



10 Organisational Culture

It is impossible not to communicate; even silence is telling people something. In the same way, every organisation has a culture willy-nilly. The concern must therefore be about the nature of that culture; does it promote the values of the company or does it hinder growth?

There are identifiable stages or phases in the life of a company, each one giving rise to a culture. The phases are Pioneering, Scientific and Integrated. However, it is important to note that there is no automatic progression through the stages.

Pioneering Phase

Typically an entrepreneurial spirit founds the business, which engages in the manufacture of products or provision of services in which the founder is well versed. If in the early stages it is a one-man band, the culture is defined by the founder's attitude to the work, the work-life balance that he is willing to accept, his personal standards of quality and customer service. He may not (is unlikely to) be skilled in the management of a business, and if successful it will be because of the matching of product characteristics, customer base, personal relationships and of course the owner's own drive and determination.

Sooner or later the volume of orders forces the recruitment of additional staff. These will perform tasks previously carried out by the owner, and will adopt the owner's methods, systems and quality standards. The owner retains all decision-making and will continue to be involved in the business by doing the things that he is most comfortable with - and why not, it's his business. Employees are in effect extensions of the owner, guided at every turn by what the owner would have done / said / accepted. The culture now affects employees, and depends entirely on the personality of the employer. He or she may adopt a nurturing parental attitude to

staff that would be at one and the same time comfortable and restrictive for them - a type of family culture. On the other hand the owner may be dictatorial, ruling with an iron hand; under such a leader staff will be afraid for their jobs and the culture is one of fear.

There is no law which says that a company cannot stay in the Pioneering phase for ever - or at least as long as the owner lives. The dependence of the entire enterprise on the owner is a weakness, though. As far as the owner is concerned, if they see the sale of the company as their retirement planning they may be in for a shock - how valuable is a business that will not have the single individual in it who knows how to run it? For employees, the demise of the owner can quickly become the demise of their jobs, and for customers the loss of the one person who governed the quality of their orders might be the pivotal circumstance that sends them to a competitor.

Almost as bad is the circumstance where the founder refuses to go and let his offspring take over, so that the company struggles on with outdated ideas instead of accepting current thinking. Or the son or daughter does take over, only to replicate exactly what their parent did - they become the MD and the founder becomes the Chairman to look over their shoulder.

Scientific Phase

There is a point in the growth in size (as measured by number of employees) of the enterprise at which it is appropriate to move away from the owner controlling every aspect directly. In that case he has to delegate both responsibility and accountability to others. This is the time when specialisms start to appear - a Production Director, a Sales Director, a Finance Director and others. The separateness of these functions is recognised, even if some board members have to wear more than one hat.



Transforming Business Performance

The culture of organisations in this phase is governed by how well the delegation is carried out. There may still be an MD who wants to pull all of the strings, except now he does it via the heads of disciplines. Confusion will reign if the MD ignores chains of command and deals directly with subordinates, bypassing the people who have been put in place to manage them, and the culture will be one of uncertainty.

On the other hand the owner may do the delegation job properly and rely on his immediate team to run their own departments. There is still an overall leadership that the person at the top must give, and that is in the area of Vision. The values of the company have to be communicated from the MD through the Board to employees. Everyone needs to hear the same message, and including them in a communication process will give them a sense of being valued.

This phase can be evidenced, even without the introduction of a Board of Directors, if the company (the owner) encourages employees to take responsibility for their work, to put forward suggestions for improving processes and systems and to be comfortable to challenge directives in a constructive way. In this way a culture of innovation, harmony, fixing the problem not the blame, can encourage staff to take risks in the interests of the business.

Integrated Phase

Few companies achieve this phase completely, since it requires an almost superhuman level of harmony throughout the company.

A good example of the Integrated Phase can be found in the **Matrix Management** model, which has become a popular concept amongst the 'professional' manager population.

Matrix Management adds to the Scientific Phase's traditional vertical command structure a horizontal command structure. The result is that all departments are linked in their pursuit of common goals such as special projects or company-wide

quality standards (see the earlier article on Total Quality Management).

The disadvantage of Matrix Management is that a manager can find themselves reporting to their Functional (vertical) boss as well as to their Project (horizontal) boss. Apart from the fact that it is easy to lose sight of responsibility ownerships, it can be a source of tension between the demands of function and project. It is not a method to be embarked upon lightly.

Matrix Management is just one example of how the Integrated Phase can work. The essence of this phase is the cross-function co-operation between disciplines. The culture encourages employees and their managers to eschew the restrictions of a silo mentality in which only the good of the department is considered, rather than the good of the company as a whole.

In Summary

- Organisational Culture is a product of the style of leadership and the development stage of the company. The company gets the culture it deserves.
- In companies in the Pioneering Phase, it is common for the relationship between owner and employee to be parental, either nurturing or critical. The leadership may encourage or stifle innovation.
- Scientific Phase companies have identified functional disciplines and delegated responsibility to functional leaders. The culture is affected by how well the delegation has been implemented and the degree of autonomy that functional heads have been given.
- Integrated Phase companies have a high degree of cross-functional co-operation. The culture for this to be successful must be one of trust throughout the organisation.

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