The Alchemy of Change: Changing business culture from within

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While every culture is unique, there are several common themes in what CEOs today are seeking from their organisations: customer focus, agility, innovation, collaboration, trust and accountability are perhaps the most frequently cited. Identifying these priority cultural attributes is the easy part. Much more difficult is how to achieve these aspirations by changing business culture from within.

One thing is clear: traditional change frameworks are completely inadequate for taking a modern organisation from where it is to where it needs to be. Why are they so poorly suited?

- They attempt to drive change through the organisational components that are most averse to change (namely, the established hierarchy)
- They were designed for traditional organisations, not those that need to be fit for the cyber-physical age
- They treat change as something mechanistic when evidence shows that successful change is far more likely to be organic, fluid and evolutionary
- They do not incorporate contemporary insights from neuroscience and behavioural economics
- They fail to recognise that the most powerful aspects of change cannot be fully predicted at the outset
- They fail to appreciate the anthropological nature of organisational culture
- They say what to do, but they don’t illuminate the ‘how’.

Based on both research and many successful culture change projects, Bendelta’s approach to culture change addresses these shortcomings. It is based on three key insights:

**Insight #1: Culture is at essence anthropological**

There are many definitions of culture. Two that we find helpful are:

- **What culture is:** “the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organisation”

- **What culture does:** “provides the tacit social order of an organisation, defining what is encouraged, discouraged, accepted, or rejected within a group”.

Ultimately, culture is an anthropological phenomenon. Its roots are beliefs but its branches and leaves are language choices, rituals, norms, rules, stories and symbols. If you really want, for example, a customer-focused culture, simply holding a belief in its importance will achieve nothing. What will deliver that culture is if all of the prevailing language choices, rituals, norms, rules, stories and symbols support customer focus and none of these artefacts are counter to customer focus.

Of course, this doesn’t mean that it’s a simple matter of creating some new rituals, stories and symbols. It’s about having manifestations of core beliefs that are so integral, embedded, consistent and sincere that they have vastly more impact than any strategy or plan.

The next two insights reveal what is important for reaching such a state.

**Insight #2: The how (‘how to achieve felt co-authorship’) is vastly more important than the what (‘the right end state’)**

Successful change has almost nothing to do with a few people knowing the right answer.

When working on culture, a great deal of effort is often put into working out the desired future state. An Executive Team or task force may spend interminable time deciding whether it’s more important to be ‘customer focused’, ‘customer-centric’ or ‘CX-obsessed’, or whether ‘bravery’ or ‘courage’ or ‘leap of faith’ is the best word choice.

These efforts are completely out of proportion to their usefulness. Some of the least successful change efforts have involved relatively small numbers of people spending huge amounts of time on working out ‘the right answer’.

Humans, by and large, have natural resistance to externally imposed change, no matter how compelling the rationale. Our brains are sensitive to signals that the change may reduce our status or increase ambiguity, and we react with anger, fear or cynicism. We may cloak this in rational objectives, but the root cause of the resistance is emotional.

By contrast, we love the changes that we create for ourselves. Indeed, there is no resistance because why would we resist something that we ourselves came up with? [Of course, we may not always follow through, because of deeper, unconscious blockages, but that’s a separate matter.]
The implication of this is that what really matters is the way that culture change is undertaken. If ten organisations are all striving to become more innovative and one succeeds far better than the other nine, the reason for the greater success isn’t that they were better at working out the future state. The explanation will be in the ‘how’, sometimes in subtle ways. It’s not simply a matter of following change steps (e.g. “Awareness, Desire,...” or “Burning platform, guiding coalition,...”), it’s about deeply understanding what will help people in a given organisation at a given point in time feel that they are the architects of the new culture, in varying degrees and roles.

Thus, the broader and stronger the sense of ‘felt co-authorship’, the more successful the culture change effort will be.

Insight #3: Success comes from leading change through both your overt organisation and through your informal networks

Failed culture change efforts usually fall into one of two categories in terms of how they are led. The first is ‘top-down’ change, driven through the organisational hierarchy. These efforts fail for two reasons: they fail to achieve the felt co-authorship described in insight #2; and the hierarchy usually includes a significant proportion of people who either created or sustain the status quo and have no desire to see that change. The second doomed approach is entirely ‘bottom-up’ change which suffers from being powerless and disorganised.

