DEVELOPING

ADAPTIVE ORGANISATIONS

THROUGH

LEADERSHIP & CULTURE

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## The Authors
Andrew Brown and Alison Cameron have been working in the area of leadership and culture for over 15 years, both inside organisations and as external consultants. They are masterful guides, educators and facilitators in the areas of leadership and culture transformation. This paper is a direct result of their experience.

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Dear Reader,

Since we first published this paper in 2015, the Adaptive Cultures purpose has come to life in a far more tangible way than we could have imagined.

We have received feedback from leaders and culture practitioners around the world as to how useful the whitepaper has been. They have found the paper useful in evolving their thinking and practice in the areas of leadership and culture work, and in redesigning organisations to better achieve their aspirations. Many people have said “this is what I always felt in my gut about culture but have not been able to put into words”.

Feedback from readers and our clients prompted us to put more work into articulating our research on culture and finding ways for more people to work with an adaptive approach. As a result, Adaptive Cultures is now a growing global community of leaders and culture practitioners.

These practitioners and their organisations partner with us through:

• **The Adaptive Cultures Insights Diagnostic** which measures organisational stage of cultural evolution and an organisation’s ability to achieve, adapt and evolve

• **An expanding global community** of accredited practitioners (both inside and working external to organisations) who are accredited in applying Adaptive Cultures methodologies and making a hugely positive difference in the organisations they work with

• **A range of frameworks, tools and practices** which support organisations on their journey of cultural evolution

A book where we dive deeper into the research, insights and methodologies of the Adaptive Cultures approach is underway. In the interim, the 2018 edition of the whitepaper contains additional insights, based on client experience, which we view as essential. There is also some evolution of the language we use.

We trust you find value in the insights shared and look forward to hearing from you as we co-create more humane and adaptive organisations, together.

*Alison and Andrew*

[www.adaptivecultures.co](http://www.adaptivecultures.co)

We believe organisational culture is essential to enabling organisations and people to adapt, evolve and realise their greatest positive potentials.
**Background**

We are passionate about the potential of groups of people to make a positive difference to each other and the world.

Many smart and creative people are currently working in collectives called organisations. What if every organisation recognised and acted on its duty to unleash the potential of the people who work for and with the organisation? We know that this is not the case currently.

Effective leadership and evolving cultures are widely recognised as imperatives in creating healthy, thriving organisations. Yet these remain very much a Holy Grail for many organisations.

Perhaps part of this may be due to feeling that if we focus too much on people and an organisation’s higher purpose, other results would suffer. Our research shows that the opposite is true. As organisations focus more clearly on a compelling, authentic and altruistic purpose and enable people to be the best they can be, sustainable financial results become far more likely.

We have observed, led and participated in a range of leadership and culture initiatives from the dismally unsuccessful through to the massively transformative.

This paper is a culmination of our key learnings and a distillation of what we believe are the essential ingredients to developing adaptive organisations through transforming leadership and culture. While there is no single silver bullet, we have experienced that many of the principles outlined in this paper assist in making a powerful difference to the success of culture and leadership initiatives and to the capacity of organisations to thrive through and indeed, to lead positive disruption.

Our views on cultural evolution are shaped by our personal experiences and research. We also draw on the great body of published research in this area.

Early theories on leadership and culture were typically top down command and control philosophies, emphasising the importance of providing direction and certainty. As people’s needs for deeper meaning in work has been recognised, leadership evolved beyond the command and control approach. The primary addition was to understand the importance of engaging and motivating people around a clear vision and goals in order to maximise performance.

In more recent times, research has emerged that suggests that both leaders and cultures need to continually evolve and develop, to create greater agility and adaptability in the face of a constantly changing world. At the core of this approach is intentionally developing the capacity of people.

The relevance of this brief history of leadership and culture is that while the research has tended to follow an evolutionary path towards notions of constant adaptation, the actual practices in many organisations have failed to evolve. This has, in our view, hampered the development of effective organisations and suppressed the joy, vitality and potential of collectives and individuals.

This paper is a call for deeper reflection and more cohesive action in the way we look at and carry out the work of developing people, systems and cultures. With many culture initiatives failing to create a sustainably positive difference, the need for different thinking and approaches is evident.

And, there are success stories. While these stories may look different on the surface, there are common themes that have driven their success. This paper explores those themes.

**Purpose**

The purpose of this paper is to support leaders and culture practitioners in building their organisations’ capacity to adapt more sustainably through complex change and to contribute positively to systemic health and wellbeing.

Leaders and culture practitioners include Board and Executive level leaders, social change agents and entrepreneurs. It also includes OD practitioners and consultants, both internal and external to organisations.

This paper provides some practical resources to assist organisations and leaders to navigate contemporary leadership and culture challenges. By further exploring the need for adaptive approaches to leadership and culture, we are able to move forward with greater agility, compassion, courage and purpose in an ever-changing landscape.

You, the reader, are invited to explore the concepts in this paper and compare and contrast to your own experiences in organisations. What resonates with your experience? Where have you seen culture and leadership development succeed and fail, and why?

Perhaps you may like to take a moment to reflect on this now, prior to proceeding further.
The Adaptive Cultures Framework
Stages of Cultural Evolution

Dependent

Pre Culture
Impulse Oriented

Inter-Dependent

Co-Evolving

Follow the rules, seek approval from authority, respect the chain of command, do what you are told.

Co-Adaptive Leadership

Get results, seek areas for improvement, encourage a ‘can do’ attitude, do what is necessary to deliver.

Co-Creation Culture

Value and leverage diversity. Create communities where shared learning and purposeful action in service of the wider world occurs.

Accelerated Evolution

Constantly adapt, evolve and solve complex challenges. Co-create a better future for all.

Independent

Purpose Driven

Driven

Co-Achievement

Achievement Culture

Collaborative Growth Culture

Constantly adapt, evolve and solve complex challenges. Co-create a better future for all.

Evolving Systems

Capacity Building

Results

Compliance

Word Views & Ways of Working

Organisational Focus
1. IDENTIFYING PATHWAYS FOR CULTURAL EVOLUTION

The irony of many culture change frameworks is that often when we achieve our desired culture, changes in the external world have already made it redundant. Why use a static change framework when the present and future are dynamic?

If we accept that the world is constantly changing and evolving, the implication is that we need to find a way for organisations, as well as individuals, to constantly develop and grow in order to meet the challenges these changes present.

The Stages of Cultural Evolution framework is a way of assisting organisations to visualise the journey of evolution and cultural maturity. It is a tool to assist you to see where your organisation is on the journey, in order to recognise and face into adaptive challenges.

The Adaptive Cultures Framework was created through our experience both inside and consulting to organisations. It has been further validated and developed through case studies, interviews and literature research.

A global community of leaders and culture practitioners have found the framework profoundly helpful in assessing, mapping and enacting cultural evolution pathways.

Applying the Framework

The framework identifies two key criteria which go through distinct stages:

- HOW people work together and how individuals grow and develop throughout the system (dependent – independent – interdependent – co-evolving)
- WHAT the organisation focuses on as being important and how this focus determines the adaptive capacity required of the organisation (compliance – results – capacity building – evolving systems)

The previous page shows brief descriptions of the major stages of cultural evolution. See page seven for a more detailed description of each stage.

As organisations determine their journey of cultural evolution, each pathway will vary. For example, the interventions to support a compliant dependent organisation to shift towards an achievement oriented culture are likely to be very different from an organisation considering a shift from an achievement culture towards a collaborative growth culture. Section 5 outlines transitions between each stage.

When an organisation effectively transitions from one stage to another, it retains and evolves the positive aspects of the previous stages.

For example, an organisation moving from compliance to achievement culture results in its focus broadening to encompass BOTH compliance and results. This approach will include balancing risk in a way that enables healthy organisational growth.

It is often the case that different functions or teams in organisations are at different stages of evolution. This is an important realisation and impacts the strategies employed to enable organisational transformation.

Each successive stage requires greater complexity of thinking, to balance and incorporate the more complex demands of the evolving world. This means it is both an individual and a collective journey that is required.

Take a moment to look through the Adaptive Cultures Framework on the previous page and form a hypothesis about your organisation’s stage of evolution. You may also like to assess the different teams and functions in your organisation and identify similarities and differences. You will have an opportunity to review and refine this hypothesis as we go through the paper.

