2003 INPO CEO Conference

Keeping the Edge:
Enhancing Performance Through Managing Culture

Edgar H. Schein, Ph.D.
Professor Emeritus
Massachusetts Institute of Technology

November 7, 2003

My job in the next half hour or so is to try to bring this word, culture, a little bit more down to earth because I've now heard an awful lot about safety culture and culture change and creating new cultures and better cultures. My concern about this is we don't really yet have a good sense of culture is about, so I want to try to make that concept a little more meaningful then get to what I think of as some bottom lines. Give you the bottom lines at the beginning and we'll come back to them at the end.

My goal is for you to think of yourself much more as a culture manager. Not as a culture creator because I think creating culture is not really something one can do as an individual, but you can start the process and you can manage culture. I think its very useful for people to look at all sorts of work situations from a cultural perspective. I will explain what I mean by that because I think we all are not only members of cultures, but we're members of subcultures within our organizations.

The most important concept that I want to leave you with today is that some of the important things that go on in organizations are not about the big culture questions of "do we or "don't we have a safety culture," for example, but rather how do we manage the fact that in most organizations we have several safety cultures that are already there and how do we get them aligned with each other? How do we see that they all have sources of strength? And how do we develop the humility to see that the culture that we are a part of is not, in any sense, a priori better than the culture of what some other people in our organizations might be part of.

So let's start with what is culture? I want to run through that briefly and get on to the important topic of subculture. I liked the definition given yesterday that culture is what you do informally when you're not going by the rules. I think

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that even more generally, one could say that culture at some level is the sum total of everything that a group has learned.

Now, that covers a lot of territory. It covers how the group has learned to exist in its environment. For the word group, substitute, organization, substitute plant, any social unit has to survive in its environment. It has to have consensus about its goals. How to do things. How to measure its progress. All of these things eventually become cultural elements.

Similarly, a group has to worry about how do we get along with each other? So managing our internal relations we learn how to get along. We develop a common language. We develop rules for how to manage authority relations. Group norms for how to do things and shared perceptions of who we are and who the others are who are not us.

So I am trying to tell you that culture, once a group has learned all these ways of doing things, is vast and deep. It covers everything you do. So the notion that you're going to change culture is taking on a very, very big challenge.

Now, how do we think about culture? I found that the most useful way to think about it is to distinguish culture at three different levels. The level of artifacts, the things that we see and feel and hear. The level of a espoused values, the way we justify ourselves. And what's underneath, the level of taken for granted assumptions that become so automatic that we forget that we operate by them.

If we look at each of these individually, briefly, the artifacts are the overt behavior that you see. The systems and processes. What a newcomer walking into the organization would immediately notice. The physical layout. The climate. The way people talk to each other.

The problem with this as a level of understanding the culture is that it is very clear but you don't know what it means. I could walk into two different plants of your industry and they might feel very differently. One might be very informal, the other one might be very formal, but I wouldn't know, so what? What have I learned about the culture from feeling these differences?

So you have to have questions. You say, "Well, why do you do things the way you do them?" And that brings up the second level of culture. People then tell you their espoused values. "Well, we're very informal here because we really believe in teamwork and we really believe in open communications." And you go into the other plant and they say, "Well, that's the way we work here. We are very tightly structured. We play by the rules."

So people will tell you that they sometimes pull out a little cards with their value system that tells you exactly what their values are and then you notice something. You notice that the values that they tell you don't necessarily match with the artifacts that you observe. So you walk into an organization and you discover that the accountability system is very individualistic. The promotion

system is very individualistic. People are expected to compete for jobs. It's the way that everything is done around here.

Then you look at the little card and the espoused values, and it says, "we're a team work culture." And you say, "Oh, oh. No." There's a disconnect here between what the organization claims and what you observe directly in the way the organization works and it's this discrepancy that is the key to the third level. If there were no discrepancy, then there will be no need to analyze the underlying assumptions. The things that are taken for granted.

So then you say, "Oh, yeah. Right. We want team work but course we are an individualistic organization. Of course we want people to compete." So you realized what is espoused and what is desired   what people would like to be is not necessarily what's driving the organization.

The big point is, if that if you don't get to this level of the culture, if you don't understand what the underlying assumptions are and if you don't have a mechanism for dealing with those, then you're only going to be doing superficial programs that are going to be viewed as "the program of the month" and people aren't really going to be paying attention to it. What people pay attention to is the tacit, underlying shared assumptions, the informal ways of doing things that they have learned over a long period of time.

Now, if you understand culture at that level, let's look at what some of the

relevant cultures are that we need to look at in your industry.

First of all, this is primarily a U.S. crowd, so you would assume that to some degree, U.S. nuclear industry would reflect U.S. values and U.S. assumptions. For example,   ' individualism and competitiveness comes right out of the U.S. culture.

