Systems, teams and culture

MODULE 6 | 6.2.3 | STUDENT COMPANION

Of the seven S's, **systems** (above all, the flow of information) and **staff** (teams and culture) are two of the most closely tied to operational effectiveness. Managing information and knowledge underpins strategic capability; managing culture decides whether people carry the strategy or resist it.

What big data and analytics can do

For customers and sales	For operations
Capture customer information at every point of contact	Track inventory in real time
Keep loyalty-program members engaged	Predict when equipment needs maintenance
Target marketing more precisely	Make service faster and more reliable
Adjust prices as supply and demand move	Automate purchasing
Improve service after the sale	Sharpen online advertising

Systems and timely feedback



Systems pay off twice: efficiencies, and feedback on whether the strategy is working

Feedback in practice (imagined): Corella Partners' weekly report shows how many advisory proposals each industry team sent, how many clients accepted, and how satisfied they were after the first meeting, so partners know within weeks whether the new service is landing. Storing data is not enough: its speed, variety and variability must be managed first. A systems change that starts without planning, documented processes and the people to support it can become slow and very costly.

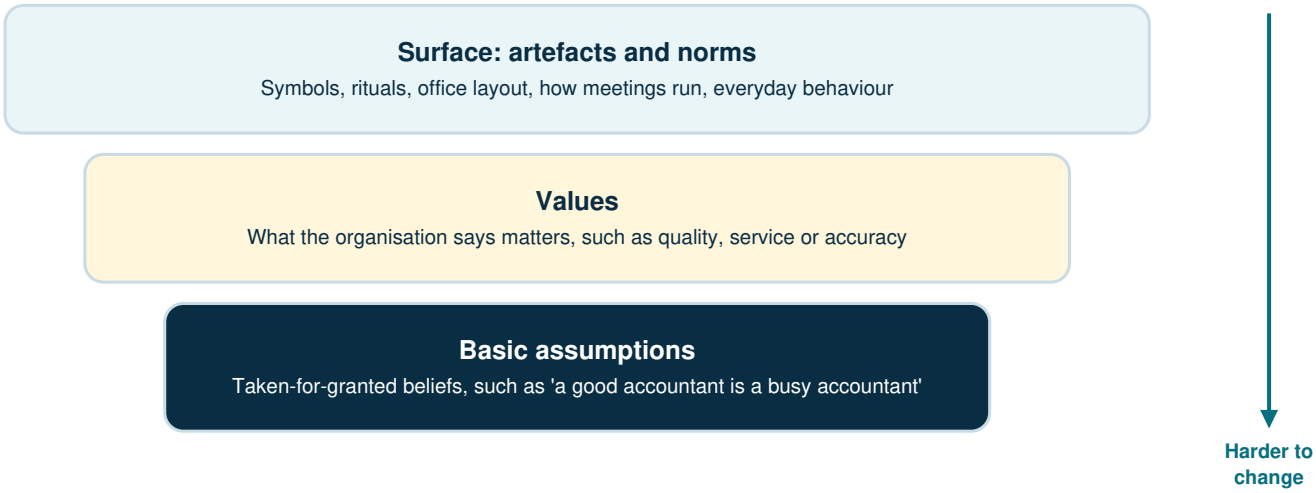
Leading teams through change

- Bring people into the decisions that shape their own work
- Back the team and give it real authority
- Recognise good performance
- Build team spirit and morale
- Create a shared sense of purpose

Corella's agribusiness team decides for itself how to share work between accountants in three offices; its partner sets direction and clears obstacles.

Culture can be described as the norms of work groups, the dominant values an organisation espouses, or the philosophy behind everyday decisions. Edgar Schein (1985) defined it more deeply as the basic assumptions a group has learned while coping with outside pressures and holding itself together, which have worked well enough to be taught to newcomers as the right way to think and feel.

The layers of culture



Culture cuts both ways. Hard-to-copy capabilities are often rooted in shared values and routines, and a culture of trust helps people adapt. But when the environment demands new thinking, the same culture can lock managers into old ways, allow only gradual change and cause strategic drift. A hospital's culture of caution protects patients, yet can slow the adoption of a better treatment.