Reflect on your thoughts: How would you apply this framework in practice?
## Understanding Stages of Cultural Evolution

This table sets out critical aspects of each stage of evolution including mindsets, beliefs and enacted values.

<table>
<thead>
<tr>
<th>Management Style</th>
<th>Impulse Oriented</th>
<th>Compliant Dependent Culture</th>
<th>Achievement Culture</th>
<th>Collaborative Growth Culture</th>
<th>Co-Creation Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environment</td>
<td>Highly reactive or command and control</td>
<td>Hierarchical and parental</td>
<td>Driving results</td>
<td>Collaborative and developmental</td>
<td>Creative, empowering and disruptive</td>
</tr>
<tr>
<td>Expectations of my people</td>
<td>Impulsive and reactionary</td>
<td>Procedure driven and traditional</td>
<td>Competitive and fast paced</td>
<td>Inclusive and growth oriented</td>
<td>Highly adaptive and future oriented</td>
</tr>
<tr>
<td>What is important?</td>
<td>React quickly, put out fires and focus on quick wins</td>
<td>Loyal, compliant and diplomatic</td>
<td>Pragmatic, accountable and responsible</td>
<td>Strategic and stakeholder oriented with a focus on personal growth</td>
<td>Futuristic thinking to enable continuous evolution</td>
</tr>
<tr>
<td>What is rewarded and celebrated?</td>
<td>Survival and immediate action</td>
<td>Position, stability and expertise</td>
<td>Professionalism, outcomes and resilience</td>
<td>Harnessing collective insights and purpose</td>
<td>Co-creating a better future for humanity through building adaptive capacity</td>
</tr>
<tr>
<td>What is not safe?</td>
<td>Acting on opportunities, taking charge and winning against others</td>
<td>Experience, compliance and loyalty</td>
<td>Initiative, difficult decisions and results</td>
<td>Developing self and others, strategic thinking and sustainable growth</td>
<td>Enlightened insight, evolutionary milestones and superior agility</td>
</tr>
</tbody>
</table>

- Not considering multiple consequences of actions
Our understanding of change, leadership and development is constantly evolving. Yesterday’s formulas and methods may no longer be relevant. Current world conditions require that we find ways to continually evolve our understanding and methods around cultural and personal transformation.

To be able to apply the cultural evolution framework to an organisation is no easy feat. It requires the organisation to pay attention to ongoing learning and feedback across a whole system. This section overviews traditional and contemporary culture change methods and then focuses on how to build adaptive capacity.

Traditional methods:

Competency building

Traditionally, organisations have perceived development as the development of knowledge, skills and competencies through training programs, mentoring and other structured interventions.

Contemporary methods:

Workplace learning and resilience

In the last decade there has been far greater attention paid to the application of skills in new and changing contexts, and the synthesis of various skills to deal with greater complexity. This has been influenced by the 70-20-10 philosophy which suggests that around 70% of learning occurs outside of traditional training programmes and in the practice and application of new skills in the workplace.

There has also been a greater emphasis on motivation, emotional intelligence and resilience programs to support people to cope with the change they are facing into.

Emerging practices:

Building adaptive capacity

While the traditional and contemporary methods described above can be effective in skill building and in creating better learning and coping systems, what is required today is to also create the capacity to adapt.

This requires significant emphasis on the development of mindsets and beliefs that an organisation holds, and an opening up to new ways of learning and being. Working in this way can substantially shift the organisation’s view of itself and the world around it.

In this paper, our focus is on emerging practices that catalyse and enable sustainable change. We believe that this is the area most in need of deeper exploration and understanding.
For an organisation to undergo transformational culture change (moving to a more mature stage of development), the process needs to involve developing skills, mindsets, behaviours and processes that shape a culture congruent with the organisation’s strategic aspirations and reason for being.

Each step is a continual process both macro (the overall organisation’s evolution) and micro (in each intervention).

While these 6 steps distil a useful pathway, it is important not to apply them in a traditional step-by-step approach. Consider at any point in time, where the greatest lever for evolution is.

For example, while the organisation may initially comprehend the need for evolution in step 1, it may lose sight of this along the way. External conditions changing may also make it essential to build new awareness. As we build awareness, we need to integrate new insights that emerge (step 6).

In culture work (which is by its nature complex), we need to continue to test into our assumptions and be willing to re-navigate as new insights emerge.
1 BUILD AWARENESS

When the organisation comprehends the need for evolution, the real journey begins

In step 1, the mindsets, behaviours and beliefs that we have held as self-evident truths are called into question. We start to look at these attributes from a more objective perspective and become aware of where they are working and where they are holding us back. How are these mindsets, behaviours and beliefs shaping, expanding or limiting our ways of working, the results we experience and our structures and processes?

How have the systems and processes we have adopted, expanded or limited our thinking and behaving?

We can build awareness of the need for evolution through exploring the following questions:

− Why do we need to evolve?
− What is happening in the external environment?
− What internal and external voices are for and against change and why?
− What does the organisation aspire to?
− What is its purpose for being?
− How is our current culture enabling or not enabling our purpose?

In our experience, organisations successful at this step often use methods that surface a compelling shared insight for the need for a transformational approach. These can include dialogue forums, ongoing and whole of organisation leadership development, online discussion spaces and learning through projects.

2 IDENTIFY ASPIRATIONAL CULTURE

What culture will enable the organisation to adapt to challenges and opportunities AND realise its purpose, strategy and aspirations?

To identify the aspirational culture, we need to ask a range of questions including:

− What is our organisation’s purpose or reason for being?
− What disruptions are facing the industry and what do these imply about attributes for success in the emerging environment?
− What are the emerging expectations and needs of our key stakeholders (customers, shareholders, staff, partners) as a result of these disruptions?
− Given these disruptions and emerging expectations, what is the future we wish to co-create and how do we effectively harness these disruptions to co-create that future?

You may wish to continue to develop your hypothesis by asking the questions below based on Steps 1-3

− Where has the organisation failed to live up to, or drifted away from, the essence of its purpose or reason for being?
− What internal or external factors are currently inviting the organisation to evolve?
− What is the current aspiration of the organisation? What kind of culture does the organisation need to support that aspiration?
− How would you describe the current culture of the organisation? How is this represented through mindsets, behaviours, systems, processes and enacted values?
− What stage of cultural evolution best describes the aspirational culture (see the Stages of Cultural Evolution Framework)?

3 DIAGNOSE THE CURRENT CULTURE

What do the organisation’s existing mindsets, beliefs and enacted values suggest about its current stage of cultural evolution?

The following are useful questions to surface these:

− What gaps currently exist between lived and espoused values and behaviours?
− What do people believe is important? e.g. compliance, results, expansive purpose, disrupting markets or sustainable growth and contribution?
− What is driving the lived behaviours? What has the organisation put in place to drive these?
− What is celebrated in the organisation?
− What do the leadership teams spend their time discussing or where do they invest their energy and resources?
− What areas are consistently de-prioritised or overlooked?
− What are some common linguistic patterns (blame, extreme politeness, technical language, etc.)?
− What are common complaints?
− Of what is the organisation most proud?
− What do people avoid talking about? For what are they punished?
− What does this suggest isn’t safe in the current culture?
− What does each functional unit believe about its role in the organisation?
− What do the espoused values and strategy suggest about the current stage?
− Is the organisation more externally or internally oriented?
− How does the organisation view and partner with customers?
− What do culture and leadership diagnostics suggest about the current culture?

You may like to match back these answers to descriptions from the table on page 7, which describe attributes of different stages of cultural evolution. Use this to refine the hypothesis of your organisation’s current culture.

Recognise that this is a hypothesis only and many of our conscious or unconscious biases may play into the way we diagnose the current stage. A misdiagnosis will surface fairly quickly in the application process. Always be willing to reassess and refine.

Referring to the Stages of Cultural Evolution Framework and the Understanding Stages of Cultural Evolution table, answer the questions above. What does this say about your organisation’s current stage of development? What questions does this raise? Make any changes to your hypothesis.
4 IDENTIFY THE PATHWAY FOR EVOLUTION

What is the inner journey (mindsets, beliefs, values) and the outer journey (systems, processes, behaviours and skills) required for evolution?