Secondly, I've heard you frequently refer to industry assumptions. That's valid in the sense that the way in which you do things is very much a reflection of the core technology that you're working with. The kinds of people, nuclear engineers, who work in that technology, so you would expect a lot of assumptions of the culture of the nuclear industry are a direct reflection of the kinds of people, their education, that came into that industry, and you may not be aware how much of that you take for granted until maybe you were at a comparable conference like this for a consumer goods company that operates with completely different kinds of criteria. For what is safety? For what is an adequate return? What are costs and so on? So there is an industry culture to be thought about.

The next level is your plants are probably all different in certain respects based on the histories of those particular plants. The values and assumptions that your early leaders brought in. The actual experiences that those plants had and then in addition, and the point I really want to focus on, is inside your plants are a number of subcultures based on, again, occupation, rank, technology, and

other factors. And to me, the big important challenge for culture management, is to begin to think about how the alignment between these subcultures works. Because cultural humility means that you accept the fact that each of these subcultures is a strength and is a value, and the trick is not to convince one culture to do it like another culture, but to honor that each culture has its own values that must be maintained, but they must be aligned.

So let's look at these very quickly. The four cultures that I want to briefly describe are the hourly culture, the salaried operator culture, the engineering designer culture, and the executive culture, and to point out the dilemma, as I just said, that the four cultures want different things. And the problem for the management, for the executive management, is how to align them with each other so that you can avoid destructive conflict.

When I tell you about each of these cultures, ask yourself, does the shoe fit me if I'm really being honest with myself? You've all had a acquaintance with these cultures. You have come up through these cultures and at this stage, you probably think, "Well, I'm a little bit of all of these things. That may be true, but ask yourself what am I most of?"

So let's look first at the engineering culture which I think may be the most common and dominant one. What is the essence, what are the deep assumptions that engineers feel? I think they feel (and I put these as assumptions) that the

main problems to be solved in the organizations are to avoid human error.

I will never forget flying into SEATAC airport and their were two Boeing engineers sitting in the row in front of me and as literally as we were landing at the airport, they said, "What a waste those two guys are up in the cockpit because the computer is landing the plane anyway." So the deep mentality is, the fewer people we have in the system, the more reliable it will be. It's the humans that kind of screw things up. So that the best designs are really people-proof and the cost and principle is not a issue. You want the best possible and elegant design.

I'm saying these are the deep and unconscious assumptions that you hold. Here's an example by how that works out at the artifact level. This is a photograph, not made up. So what do engineers want? What engineers want is unlimited support for their elegant designs. They'd like to standardize things as much as possible and they'd like to get the people out of the system and their externally oriented. They deep down respect their fellow engineers' opinions more than their boss who may be a finance guy or a lawyer and what does he know anyway.

So the real deep respect that you're looking for if you're an engineer is how your fellow engineers will feel about you.

Alright. Some of you may feel that's you but there's another culture operating at the other extreme in your plants and

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that's the hourly culture. I've had a lot of acquaintance with these folks recently in this project that I'm doing with ConEdison where we really talked a lot with the people that are out in the trenches fixing stuff. They have this set of assumptions that "we know the job best because we do it. No matter how well designed you engineers make it, there are always going to be contingencies, unexpected events, surprises, that we're going to have to manage. We know that teamwork is critical and most importantly we know how to do things safely because we've been doing it for 20 years. If our standards for how to do things safely happens to be a little different from all these arbitrary rules that you managers think of, we'll do it our way because we have this feeling of we know how."

So I have observed in most organizations a kind of double safety standard. The official set of rules is what you're supposed to do. But if there's a little time pressure or productivity pressure, the employee, the hourly guy has his own standard based on his own experience. This group also feels that management will always exploit us. That's just in the nature of the larger culture and that engineering is out to get rid of us. If they had their druthers, they'd automate everything and we'd be out of a job.

With those kind of assumptions, what is it they want? They want job security. They want a fair days' work for a fair days' pay. They want good equipment, training, resources to learn the job and they want recognition in the plant for the good job they're doing. The engineers are externally oriented. The hourly people are internally oriented. They want respect from their fellows and from their supervisors.

Then we have the third subculture. The operator culture. And they know, their deep assumptions are that they really run the place and they're aware more than anyone else that open communications and team work are the critical factor, and that the knowledge and skills that they need are critical to that but will change. So they're very oriented to wanting more training and more help. So what they want is lots of training, best possible equipment, freedom to hire the best hourly people. They'd like to build their own teams because they know who can do what. They would like an incentive structure that supports teamwork and open communication, and they would like recognition of the importance of how people are with safety and efficiency.

Now, the trickiest part is that doesn't include everybody. There is a fourth culture operating and I've chosen to call this the executive culture. That's what a lot of you are by job title now. But notice what I say by job title, you don't necessarily feel like people who really live in this culture and have been in it for awhile.

