belief system will not fare well; culturally incompatible organizations typically fail. Increasingly, far-sighted companies use rigorous cultural assessment as an integral part of their due diligence process, to discern how and if their cultural differences can be reconciled to build complimentary strengths rather than contradictory weaknesses. "Compatibility studies" are routine in the financial, technological, and strategic visioning areas – but very often completely neglect the cultural fit.

*If you would like to know more about conducting a culture assessment for your organization, contact us at 833-3332 or 1-800-209-5241, or visit our Web site at [www.greatorganizations.com](http://www.greatorganizations.com)*



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