When we compare steps 2 and 3, we become aware of where existing mindsets, behaviours, beliefs, systems and processes are inhibitors to the aspirational culture. This comparison also identifies the size of our immediate journey of evolution. For example, some of the organisations we have worked with have identified their aspiration as collaborative growth and their current stage of development as compliant-dependent.

A one-stage leap is significant; timeframes and objectives should bear this in mind.

If the required step is two or more stages beyond where the organisation is, you may need to warn those leading the change that they have a ‘steep learning curve and a rocky road ahead’. Sustainable evolution can be difficult and multiple step change will require an acceptance of this challenge, and fortitude and commitment to the journey.

Many of the organisations we work with aspire to a collaborative growth culture and are currently held back by embedded habits, routines and systems of a compliant dependent culture. The beliefs and mindsets of a collaborative growth culture are important to seed (like strategic thinking, shared responsibility and external orientation). However, a sustainable collaborative growth culture is unobtainable without developing the personal agency and responsibility required to be able to collaborate effectively (qualities that emerge at achievement culture).

Where an organisation has a two-stage leap, the healthy attributes of each stage need to be embedded to ensure sustainability of the change.

We have observed that many organisations skip Steps 3 and 4. This can create a major disconnect and be more likely to increase resistance to change.

5 BUILDING NEW CAPACITIES

In this phase we imagine, experiment with, learn and apply new ways of being and doing.

As we experiment, it becomes increasingly clear that people will need to let go of the traditional mindsets and methods they have become accustomed to and competent in. This inevitably invokes fear and resistance amongst pockets of individuals and teams within the organisation who may seek to maintain the status quo. Hidden motivators to maintaining the status quo include potential loss of personal power derived from current skills and capabilities, and loss of institutional power by some constituents. There can also be potential threats to the team identity from new structures or new ways of working.

This resistance is sometimes referred to as the organisation’s ‘Immunity to Change’ and often presents as a hidden, underlying barrier to change.

David Rock has described barriers due to individual anxiety responses with the SCARF model. When Status, Certainty, Autonomy, Relationships or Fairness are threatened, people may resist change.

In addition to anxiety, people may not be engaged in the culture transformation when any of the following are in limited supply or being suppressed or ignored:

- Capacity to adapt and evolve
- Orienting values
- Purpose
- Ecology (lack of alignment) or congruence and External orientation (of the organisation)

To overcome these requires new learning by the organisation and a clear commitment to exploring and exposing the limitations. Only then can the organisation build the adaptive capacities that open the way to integration.

6 INTEGRATION

New mindsets, beliefs and behaviours become an integral part of the organisation’s ways of working.

Integration continues to enable new ways of being and doing. All systems, policies and ways of working should, over time, become aligned to the new and emerging culture.

The path to integration will necessarily be paved with challenges. There will be unintended consequences of initiatives and there will be organisational blind spots which only emerge as integration becomes a distinct possibility.

There are often unanticipated changes in external markets or conditions that test the resilience of the organisation to stay the journey.

Yet the learnings and insight from these potential difficulties are essential in building the organisation’s new DNA. Rather than being perceived as derailers, they can be used as fuel for the fire needed to create more sustainable evolution.

What blindspots may your organisation need to be aware of in integrating new ways of being and doing?

Reflecting on Steps 4-6, what are your initial thoughts on the nature of the evolution required for your organisation? What are the capacities that will need to be developed? You have the opportunity to add to these reflections as you move through the rest of the paper.
Summary

By no means is it easy to work through these steps and stages. Evolving to the next stage could take anywhere from a few months to a decade depending on the impetus, readiness and capacity of the organisation to adapt and evolve.

In our experience and research, a large percentage of organisations who engage in this journey turn back many times or never truly enter into a new stage of cultural evolution. The consequence of the rebound effect is destruction of shareholder value, cynicism towards change, and lack of ability to achieve organisational vision in a sustainable and systemic way.

There are many reasons for turning back, including change in leadership or lack of Board/shareholder faith in the journey. Culture work requires adapting, which requires new learning. This will necessarily be messy and imperfect, and organisations that are wedded to expectations of clean, certain direction may perceive the adaptive process as broken and revert to more traditional solutions.

The expectations of clean, certain direction is one example of the limitations of, and attachment to, many popular change theories and models. In the following pages we explore contemporary frameworks that overcome current limitations and focus on building adaptive capacity.
CASE STUDY
CHALLENGING EVERYTHING IN ORDER TO IMPROVE AN ONLINE STARTUP

A recently growing online start-up experienced staff numbers increasing from 100 to 800 over a decade. Over this time, management was challenged with both stabilising and proceduralising the growing organisation while adapting quickly to the changing technology landscape. Three key challenges the organisation faced and how it addressed these are as follows:

1. Creating structures and processes that encourage the necessary agility
To support a collaborative and innovative culture, the office design was highly creative, and created a very relaxed, original environment (the layout was the most memorable and impactful of any of the organisations we visited).

An organisational mantra became to challenge everything in order to improve. For processes that were working well, how could they work even better? To embed this, the organisation instigated innovation practices which recognised new ideas. While the majority of innovation awards we have seen existed apart from the life of the rest of the organisation, these seemed to create a deeper level of engagement as they were taken seriously, were publicly acknowledged and were an expression of the company culture.

The organisation was also consistently focused on reducing bureaucracy and not allowing bureaucracy to spread. It constantly looked at ways of reinventing (such as restructures of how teams work together / structural reporting lines) and keeping agile. The focus was on ongoing renewal rather than a knee-jerk reaction to bad news.

2. Hiring the right people
When the organisation began, there was a clear mantra for hiring positive and good-hearted people who wanted to work together, at the same time as hiring people with strong technical competence.

A significant learning for the organisation along the journey was that having the right technical competencies was not sufficient, particularly as the organisation changed rapidly. With such rapid growth people with mindsets and attributes towards supporting others and working collaboratively and with respect became essential. Over time the hiring practices focused more on the capacity to work with others and to adapt, ensuring a mindset of personal responsibility.

3. Keeping people actively motivated and engaged so that they wanted to come to work
The organisation did have events like Friday drinks, which are common to many less adaptive organisations. The difference was that the sociability and connectivity of people was not only nurtured during social activities but during every workday.

At such a demanding pace of change, many people’s jobs outgrew the original incumbents. The organisation actively looked for more appropriate roles for such people who had the requisite mindsets and behaviours. The rapid growth meant there were many new roles and opportunities opening up to cater for this.

Like all organisations, people also move on. What is very different to most organisations is the respect with which former employees still hold the organisation. We have spoken to several former staff that have all expressed how much the CEO genuinely cared for the work force and held with great integrity the importance of creating a great place to work.

Conclusion
In the face of rapid change and growth, creating an adaptive culture is essential for thriving. This means instilling the mindsets, structures, and work practices to make this happen. More than anything else that stood out for us in this case study was the authenticity and commitment of the CEO to instilling this kind of culture.
While the focus on leadership and culture has rapidly moved towards creating adaptive, agile organisations, the vast majority of culture change approaches employed are not congruent with this. Although common approaches may have been historically or contextually appropriate, they often work against success in a contemporary context and have a significant limiting effect on the positive potential of individuals and communities.

The following section identifies limitations of current practises and alternatives that allow for context and can help to build greater personal responsibility, joy and fulfilment in our organisations and in our world.

These alternatives significantly open up positive possibilities outside of organisations, as well as within them. With more human beings able to develop their greatest positive potential, just imagine the broader impacts on society, family, democracy and community as we are better able to solve complex challenges.

Note that these methods are important regardless of stage of cultural evolution.

### Applying cultural change to organisational context

**Limitation of common current practice — ‘The Consulting Model’**

Change can sometimes be approached as a linear process ‘one size fits all’ consultation complete with check boxes and processes. These approaches often fail to consider the complex systems at play. As each organisation is unique, a ‘one size fits all’ approach is unlikely to have optimal impact in creating sustainable change. The Consulting Model approach does not take into account organisational context, current stage of evolution or the extent of hidden or visible inhibitors to change. It often attempts to treat the organisation, as a mechanical rather than a living system, ignoring the human aspects. This produces a range of unintended consequences including disengagement, superficial change and limiting rather than exploring human potential.