The essence of the executive culture is about money. You know, whatever else is important, if I don't manage the money side as an executive, sooner or later I'm going to be out of a job. I've got to produce whatever are the financial criteria, whether its profit or reduced

costs or efficiency or whatever. And with that, particularly in the U.S. and the business culture, those are the assumptions that most of the executives hold. We are in a competitive war and neither the operators nor the engineers can really be trusted to be financially responsible. Very deep, very important assumptions. If you gave them everything they wanted, you'd be bankrupt.

That's the attitude that executives have and many of them have lots of experience to prove that, therefore there is an evitable feeling, I think in the executive level, of we are alone. We have this horrendous job of managing all of these other requirements and who is there to help us? What do we want? What executives want is, of course, productivity, cost control, safety, good image, no scandals, acceptance from the financial community. Here again, an external orientation. The engineers and the executives are externally oriented to their Boards, to their peers.

It's very interesting. When you run a CEO program at a university like MIT and say come join this program, the first question that's always asked usually by their assistant is, "Well, who else will be there?" What they mean, of course, "because if it isn't all CEOs, then I'm not coming, because we are the only ones who know what the stresses are of living in this kind of cultural environment."

So that's what executives want and that leads to the dilemma. How to resolve the conflicts between the needs and wants of these subcultures because they are in conflict. They can't all have exactly what they want but the important point is to think of it as a problem of alignment rather than teaching them that what I want is the correct thing.

Too often, this goes both ways incorrectly. The operator's side gets a hold of some organization development people who say, "Well, let's train your CEO to be more humanistic. He or she is too harsh. They don't really realize how important the people are so we'll set up this big program to teach them to be more humanistic."

If you take my cultural perspective, it might be more appropriate to say, "Let's teach our CEO to how to be a better money manager. Because that's deep down what his job is." Sure, he should know that engineering is important. He shouldn't downgrade it. He should know that people are important, but in his job or her job, money is the most important thing. So the most important thing for the CEOs on the executive level is to be good money managers.

Similarly, let's humanize the engineers. Why? We brought them in to do their best job of creating technological innovations. If they say, "okay, I'm going to give up all my creative ideas just to make this equipment a little bit more friendly, that may not be the best thing for the organization." Or, what the operators and hourly want, sure it might be better if they had a infinite amount of team training, but will that really solve the company's problems of doing things efficiently?

So what I'm trying to argue by saying the cultural humility is to say that all four of these are critical cultures that exist in every organization. They exist in different forms in different organizations, but they are kind of the generic set of subcultures that have to be managed whether you're talking about a hospital, a manufacturing plant, a nuclear plant. You always have these three groups. The operators, the designers and the executives.

Now, I'm talking mostly to executives here. So what is the implication for you? The implication, first of all, is what I've said. You're only one of the cultures. You're not the whole subculture. If you believe that your culture should be imposed on the whole organization, you're going to be missing the strength of those other subcultures. I think you need to publicize that all four cultures are needed. Because often in organizations, the engineers or the operators begin to feel like second class citizens. They say all this company worries about is money and they're just trying to get productivity out of us at any cost. They don't realize how much we contribute to the actual performance of the plant.

So that means you have to create a climate of mutual acceptance. A lot of the literature out there says, create a culture. I would prefer to say create a climate. Create a climate in which the different cultural elements that I'm arguing exist in your organizations, can begin to talk to each other and value each other.

What that means is they have to first of all, understand each other. The operators, instead of being mad at engineering for trying to get them built out of the system should come to recognize that, "Yeah, they contribute some very important new designs that is better for all of us." The engineers should at the same time recognize that there is enormous skill in the hourly and in the operator levels from which they could benefit in improving their designs.

We see lots of examples in this program at ConEdison where the most effective ideas come out of the safety committees that are half management, half union and some of the best ideas come out of the union guys working with the engineers to create better equipment and more safe procedures. That means creating dialogues from telling and umpiring and sitting on top the organization calling the shots, you create a climate of bringing these four cultures together. Whenever you have a task force, try to build in that task force ways of honoring each subculture. And, probably the most important thing, which I think is often missed, is actually making sure that your working committees and your task forces have representation from each of the cultures.

It's very easy to sit in one of those cultures and design stuff for the other three. Bad mistake. If you come to recognize that you have these subcultures and you want to align them and get the most out of them, then bring them in early into the dialogue to create mutual understanding and participation.

So the bottom line, which I started with, is become a culture manager. Not a culture creator. You've already got these cultures. Every one of the four cultures I described has a safety culture, but the question is, are they the same culture or not? Or do you need to manage the communication that would occur if you try to work from different cultural perspectives? And if you, yourself – and I this is I think the hardest part – if you, yourself become humble enough to realize that as critical as the executive function is, its only one of the subcultures that is needed to make a particular organization whether it's a whole power company or whether it's a nuclear plant, to make that organization effective.

So the cultural bottom line is really a story about subcultures and how executives can bring those subcultures into alignment and make them work by immediately when you go back, the very next thing you can do is to start talking to your engineers and your hourly people from a position of cultural humility, rather than from a position of "Let's tell them what to do."

Thank you.