Building a strategy-supportive culture

Action	What it involves
Diagnose	Which parts of today's culture help the strategy, and which block it?
Make it genuine	Convince people the change is real, not cosmetic; communicate openly
Manage conflict	Resolve disputes between groups that block shared understanding

Action	What it involves
Agree the change and the measures	Build a shared vocabulary, and agree how results will be measured, in the plan
Sustain it	Keep reinforcing the culture, and change it again when needed
Role model and select	Leaders' visible behaviour signals the new values; fill key roles with people who believe in the direction
Celebrate	Treat high performers as champions of the new way of working

Two hallmarks of an effective culture: managers committed to lasting principles and stakeholders, rather than to particular ways of operating; and employees open to the level of risk-taking and innovation that suits their industry.

Six steps for changing culture

1. A clear strategic vision
Say where the organisation is going, and why

2. Commitment from the top
Leaders visibly back the change

3. Modelled at the top
Executives act out the new behaviour themselves

4. Realigned systems
Structure, people systems, information and controls, management style

5. Hiring and induction for fit
Bring in people who fit; part with those who reject it

6. Ethical and legal conduct
Encouraged and expected throughout

People watch what leaders do far more closely than what they say

Across countries, attitudes to authority, equality, business practice and relationships differ, so international organisations must understand each local culture before changing their own. **At Corella (imagined),** the surface talk is of client service, but the deep assumption is that a good accountant is a busy one, measured in billable hours; partners now share advisory wins at every meeting, and promotions recognise client outcomes as well as hours.

Case note: the Ritz-Carlton

The luxury hotel group Ritz-Carlton, part of Marriott International, sets out its culture in its Gold Standards, including the motto that its people are 'Ladies and Gentlemen serving Ladies and Gentlemen'. Every day, staff in hotels around the world hold a short line-up to discuss one of the standards and share stories of exceptional service. Employees may spend up to US$2,000 to resolve a guest's problem without asking a manager. Values, daily routines and empowerment all point the same way, so the culture delivers the strategy.

Sources: The Ritz-Carlton Hotel Company, Gold Standards; Marriott International; Baldrige Performance Excellence Program award records.

Practice questions

MODULE 6 | 6.2.3 | TRY THESE BEFORE THE WORKED ANSWERS

Question 1 - Feedback for a new strategy

Crustworthy Bakeries (imagined, 30 bakeries) is rolling out pre-ordering through an app and wholesale supply to cafes. List four pieces of feedback its systems should provide in the first three months, and the decision each would support.

Feedback the systems should provide	Decision it supports
1.	
2.	
3.	
4.	

Question 2 - Layers of culture

Bridgewater's new strategy is to win design-and-build contracts that require close collaboration with clients.

Feature of Bridgewater Engineering (imagined)	Layer	Helps or hinders?
(a) Engineers wear company shirts on site		
(b) The company says safety is its first value		
(c) Everyone assumes the senior engineer is always right		
(d) A toolbox talk starts every Monday		
(e) It is taken for granted that clients don't understand engineering		
(f) Awards for innovative designs hang in reception		

Question 3 - Six steps at a hospital

Wattle Grove Hospital (imagined) wants to move from a doctor-centred culture to a patient-centred one, where patients and families are partners in decisions. Apply the six steps for changing culture, giving one concrete action for each.

Worked answers

MODULE 6 | 6.2.3 | WORKED ANSWERS - ATTEMPT THE QUESTIONS FIRST

Question 1 - Crustworthy Bakeries (sample)

Feedback	Decision it supports
App downloads and weekly pre-orders by bakery	Where to promote the app, and whether to keep it
Share of pre-orders collected on time	Whether ovens and staffing match morning demand
Wholesale orders, margins and late deliveries by cafe	Which cafes to keep, and delivery routes
Waste and unsold stock per bakery	Production quantities and pricing

Question 2 - Bridgewater Engineering

Feature	Layer	Effect on the strategy
(a) Company shirts	Surface	Neutral
(b) Safety first	Values	Helps: clients value safe delivery
(c) Senior engineer always right	Assumption	Hinders: discourages listening and collaboration
(d) Monday toolbox talk	Surface	Helps: a routine that could include client issues
(e) Clients don't understand engineering	Assumption	Hinders: undermines collaboration
(f) Innovation awards	Surface	Helps: signals pride in design

Question 3 - Wattle Grove Hospital (sample)

Step	Action
1. Vision	'Every patient a partner in their care', explained with the evidence behind it
2. Commitment	The board and executives fund training and track patient experience
3. Modelling	Senior doctors visibly involve patients and families in ward rounds
4. Systems	Patient-experience measures in reviews; family meetings built into care pathways
5. Hiring and induction	Recruit and induct for communication skills; address persistent resistance
6. Ethics	Reinforce informed consent, privacy and respect for patients' choices