**Suggested approach — Create your own cultural pathway**

“If you are following someone else’s path, you are on the wrong path.”

(Joseph Campbell)

There is no single recipe or journey for successful cultural evolution. Each organisation will have its own unique strengths and aspirations, important to nurture through transformation. While each journey is unique, each will follow a path towards building an adaptive organisation that thrives through greater complexity.

A cultural pathway should bring to life the awareness, ideas and ways of working that will enable the organisation’s purpose. It should also identify beliefs, concepts and ways of working that limit its purpose AND identify what needs to happen to preserve their positive intention and eliminate the aspects that are no longer useful.

Anyone designing an approach to cultural evolution needs to first orient to the unique purpose and essence of the organisation and what it is seeking to deliver to its stakeholders.

### Creating ongoing, sustainable journeys of cultural evolution

**Limitation of common current practice — ‘The Change Project’**

Culture change is often seen as a discrete change project rather than an ongoing process. Viewing change as a one-off project results in short term superficial changes, or a failure to truly change at all.

Our experience is that all organisations regardless of stage of cultural evolution need to continue an ongoing journey. This is made necessary by a constantly changing internal and external environment. Constant change means strategy must be regularly refined to remain relevant and the culture and ways of working appropriate to the new strategy are also required to adapt.

**Suggested approach — Evolution is ongoing: Keep looking for the new Everest**

Evolution is ongoing. Once a cycle of cultural transformation is completed, a new one has already begun, brought to life by exterior or interior events. These events force the organisation to continually examine and expand its view in relation to its role and function as part of an increasingly complex system. Ensure that culture is brought in to every day discussions, activities and metrics, enabling better working outcomes – both more humane and more effective. Relentless attention is required in order to embrace evolution as a daily business activity.
Communication agility — Creating swift transfer of information across a system

Limitation of common current practice — Top down communication

Culture change initiatives are often reliant on senior leadership communication, the ‘tone from the top’. While this is important, it often does not consider internal barriers to change in local working groups or indeed in the mindset of leaders themselves. When the communications are out of line with people’s experiences of the current reality or are perceived as political or unrealistically optimistic, they can create cynicism and resistance. While communication is a necessary ingredient to support change, it is only one of many important factors.

Suggested approach — 360 degree communication flow

In any change initiative, information needs to flow up, down and across the organisation. Communication messages need to be continually adapted as further insight emerges and circumstances change. Hearing and learning from how people are responding to the aspiration becomes as important as communicating the aspiration.

Central to the flow of communication are the people leaders and people with significant social standing and influence in any organisation. All who have formal and informal leadership responsibility are tasked with speaking and listening in a timely and constructive manner. The ‘tune from the middle’ is complementary to the ‘tone from the top’ and supported by all levels of the organisation in word and deed.

As cultures evolve to become less reliant on hierarchy, 360-degree communication becomes a way of working.

Attending to people, relationships, systems and structures

Limitation of common current practice — ‘Change the structures and let everything else fall into place’

Often change is viewed through the single lens of structural change (e.g. centralised to decentralised). With this approach, the change effort is focused on policies, systems, strategies, organisational structures and hierarchies. While these are important, they often don’t account for the human elements of change such as the fears, potential loss of identity and loss of certainty that those ‘being changed’ go through.

This can ignore the human dynamics in relation to what people gain and lose through change, and underestimate and underutilise people’s capacity to be part of positive transformation. The result is often a hidden but powerful change resistance which shows up as a lack of progress.

Suggested approach — Leaders shape cultures and cultures shape leadership

“The quality of results produced by any system depends on the quality of awareness from which people in the system operate. The formula for a successful change is not ‘form follows function’, but ‘form follows consciousness’.” (Scharmer and Kaufer, 2013, p18)

While structures do influence and shape cultures, organisational leaders also have a significant say in shaping the organisational culture. Schein’s (2004) research on culture identified the three top influences on culture all in terms of leadership roles:

1. What leaders measure, attend to and reward
2. How leaders respond in times of crisis
3. Leaders role modelling

Additionally, what is attended to, measured and rewarded, and what behaviours leaders need to role model, will vary by stage of cultural evolution. This means that leaders need to continually develop and evolve to support the organisation to grow into its next cultural stage.

Leader can mean different things at different stages of evolution. At more mature stages, all people in the organisation are regarded as leaders.

HR/OD practitioners, facilitators and consultants have a significant leadership role in supporting the leaders across the organisation in their developmental journeys and in supporting them shape the culture. This includes identifying crucial leverage points of change, influencing transformation and development of others and creating commonality of language and tools aligned to the aspirational culture.

If a leader or facilitator is not personally at a more mature stage of development (level of consciousness) than the organisation is aspiring to, they will struggle to guide the journey and can limit its potential.

Therefore, it may be valuable to assess the stage of development of leaders, OD practitioners and facilitators guiding cultural transformation. This goes well beyond their experience, aptitude and behaviours and involves an understanding of their beliefs, complexity of mind and capacity to adapt.

For more information on the understanding of individual stages of development refer to the work of Kegan and Lahey (2009), William Torbert and Cook-Greuter (2010).

Executive leaders who come into the organisation from outside can cause massive disturbance in the system if they are not aware of, or aligned to, the aspirational culture. Leaders must ensure the recruitment process brings leaders to the organisation who can enable, rather than disable evolution. Leaders also have an important role to play in introducing new executives into the organisational culture, both formally and informally.
## States vs Stages

This table contrasts a state of development with a stage of development. This can be used to assess how sustainable the current organisational culture is and what may be required to more deeply embed a new cultural stage.

In Section 2, the process of cultural evolution describes six steps for building adaptive capacity. Through these six steps the new way of being is envisioned, developed and integrated. It can take many years before a new stage is fully embedded and becomes a stable way of being.

When the organisation catches a glimpse of what this new way is and experiences it fleetingly, this is called a state of development (or cultural climate). New states can be very powerful in creating motivation for transformation, as it sows the seeds of what is possible. The danger is when state is confused for stage and the organisation stops building momentum towards the new.

When state becomes a more stable, enduring phase of the organisation, driven and supported by the organisational culture, it is called a stage of development. A healthy stage is very powerful in enacting and reaping the benefits of a new way of thinking, being and doing.

As a stage is embedded, the seeds of the next stage of evolution can come to life.

<table>
<thead>
<tr>
<th>Way of being</th>
<th>States</th>
<th>Stages</th>
</tr>
</thead>
</table>
| **Experience and Embodiment** |  - A feeling or concept about what is possible  
  - Know what it is like, but temporary and not embodied |  - Ongoing application of mindsets and enacted values; realised and actualised |
| **Application of new mindsets, beliefs and enacted values** |  - Conscious application (consciously building new competence)  
  - Trying/wanting/desiring  
  - Focus on the experience of the state  
  - Can be ‘fake it till you make it’ |  - Competent; ongoing application and evolution  
  - Embedding, embodying and expressing |
| **Linguistics** |  - Practising application of the linguistics  
  - Can come across as emotive, theoretical or technical |  - Embodied and practical linguistics, which reveal lived knowledge of the meaning of words |
| **Energy and Emotion** |  - Excitable and potentially volatile  
  - Can result in fluctuating levels of energy, inspiration, emotion or thought |  - Stable levels of energy/application and momentum  
  - Calm and measured though energised |
| **Purpose** |  - Opening to new possibility and vaster potential  
  - Emerging clarity that there is a gap and aspiration to close it |  - Actualising a new possibility and a vaster potential  
  - Self-evident and lived through behaviours and ways of working |
| **Developmental Journey** |  - Have glimpsed future possible stage; facing into the challenge of building new capability  
  - Fragile, easily reverts to old ways |  - Have built the capabilities necessary for current stage and are reaping the rewards  
  - Robust and resilient  
  - Agitation begins for the next stage |
CASE STUDY
THE PENDULUM EFFECT
A MAJOR BANK

The culture of the organisation was described as highly bureaucratic, compliance driven and siloed.

The CEO championed a body of work to shift individual behaviours and mindsets towards cooperation, authenticity and leading through values.