The reality is that both the overt organisation and informal networks are essential to a successful culture change. However, even those who work this out typically go about this the wrong way. The key is to understand that these two mechanisms gain their effectiveness from totally different sources and therefore must be undertaken in different ways.

The overt organisation, or the established hierarchy, draws its power from authority – the formal, sanctioned ability to hire, fire, promote, reward and recognise people. Whether substantively or symbolically, senior leaders’ words and deeds can make things happen and remove roadblocks to change.

By contrast, informal networks gain their power from volunteerism. This is because people are most highly motivated when the motivation is intrinsic. People give their discretionary effort because they want to do so. Not only is authority useless in this context, but in fact, it reduces motivation.

The Alchemy of Change – a culture change approach for our time

The above four insights are at the heart of Bendelta’s approach to culture change, a framework that we call “The Alchemy of Change”. The name is deliberate: in normal chemistry, the pathway is fully known at the outset. By contrast, alchemy denotes a mysterious transmutation. That does not mean that the right approach is unknowable but it does mean that it cannot be perfectly predestined.

The framework is not algorithmic, but heuristic, displaying an openness to ongoing recalibration based on organisational awareness and emerging insights. It is an approach specifically crafted for the agile context of the cyber-physical age.
The framework consists of the following:

**The gold**

In the practice of alchemy, the objective is of course to create gold.

It’s nothing new to see that the having clarity on your desired future state is important. However, as described above, while working out ‘what’ the future state could be is important, ‘how’ this is achieved is vastly more important.

Part of this is about the neuroscience of imagination. When we dream about the future, our brain releases oxytocin, which is sometimes called the ‘life hormone’. (We also release oxytocin when we laugh, hug someone, feel trusted or give money away.)

Part of the power is also about involving as many people as possible, in some way, in imagining what the future could be. This does not mean creating anarchy. There are many ways, large and small, to create a felt sense that ‘I am one of the people who has created our vision of what we want our organisation to be’. We’ve done this in innumerable ways, from workshops where people create pictures or write future narratives, through to online jams where thousands of people participate. This can be done in a single day or over the course of a year. What matters is how people feel – a meaningful sense of creating change, not having change ‘done to them’. Part of the power comes from the modalities involved. While it is fine to simply use declarative sentences (ideally in future tense), there’s great power in accessing parts of the brain that trigger creativity, metaphor, sight and emotion. Doing so leads to more parts of the brain being activated, especially those related to emotion and memory, which not only makes the experience stickier but also builds higher commitment to making the vision come true.

Finally, part of the power is in sharing not only the creation but also the experience. Involving people in a way that has a sense of shared experience bonds people together for the future.

**The elements**

There are five elements required to turn the desired future state into reality and change business culture:

1. **The catalyst**

The first essential requirement is a compelling narrative for creating the ‘gold’ – what makes it so attractive, important or necessary. Some of this narrative is literally the telling of stories, but it may also be about the evidence that is shared or the symbols that are used to show that things are changing.

As with all of the five elements, the success of the catalyst comes down to the extent that key beliefs are reified – that is, they are made part of the lived experience of the culture. In this regard, the key tools are anthropological in nature. As mentioned earlier, these tools may include stories, symbols, rituals, rules, norms and language.

As an example, a Bendelta client has been acclaimed in multiple ‘best place to work’ awards, despite operating in construction, a sector seldom associated with great work environments. When they found through stakeholder interviews that their subcontractors and consultants didn’t feel they were treated in a way consistent with the espoused ‘client first’ culture, it led to extending the ‘client first’ mindset across their ecosystem. Similarly, when they sought to drive a stronger safety culture, they started by focusing on site presentation and cleanliness as a symbols of safety consciousness.
2. The leadership

No matter how compelling the narrative, it won’t gain much traction without aligned behaviour from the organisation’s leaders. Leaders in the organisation must not only exhort the desire culture, but more importantly, they should be the greatest paragons of its characteristics and virtues. While this is not strictly hierarchical, it is still generally true that the more senior or respected the leader, the more important the congruence of their behaviour with the ideals of the future culture.

It is equally important that leadership springs up more organically through the organisation. By setting up networks fuelled by volunteerism, new leaders should emerge. These will be people from varied functions and levels who are embracing the desired future and finding new, unanticipated ways of making it come true. When a multi-national Bendelta client sought to unite across countries and working more as a global, virtual team, the CEO deliberately invited attendees to an extended leadership offsite through a global videoconference instead of a traditional email, symbolic of how they wanted teams to work in the future.