The program of work had a high focus on personal development and bringing ‘your full self to work’. It took place over several years and led to significant improvements in engagement as well as financial results. People internally felt safe to advocate new possibilities and ways of working.

However, the program of work was not fully embraced by all parts of the bank or all executive leadership team members.

The focus on results orientation was not as strong as the focus on values which was viewed as too ‘airy fairy’ by some key stakeholders, who also perceived that it did not deliver a substantial improvement in achieving results.

When the CEO left the organisation, the new CEO introduced a very different mandate and the programme was disbanded. Many people left the organisation, levels of engagement declined.

While the overall culture reverted to an earlier stage, many individuals who experienced significant personal growth are still in the organisation and have the potential to catalyse the next stage of culture.

To break out of the pendulum swing requires the capacity to look forward several years and to put vested interests aside, that only the more mature organisations will be able to do. What this suggests is that the ongoing pendulum swing from one extreme to another may continue until organisations find a way to develop a longer-term perspective and a high enough level of buy in from critical stakeholders.

Case Study Update:
Since this whitepaper was first published, a new CEO has been appointed with the pendulum once again swinging to a more mature, purpose oriented and humane aspiration. It will be interesting to observe if this time, the organisation is able to transcend the previous stage whilst including its gifts (not throwing the baby out with the bathwater). We hope so.

Building on the foundations of the past

Limitation of common current practice — ‘If it’s not working, start again’

If one aspect of a change initiative is perceived to have failed, it is not uncommon for the entire initiative to be viewed as a failure and therefore rejected. Those who consciously or unconsciously resisted or worked against the change often orchestrate an ensuing celebration and return to the past. The unavoidable challenges of the journey of transformation can be used as evidence that the entire initiative is flawed. These reactive responses can create a rubber band culture swinging from one aspired stage of cultural evolution to another. This may also coincide with the appointment of a new CEO, executive, brand and vision. In some instances, it may mean a new Chairperson and major turnover of the Board.

Suggested approach - Don’t throw the baby out with the bathwater

Just as research shows the usefulness of strength-based leadership development, it is also important to maintain and build on the strengths of the current culture.

While cultural evolution involves letting go of mindsets, behaviours and ways of working that are no longer useful, it also involves building on the solid foundations of earlier stages. Aspects of an organisation’s culture that it should consider retaining include qualities that:

- people engage in and are proud of (e.g. sustainability initiatives, collaboration)
- are valuable through various stages in the change journey (e.g. a healthy risk culture and a focus on achievement)
- exhibit the unique essence, strengths or reason for being the of the organisation which enable a unique positioning of the organisation
- ensure ongoing economic sustainability

At times, the past is rejected by advocates of the aspirational future who can’t see how past practices or principles fit with the new strategies, paradigms and ways of being. The opportunity is to create a culture that encourages both the important aspects of the current culture and aspirational aspects of the emerging culture. This requires managing and embracing both sides of the change-stability polarity.

Developing solutions which recognise complexity

“Things should be as simple as possible, but no simpler.” (Albert Einstein)

Limitation of common current practice — Keep it simple

Understanding of complexity and a whole systems view is critical for cultural evolution to be achieved. While the communication and dissemination of strategies need to be clearly articulated and common sense, development of strategy must consider the broad systems in which the organisation exists. Many organisations destroy integrated approaches by picking and choosing what seems simple, rather than applying a living systems approach. Complex problems and systems require a mindset able to embrace and work with them, rather than avoid them.

Suggested approach — Clearly articulated, common sense solutions within complex systems

To take into account the complexity of the systems we are a part of, and the capacity of the whole organisation to manage this complexity, any solution must:

1. encapsulate the necessary ingredients to mirror the whole system evolution
2. engage with the emotions, motivations and aspirations of people across the organisation
3. do so in a way that can be readily understood and integrated into daily working life

Stacey (2005) provides several case studies that explore complexity in organisations. Stacey believes much of complex adaptive work is reviewing our experience in organisations and how this emerges through interactions. Through this reflection and deeper awareness, we reshape the emerging organisational future.
4.

CULTURAL EVOLUTION FRAMEWORKS FOR BUILDING ADAPTIVE, AGILE ORGANISATIONS

In section 3, we focused on overcoming limitations to existing approaches. In section 4, we identify methods that are either used sparingly or are not at all present. Rather than requiring revision or adaptation, we see these as methods that require greater attention.

Strategic Alignment

Too often, culture is seen as something additional to, or separate from organisational strategy and achievement of organisational aspirations and purpose.

This can be perpetuated when culture work is delegated to the HR team, or when the HR culture practitioners focus on culture as either their sole responsibility or as something separate from the strategy.

We have found the Adaptive Cultures Stages of Evolution Framework to be a powerful framework for linking culture and strategy.

By application of the following steps, culture work can be more broadly owned as an organisational imperative:

- Start with an external orientation
- Develop a thorough understanding of the organisations direction (purposed and strategic aspirations), as well as present and possible future industry disruptions
- Discover with stakeholders and leaders what organisational focus and ways of working (and hence culture) will help the organisation to be sustainable and achieve these aspirations
- Diagnose with key stakeholders how the current culture is either enabling or limiting the successful establishment or execution of strategy
- Agree shared ownership and accountability for cultural initiative to evolve the culture towards its aspiration

Emotional engagement

“No-one will fight as hard for other people’s ideas as they will fight for their own.”

Rather than seeing culture as separate from people e.g. something that can be mandated, our view is that successful cultural transformation engages people, their desires, motivation, commitment and emotion. Without sufficient engagement and ownership, there is likely to be either passive or active resistance.

To harness the power of people’s emotions means developing shared ownership and responsibility for enabling evolution.

Stories and narrative are also highly emotionally engaging and influential methodologies for helping people to see themselves as part of the aspirational narrative. Our experience has been that powerful stories can bring to life the aspirational future. They can also be rallying points for the organisation when they relate to influential characters or events in the organisation.

Existing stories or narratives can also hold an organisation back from embracing new ways. (“We’ve always done it this way”; “That’s what really happens around here”). Work may be required to develop new narratives and stories that both honour the past and reveal an inspiring possible future.

Stay curious

“Every interaction is a cultural intervention”

The work of cultural evolution involves inquiry. This means asking questions of people (at all levels) about their organisation. Questioning includes internal and external perspectives on what is working, what isn’t, seeking feedback and then interpreting the results.

Syndicating and discussing this across the organisation creates an awareness of the current states and stages being experienced within the culture. Enabling the original, often marginalised, voices to be heard is also a powerful cultural symbol and can lead to surprising insights and innovations.

Cultural inquiry work is highly effective in:

- bringing to consciousness what people already know unconsciously
- deepening awareness by each person of how their mindsets, language and behaviours contribute, for better or worse, to the current culture
- connecting culture to the broader organisation so people sense culture and leadership as part of the strategy rather than separate things
- creating dialogue across and down and up the business that creates connections and networks at a deeper level. This is like the organisation building its own more efficient neural network. Ideally, this dialogue should engage external stakeholders
- developing shared learning opportunities
- deepening collective insight into the organisation as a living system

To complement inquiry work, it is also essential to observe the shared mindsets, behaviours and beliefs of the current organisation. Only through awareness can change occur.

Kegan has created systems for doing this as part of his work on overcoming the Immunity to Change (Kegan and Lahey, 2009) and Torbert (2004) has developed models around this through his work in Action Inquiry: The secret of timely and transforming leadership.
**Congruence is king**

The methods used to catalyse cultural evolution need to be congruent with the desired outcome. For example, if a cultural aspiration is for greater collaboration across functional units, then the cultural and leadership interventions must be collaborative and cross functional.

Any incongruence between what we say and how we do it can cause cynicism and resistance. “Why should we be asked to do one thing when the powers that be are not doing the same?” “They told us to collaborate or else! What a joke! They can’t even see their own hypocrisy.”

One of the CEOs we interviewed in the course of this research stated, “Culture is leadership behaviour, nothing more.” While we would not see culture as so black and white, it should be noted that this leader is recognised as leading one of the most successful and sustainable cultural changes in the course of our research.

Our experience supports the importance of leadership behaviour in culture and even more importantly, leadership mindsets, values and worldviews that are the drivers of behaviour.

**Think global, act local**

Whilst an organisation is on a cultural journey, its varying functional units may be at different stages of the journey.

Each area of an organisation should be assessed as to its starting point. Each areas initiatives are then designed and aligned to the broader organisational changes and initiatives.

For organisations that have not previously been intentional regarding culture, is not uncommon to have a spread of at least 3 and in some instance up to 4 stages of evolution (from pre-culture or impulse oriented through to collaborative growth).

There are two significant consequences in having different stages of evolution in an organisation:

1. Lack of alignment to the organisational strategy (for example a compliant dependent culture hasn’t yet developed the pragmatism necessary in an organisation whose purpose requires it to be at the achievement stage)

2. It is likely to reduce integration across a whole organisational system (causing frustration between the disparate cultures) and this can impede the organisation’s ability to respond and adapt as the markets it is in evolve

Where there are different stages in the organisation it can be useful to validate that the long term cultural aspiration is the same for each area. The next step is then to identify the unique journey between current and aspirational of each area. Focus first on areas where cultural differences have created the greatest impediments to operational effectiveness AND where cultural alignment can most help an organisation to deliver on its purpose and strategy.

**CASE STUDY**

**MAKING DIFFICULT DECISIONS AND TAKING RESPONSIBILITY A GLOBAL FINANCIAL SERVICES ORGANISATION**

People were proud of the significant progress that had been made in creating a more efficient and effective organisation. They felt the internal capability had strengthened significantly. At the same time, the change had been driven through a top down approach with a huge emphasis on individual effort and working within, rather than across, teams. Communication was also very top down. Many successful people were left with a sense of burnout and that there needed to be a better way to work together to consistently achieve results.

A new CEO was appointed for the Australian business and a significant emphasis was placed on ensuring that the leadership team worked as a team and collectively owned decisions. Emphasis was placed on ensuring two-way communication between the broader organisation and the executive team so that people felt heard.

The capacity for the senior leadership group to listen to and incorporate others’ perspectives and to have powerful group dialogues was developed over several years through leadership programs and in-house forums.

Cross functional forums for managers and senior professionals were formed and the capacity for information to flow both horizontally and vertically was significantly enhanced. While competition persisted between some pockets of the business, sharing of best practice across teams and divisions became a common event. The project office structure which worked across the business also supported the capacity for the organisation to work as one.

There was a very close alignment between the HR business partners, the L&OD team and the champions across the business. This allowed for a highly consistent and robust roll out of initiatives and for the culture change to be broadly owned.

Many of these attributes made a significant positive difference to how quickly and effectively the organisation navigated through the 2008 Global Financial Crisis. This included how quickly staff across the organisation became involved in the emerging challenges, taking responsibility for their part of the solution and accepting the difficult decisions that were made.
Developing Adaptive Organisations Through Leadership & Culture

Releasing the energy for evolution

“Energy flows where attention goes.”

The level of reactivity compared to the level of creativity in an organisation determines its ability to adapt and evolve.

When motivations of individuals shift towards creating the aspirational future and away from defending the past, this unleashes an enormous amount of productive energy.

It is our view that the more evolved the culture of the organisation is, the more likely it is that the organisation will pro-actively approach transformation before an urgent and threatening need arises.

For organisations at earlier stages of cultural evolution, it may require external resources to support the organisation’s internal advocates of change, to garner sufficient energy to be successful. Bob Anderson (e.g. 2012) of The Leadership Circle has researched this extensively.

There is always the risk, regardless of stage of evolution, that complacency or insularity will impede an organisation’s ability to see the next cycle of transformation.

Organisational blindness, where the difference between culture and cult becomes narrow can be even more likely for organisations at more mature stages. In our experiences, at times the organisation’s internal resources to support the organisation’s internal advocates of change, to garner sufficient energy to be successful. Bob Anderson (e.g. 2012) of The Leadership Circle has researched this extensively.

There is always the risk, regardless of stage of evolution, that complacency or insularity will impede an organisation’s ability to see the next cycle of transformation.

Continual building of awareness throughout the system (individually, collectively and inter-collectively) and a focus on ongoing evolution can ensure that stagnation or organisational blindness is less likely to occur.

Ready, Fire, then Aim

Ready:

Before beginning the work of cultural evolution, it is essential to assess organisational readiness. This includes a robust analysis of current and future stages, including awareness of any potential resistance and ways to work with this. Those who can see the limits of the current ways of thinking and acting and embrace the cultural vision help garner wider support. A group of passionate cultural advocates can help to build the foundation and aspiration for the future vision ahead of wide scale acceptance.

Fire then Aim:

Once an organisation is ready, it is important to begin with action. If we spend too long aiming, by the time we fire, the target has moved. The Fire then Aim philosophy enables an organisation to pilot and prototype culture initiatives swiftly and gain early feedback to enable multiple iterations and refinements to the journey. This also provides the organisation insight and confidence into what will enable the needed evolution to be accepted and accelerated.

Support from senior executives, Board and people of influence can be helpful in creating organisational safety in the piloting process. There needs to be an appreciation that the prototypes will not all be wildly successful. What is most important is the opportunity to further consider what may or may not work in the current organisational context.

These cycles of action-feedback-refinement are as important for personal growth and development as they are for organisation wide projects. Reinforcing the importance of individual action and feedback or reflection enables a learning culture and instils a mindset of continuous improvement.

For further exploration of these methods refer to Talab’s (2010) The Black Swan and Snowden’s (2010) work on ‘safe-fail probes’ through The Cognitive Edge.

Many organisations experiment with this approach by applying Agile principles either to product development, IT projects or more broadly through the organisation.

Creating a network of passionate advocates

The work of cultural transformation is deeply complex and ambiguous. In our experience, successful cultural transformations involve a strong network of people at multiple levels within and across an organisation.

Our research suggests the need for early identification of passionate advocates in the organisation and a focus on developing the capacity of the network to more powerfully influence culture. Passionate advocates are not always the most “positive” people in the organisation.

Often the bias of people responsible for transformation can prevent people with a less optimistic world view from participating in the network. The impact of this is that issues that may impede evolution are not identified or explored with empathy.

Ensure the network includes a range of perspectives to balance realism with optimism. Work politically in building the network to ensure inclusion of key executive sponsors and forums that already exist in the organisation.

Consider the following as you build your network:

– build a network of passionate advocates with diverse perspectives
– build a shared understanding of the current and aspirational cultural stage
– develop the group capacity for individual and collective influence
– ensure regular communications to scale learnings and successes
Language shapes culture and culture shapes language

“The limits of my language means the limits of my world” (Ludwig Wittgenstein)

Evolving the language used by the organisation is a powerful way to evolve culture.

Three basic principles of applying language to enable cultural change are:

1. Pitch the language according to the aspirational stage of cultural evolution emerging in the organisation. The language acts as a bridge and supporter of new ways of working.

2. Refine and evolve existing practices in line with the new language and emerging stage. For example, shifting policies from prescriptive and rules-based to a greater focus on principles.

3. Assess the organisation’s readiness for the new language. For example, introducing the language of constructive disruption may be a bridge too far for a traditional hierarchical rules-based organisation. However, language of continuous improvement may be a very useful next step.

Using languages that enable transformation has been explored comprehensively by Robert Kegan and Lisa Laskow Lahey (2001) How the way we talk can change the way we work: Seven Languages for transformation.

Holding a cultural vision of the future

“The success of an intervention depends on the interiors of the intervener.”

(Bill O’Brien, former CEO of Hanover Insurance)

Our research suggests that organisations that successfully evolve and adapt have a group of leaders or facilitators able to hold a vision of the future culture.

They are able to breathe life into this vision by exemplifying the mindsets, beliefs and values of a future state. This requires change leaders operating at or above the level of development required for the organisation.

This point is covered extensively by Laloux (2014) and has been in evidence in each of the organisations we have interviewed and researched that have successfully changed.

Astudyrdg Business School researchers Waller and Wels (2014) have also identified specific traits and attributes of influential learning and development professionals.

In order to adapt it is also necessary to acknowledge and be compassionate towards the current culture and challenges people are facing into. Holding the future vision without acknowledging current state can lead to disengagement and resistance.