3. The capability

Culture change requires people to adopt new behaviours (and jettison old ones). If an organisation has said that they will be more customer-centric, innovative, agile, or digital-first in the future, then they will almost certainly need to invest in strengthening the associated capabilities.

Such capability development may involve technical skill development, but it is also likely to include more immersive learning-by-doing. It may also require leadership development, to help those in people management roles develop meta-capabilities around leading culture change.

When an ASX10 client sought to become leaders in digital innovation and agile ways of working, this obviously required these capabilities to be fast-tracked. However, it was equally important to develop the capabilities of leaders in understanding why these skills were needed and how to ensure that employee take-up was enthusiastic, committed and informed. The leader development was critical to the broader capability build.

Of course, simply building internal capability may not suffice. It may be necessary to create new roles and hire new people with virtuoso strengths in the required disciplines.

4. The momentum

If there is one thing that motivates people, it is a sense of making progress.

While much of the progress should be organic, it is critical that the change is supported by disciplined change governance. This includes setting up and tracking measurable goals for the change process, taking the pulse of key initiatives and ensuring that there is broad awareness of the progress being achieved.

It is also about being vigilant to spot the unexpected or unplanned areas of success and ensuring these are amplified and communicated. While this is often internal, external recognition (e.g. awards, media coverage) is just as important for two reasons: it builds external belief in the company’s journey; and the affirmation from outside may often have more impact on employees’ optimism because of its perceived objectivity.

This discipline can take many forms. One client conducted a baseline NPS to understand how it could shift its customer loyalty as a result of its culture change then measured it throughout. Another client systematically rippled out the change from the Executive Committee to the top 35 then to the top 100. Finally, a client seeking to create a ‘one company’ culture identified and actioned quick wins such as changing office passes so they worked in any country and adjusting email signatures to not refer to a specific country location.

5. The magic

Of all the elements, the magic is the one which is least able to be architected at the start of the change journey.

As various comments above have hinted, truly effective culture change must evolve. It must also feel unique – that the company is creating something endemic to itself. The magic cannot be predestined, but it is certainly possible to create the enabling conditions for it to emerge.

For one company striving to make its workforce feel more empowered to innovate, the breakthrough was the creation of a ‘mix tape’ where people shared their favourite driving songs. The mix tape itself was irrelevant – the impact was that a junior person had created the idea and had been permitted to spread it through the company. Underpinning that was the fact that non-hierarchical networks had been established and supported to flourish autonomously.
A critical part of successful change, therefore, is creating fertile soil for unscripted but aligned breakthroughs to occur. How does this happen? It is usually about three things: providing clarity on the ‘gold’; giving permission to do new things and take some risks; and vigilance to spot successes which weren’t the ones originally envisaged.

The reaction pathway

Alongside the ‘gold’ and the ‘elements’, the third dimension to the Alchemy of Change is the ‘reaction pathway’. This is the difference between a list of ingredients and a recipe.

However, when it comes to culture change, the recipe should not be too prescriptive. Rather, it should parse the change process into three stages:

- What must be done first. There will be steps in any change that are essential to getting started, to having any hope of success. These will differ somewhat between situations, but may include understanding the ‘catalyst’ and how to create a dynamic relationship between the formal power and informal networks in the organisation. It may include identifying how the description of the gold will the co-created and how the change governance will be established.

- What must come next. These will be the activities that build momentum and address some of the key barriers to change. This is where stories, symbols and new rituals may be important, as well as aligned leadership and capability enhancement.

- What must not be pre-planned. Knowing what not to script is just as important as what is architected in advance. This recognises the evolutionary nature of successful change and the importance of being responsive to what emerges.

Armed with the reaction pathway, and a view of how the gold and the five elements will be co-created, the alchemy of change is achievable. However, it is important to understand that, especially in the twentieth century, successful change must not be the work of a few geniuses locked in a room; it must be the collaborative work of many.

The essence of successful change is beautifully summed up in this quote by US historian:

“...the future is not some place we are going, but one we are creating. The paths are not to be found, but made. And the activity of making them changes both the maker and the destination.”

John Schaar

Successful change, then, is achieved by creating an environment where people feel and know that they are engaged in co-creating their company’s future and co-producing the paths to that destination and their own transformation. Changing business culture from within is easier than you think. And that achievement truly is creating gold.