Holding the cultural boundaries

Too often organisations make it easy to maintain the status quo and difficult to move forward.

The most common reasons for this is that policies and systems continue to reinforce old ways of thinking and behaving (performance management and reward structures are common examples) or leaders and key influencers fail to embody or hold accountability for the aspirational culture.

Regardless of the aspirational culture your organisation is moving towards, it is an imperative that you make it as easy as possible for people to move forward and as difficult as possible for people to revert or remain the same.

To do this we recommend:

- Place emphasis on the need for leaders to do the development work required to embody the aspirational culture, individually and as a collective

- Ensure that organisational ways of working, systems and processes make it as easy as possible to move forward

- Support leaders in holding accountability around new behaviours

- Publicly celebrate signs that show new learning and movement towards the aspirational culture (including when there is imperfection). Celebrating learning rather than perfection is critical in making it safe for people to transition

- Identify organisational taboos that will need to be broken and those that need to be embraced. Ask the question: what is safe/not safe in this organisation to identify positive shifts as well as cultural inhibitors
The evolution of personal responsibility

Culture is critically influenced by the day to day actions and interactions across an organisational system.

The level of responsibility that each individual perceives they have in shaping the evolving culture, and the level of responsibility they believe they can step into (self-efficacy) will determine how these actions and interactions can evolve.

As an organisation evolves from achievement to collaborative growth culture, there is a significant shift from personal to shared responsibility which changes many of the ways people think and work together.

At co-creation culture, responsibility moves from responsibility to the organisation, customers and stakeholders. It broadens to encompass responsibility to entire industries, society and the world.

We have also noticed that cultural evolution accelerates rapidly when a core body (around 30%) of people in an organisation demonstrate responsibility to evolving culture. This becomes contagious and influential, as more and more people believe that change is possible.

Working with polarities

Leaders and culture practitioners have a range of polarities to balance in order to enable genuine transformation. These include:

- realism and optimism
- accelerating momentum and including people on the journey
- being compassionate and holding people to account
- being trusting and discerning
- risk and innovation
- internal and external
- present and future
- action and reflection

These are neither trade-offs nor alternative priorities. They support, validate and reinforce each other.

Working with polarities successfully, builds adaptive capacity and sustainability.

Passionate non-attachment

We have experienced that passionate non-attachment is one of the most challenging and important polarities for leaders and culture practitioners to work with. Become too attached, and you are likely to polarise people in the organisation against the change (and at times against you), lose your passion and it can be difficult to sustain energy.

While passion is a key ingredient to enabling cultural evolution, balancing passion with non-attachment helps those involved to maintain perspective, work more strategically and share ownership and responsibility with others in the organisation.

Passion unleashes energy for the journey, and objectivity is essential to guide the journey to a more successful outcome.

Pay attention to the 3 key levers of Cultural Evolution - Individual, Social and Structural

From the interviews and case studies we have conducted across a wide range of organisations and our own experiences working with culture, we believe that engaging in individual, social and structural evolution is the only viable option to be able to achieve sustainable cultural evolution.

Individual evolution – building deeper awareness and insight at an individual level to increase responsibility, accountability and capacity to be responsive and adaptive.

Social evolution – transforming communication channels and forums to enable better dialogue and respectful challenging of ideas across the organisation. Often with an intention for multiple perspectives to be shared in the interests of leveraging innovation and creativity and gaining collective support, insight and action.

Structural evolution – transforming processes, systems, structures and planning cycles that enhance ways of working and better enable organisational aspirations.

What we have observed happens in most instances, is a prioritisation of one or at best two of the three levers for creating truly adaptive organisations. When this occurs, like a tripod balancing on either one or two legs, the aspirations of the organisation to transform, inevitably falls over.

Considering these three levers in your cultural evolution strategy and continuing to monitor progress can ensure one or more of these levers don’t hold the transformation back or become an organisational blind spot.
CASE STUDY
EMPOWERING LOCAL LEADERS WITH GLOBAL RESPONSIBILITY
DIVISION OF A MAJOR BANK

After a new CEO was brought in to lead a financial services organisation, much of the collaborative growth culture that had begun to emerge was suppressed in favour of a linear orientation towards results. Many who were highly engaged under the former culture left and there was a vast restructure at every level. In one area of the organisation a new General Manager was appointed who placed a high value on people and culture. His initial observations revealed a culture of low trust, high defensiveness, negativity, change resistance, recklessness and lack of transparency, resulting in low engagement scores.

A fear of failure and being ‘found out’ across all levels of the organisation stifled achievement and created dissatisfied internal customers.

In observing the mindset, values and beliefs of the organisation the new leader created a values-based culture program with key messages around transparency, looking through customer lens, breaking down barriers and being genuine and authentic.

A restructure led to the departure of people who were not able or not willing to transform towards the new values. New recruitment was focused on values over skillset. Feedback processes, systems thinking awareness and working through barriers to change through the Overcoming Immunity to Change process complemented a stronger performance framework.

The restructure also gave global responsibility to local leaders with the focus on driving an enterprise view (organised around process, not location or function). The leader led behaviour of ‘thank you calls’ brought back the human connection and, in turn, a higher level of engagement.

The culture change initiative shifted engagement scores from around 50% to 71% (the best in 20 years), significantly and positively impacted other business performance metrics and was recognised by the Board for its success.

While the change has been sustained, this leader continues to face challenges from the wider leadership team of the organisation. He spends much of his time protecting the more constructive culture he nurtured into being from the wider culture and politics, at a significant personal cost, and at a cost to broader organisational outcomes.

This is an example of the consciousness of an individual leader being greater than that of the larger organisation. While he has been able to create substantial change in his team, we wonder if this will be reversed in time by the influence of the wider organisation or by the resignation of the leader.


Please note: This case study occurred within the same bank as the case study on page 17, after the new CEO was brought in.

Case Study Update:
Subsequent to this case study, this organisation has gone through several restructures, resulting in the departure of this executive. People in this part of the organisation report that the culture work that they did under his leadership has helped sustain them through the ongoing disruption.

Review the cultural transformation methods outlined in this section.

- Which methods are readily and effectively employed in your organisation?
- Which methods are employed rarely or poorly in your organisation?
- Which methods in your organisation focus on a traditional approach? How well is that working in your organisational context?
- If it is not working well, are there any insights in the suggested approaches that may assist?

Summary
The difficulty of creating sustainable cultural evolution can only be met by addressing individual, social and structural aspects on an ongoing basis.

While these proposed methods are not silver bullets, they go a long way to creating appropriate conditions under which transformational change can be embraced rather than resisted.
CASE STUDY

SHARED PURPOSE THROUGH A FOCUS ON DEVELOPMENT

FMCG

A multinational FMCG company was at crisis point on a number of fronts. An aggressive and competitive culture with low engagement meant people were more closely aligned to / more trusting of the unions than the business leaders. Financial results were declining and the business was at risk, making questionable ethical decisions.

An unhealthy command and control leadership culture was identified by a new HR leadership appointment. With the support of the CEO he instigated a culture change program with an emphasis on leadership behaviours.

A new leadership framework was introduced, focused on creating a more constructive and values driven culture. The key message was authenticity and a focus on development ‘to be the best version of yourself’.

Leaders who did not align to the values were asked to leave the organisation and the business focus shifted from a focus on profit generation to achieving a shared purpose through a focus on development.

Regular surveys internally and with customers, consumers and stakeholders were conducted to measure the journey. Feedback and coaching to develop greater self-awareness became a part of the culture with even the Board measured and included in feedback results.

A focus on wellbeing was also introduced and became one of the core values.

There was inclusive and congruent use of leadership and feedback tools, ongoing communication and continual action around leadership behaviours. This created a safe place for people to grow and develop and for a substantial shift in cultural evolution.

With high levels of safety to grow and work constructively, share oneself, learn and develop there was a substantial increase in engagement. As cultural evolution developed, enhanced by a coaching and leadership culture at every level, so did financial results with a massive increase in market share.

Case Study Update:

Without an evolutionary approach to culture, cultural interventions can produce unintended consequences that limit the organisation’s capacity to continue to adapt. For this organisation, over time the unintended consequences of leader-led feedback has created a level of dependence in the organisation which has limited ongoing achievement. They are in the process of re-evaluating the health of their culture and are beginning to replace traditional feedback with more open developmental conversations to encourage greater personal agency and distributed leadership.
5. TRANSITIONING BETWEEN STAGES

What if all leadership development and cultural evolution are preparing people for change that has not yet happened; that it is all about building adaptive capacity?

In Section 3 and 4 we presented key principles and practices to apply broadly to any significant transformation. This section describes the transitions between stages.

At each transition it is important to put in place initiatives that recognise the evolution required for the organisation at its next step. Each further stage of evolution requires an exponential leap in complexity from the previous stage:

- Longer time horizons, past and future
- Increasing number of significant stakeholders and business partners
- Increasing appreciation of and need for diversity of thinking
- Navigating increasingly larger and more complex systems (internal and external)
- Greater agility and ability to adapt
- Expanding purpose in the world
- Deepening awareness of self, others, perspectives and systems

### Transition from Impulse Oriented to Compliant Dependent culture

**Theme: Develop guidelines boundaries and expectations to ensure consistency and scalability**

**Individual - Clear role expectations**

Focused skill building for specific roles and professional requirements become standard. Agreement around expectations for each role increases clarity and responsibility for specific tasks. Managers have a role in engaging people in developing responsibility to the organisation.

**Social - Consistent, fair and ethical practises**

Organisational values and behaviours are adopted to enable a consistent culture. Workshops and education clarify and reinforce expectations for workforce behaviour (Occupational Health and Safety, time management, delegation, understanding workplace agreements, communication, office etiquette). Fair and lawful recruitment, promotion and retrenchment processes are embedded in order to comply with fair work practises.

**Structural - Consistent processes, standards and policies**

During this transition, processes, standards and policies are created to support the purpose, goals and aspirations of the organisation. Systems are implemented which create greater transparency, order and alignment. Defining the organisation’s purpose and long-term goals help the organisation towards a more sustainable future.

### Transition from Compliant Dependent to Achievement culture

**Theme: Provide space for people to lead and hold them accountable**

**Individual - Personal responsibility and resilience**

A mindset of personal responsibility is supported with a stronger emphasis on accountability for achieving results. Resilience is necessary to cope with increased expectations and people are encouraged to ‘look after themselves’.

**Social – Coaching, mentoring, feedback for success**

Clearer goal setting and measuring performance against goals may be supported by development of manager and leader coaching skills which balance compassion and accountability.

**Structural – Strategic planning**

During this transition organisations develop an ability to think more strategically and give greater consideration to external markets and conditions. Innovation and advancement of existing product lines and services is encouraged. Organisations often develop a 3-5 year strategic plan, supported by yearly operational plans and activities at every level. As a result of more rigorous strategic planning, there is an opportunity to achieve at a higher level than was possible in a dependent system. The focus here is on planning, execution and personal responsibility for results at every level.

**Driving efficiency**

As the organisation moves beyond bureaucracy it becomes important to refine processes to support achievement and efficiency. A focus on cutting costs, continuous improvement and accurate budget forecasts are emphasised.
Transition from Achievement to Collaborative Growth culture

Theme: Co-achieve through shared insight and mutual respect

Individual - Developing self and others

Development of self and others is now seen through the lens of human value and leads to greater self-awareness within the individuals in the system and greater capacity to self-coach and develop. Coaching takes on a developmental orientation including holistic wellbeing, a learning mindset and coaching for aspirational opportunities. A developmental coaching culture is often created at this stage with coaching skills and mindsets embraced by all levels of the organisation.

Social - Collaboration

Organisations transition from an achievement culture to a collaborative growth culture through recognising the value of all people within and connected to the organisation. In order to grow and evolve at this stage it is essential to span boundaries within and outside the organisation.

Collaboration between all levels and systems in the organisation occurs as the Organisation’s Purpose, Mission and Vision expand to include a wider network of stakeholders. These include the community, customers, service providers and environment. All relationships become about creating shared value and sustainable solutions.

Relationships move from competition and win/lose to partnership and win/win. As part of this movement, collective decision making based on merit of ideas and respectful dialogue becomes more prevalent.

Structural - Systems thinking

Humans are seen as part of the broader organisational system. As part of systems thinking there is a deeper appreciation and acceptance of how the work of one unit/team and individual impacts the wider organisation. Network leadership and complexity thinking are emphasised at this stage. There is a deeper appreciation for social, political, technological, environmental and legislative changes and how they impact the organisational system.

Awareness of the complexity of systems positions the need for adaptive and distributive leadership. It is important to note that this is the beginning of an ongoing and ever-expanding consideration of wider, deeper and broader systems and relationships. This expanded systems awareness continues to unfold through later stages of evolution.

Woolley et al. (2010) from the MIT Centre for Collective Intelligence have also identified the collective intelligence which emerges in human systems that is increasingly important with greater complexity.

Transition from Collaborative Growth to Co-Creation culture

Theme: Shaping the industry and world we operate in through collective action

Individual - The evolving self

Development at this stage is facilitated by a range of opportunities both organisation-supported and self-led. The journey of evolution is continual and supported by transformational coaching, multi-disciplinary education and a fusion of many skills and attributes into more complex ways of being.

People begin to realise at a deeper level that their ability to influence change across multiple systems is determined by their own consciousness and capacity. Deep awareness and personal connection to natural systems can create dramatic shifts in awareness and bring about heightened creativity, development of multiple intelligences and profound solution generating abilities. This culture becomes inclusive and self-selecting. Those who are not ready to embrace the culture will be unlikely to join the organisation or will leave.

Social - Enhancing the health of the systems of which we are a part

Organisations continue to develop and create healthy and evolving internal systems.

Adaptability is seen as an essential quality of a resilient organisation, able to grow into new opportunities and serve a greater whole.

There is a high level of fluidity. This creates adaptive systems, people, processes and strategies able to meet a wide range of future potentials. As a consequence, this creates wider ripples of change in markets and systems connected to the organisation.

For this to occur a much wider distribution of leadership is necessary. Leadership is experienced as a personal capacity able to be accessed and practised by all members of the organisation, rather than a position of authority given to a few.
Structural - The future, backwards

At this stage strategy becomes more multi-dimensional and is considered through a wide range of scenarios and future potentials. We create the future through the actions we take today. The important question is: What future do we wish to create for ourselves and the wider systems and future generations of which we are a part?

This question determines which short-term goals are actioned or prioritised and inspires the journey from the future vision to our current reality.

Complexity thinking

With a deepening awareness of the interaction of numerous systems, both visible and non-visible, complexity is engaged with more intentionally by the organisation.

Underlying political and social dynamics are surfaced so they can be used, and where necessary transformed, for achievement of sustainable and long-term visions. This converts previous unseen inhibitors to change into the energy required to move systems forward. Paradox is understood and embraced, allowing a more effective and cohesive organisation to emerge.

Reflecting on the Stages of Organisational Maturity model in Section 1, what do you notice about your organisation’s stage of cultural evolution? Which stage most closely describes your organisation? What signs are there of transition?
Conclusion

The Adaptive Cultures Framework enables leaders and culture practitioners to assess what culture is necessary to achieve their organisation’s highest aspirations. The framework also helps identify the current stage of cultural evolution, which is a powerful indicator of an organisation’s capacity to adapt.

While many organisations espouse the need to build adaptive, sustainable cultures, the methods typically used are traditional change management methods that reinforce traditional cultures. More adaptive and agile methodologies, requiring significant organisational learning, are required to build more adaptive and agile cultures. This kind of cultural evolution, in our experience, is not only possible but can powerfully release the necessary energy for the organisation to create its desired future in service of its customers and world.

The skills, processes and structures that are described in numerous change texts may be useful supports of cultural evolution. For cultural evolution to be sustainable and successful, it also requires an inner transformation of the organisation’s mindsets, beliefs and values. For organisational mindsets and beliefs to transform, so must the mindsets and beliefs of individual members of the organisation.

Together we can enable cultural evolution, for the betterment of all people and our world.

"The intention of cultural evolution is to enable individuals, collectives and communities to live their highest potentials, making a positive and deeply humane contribution to their spheres of influence." Adaptive Cultures

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Bibliography


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