Find your place on the “culture continuum”

By starting with a clear-eyed view of where a company’s culture is, senior executives can better articulate what it could be—and spark the sorts of frank management conversations that help link culture to business goals.
The gig economy, globalization, automation, digitization, and a multigenerational workforce are producing massive, rapid, and unending change. To adapt and compete, company leaders are reexamining everything from outdated performance-management practices to structural hierarchies that prevent agility and innovation. Forward-looking companies are also reevaluating and, in some cases, transforming their cultures.

Changing a culture is a complex and challenging undertaking. Many well-intentioned efforts achieve only superficial change that cannot be sustained, often due to a narrow or incomplete vision of the existing culture and a lack of a plan to align it with the company’s strategy and vision. But by getting a clear view of the existing company culture, senior leaders can better articulate what their culture could be, identify immediate areas of focus, and continue to shape the culture to achieve the desired results.

Reimagining culture as a continuum

The key, we find, is to start by mapping the company’s journey toward lasting change along a “culture continuum,” a series of common transitional phases, or levels, that we’ve found represent important inflection points (see figure). By visualizing culture change in these terms, senior executives can more easily plan interventions, anticipate challenges, and help avoid the sense of complacency that can creep into even the strongest and most successful organizational cultures.

Think about your own culture as you read the following descriptions. Where does it fit best on the continuum? As you look at other levels, ask yourself: What would it take to move our organization to the next level? What leaders and expertise do we need? What specific improvements could we expect if we improved our culture? What might cause us to lose momentum?

Level 0: Complacent: The status quo is good enough

Typical thinking: “We’re content with how we get things done.”

What our culture looks like

Company values are articulated in the employee handbook, but they don’t reflect how people interact or are hired, promoted, and recognized. Culture doesn’t come up in strategic discussions, and leaders don’t have support from the executive team to make culture a priority. The company’s mission, vision, values, and behaviors are not integrated into human resources (HR) processes, and the organization has no way of measuring the alignment of these elements. Leaders are inconsistent in how they live the values, which creates silos and misalignment. Expectations and practices are conflicting; for example, people are urged to move faster and take ownership, yet multiple approvals and micromanagement slow them down.

Typical behaviors and signals of a complacent culture

It is important to note that companies at Level 0 are not necessarily underperforming financially. Indeed, we routinely see organizations where solid financial performance and even a relatively strong culture conspire to blind the organization to the sorts of culture improvements that are possible or encourage...
a sense of complacency. Success, as the saying goes, hides many sins. Nonetheless, typical behaviors we see at this level include the following:

- Reactive, powerless
- Blaming, lacking accountability
- Averse to risk and change
- Inward-looking

**Expected outcomes**
- Values and strategy are misaligned.
- A lack of awareness of how business decisions affect the organization is apparent.
- The organization is plagued by internal competition and poor cross-functional collaboration.
- Performance metrics are focused on finance and operations.
- A lack of diversity exists within the organization.
- Culture is not recognized as a contributor to performance and competitive advantage.
- The organization struggles to attract, engage, and retain critical talent.

**Culture influencers:** HR

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**Figure: Where does your culture fit on the culture continuum?**

Source: Heidrick & Struggles

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**Level 1: Curious: We need to educate ourselves about culture**

Typical thinking: “We can do better. Let’s get started.”

**What our culture looks like**

Executives and employees acknowledge that culture matters, but we tend to just pay lip service to it. We discuss company values during onboarding but aren’t really living them in daily interactions. Leaders express different levels of commitment to culture, from open skepticism to being curious to being all-in. When leadership communicates, its values are woven into the message content, tone, and manner. However, there are no coordinated communications to create deeper understanding of what the values mean. Instead, actions and policies are instituted to address expressed frustrations about certain behaviors; for example, a policy forbidding cell phones in meetings is meant to fix the underlying problem of people being disengaged or not fully present. When negative behaviors emerge, more employee surveys are done. Culture is measured by changing specific limiting behaviors, not outcomes.
Typical behaviors and signals of a curious culture
At this level, leaders usually know that their teams are not operating at peak performance and can identify issues such as lack of collaboration, poor accountability, and complex/slow decision making, yet they are not sure what to do about it. Leaders often turn to HR for guidance, insights, and action at Level 1. Other signals that companies may be at Level 1 include the following:

• Growing openness to improvement and change
• General curiosity around culture (for example, executives are reading articles on culture and talking with counterparts at organizations known for high-performing cultures)
• A learning and discovery mind-set

Expected outcomes
• Lack of senior leadership alignment creates uncertainty and inertia.
• The company has a growing awareness that individual behaviors—good or bad—shape culture.
• Mission, vision, values, and behaviors are revisited and even integrated into training and HR processes.
• Topical training and HR metrics are established.
• Actions are taken to learn best practices from companies known for culture and performance (for instance, adopting an employee engagement survey, culture survey, or both to determine the company’s baseline).

Culture influencers: HR, CEO/leadership

Level 2: Committed: Our culture should be intentional
Typical thinking: “As leaders, we drive the culture.”

What our culture looks like
Culture matters to the organization, and leaders want to improve it. Culture is visible: values are highlighted in meetings, recognized in company communications, displayed on conference room walls, and incorporated in meetings, large and small. Most employees know them well. A common language around the culture has been communicated and is being reinforced from top levels to the front line (although not all our leaders are living our values as consistently as they speak about them). Still, a growing feeling of openness and opportunity is increasing employee feedback and suggestions. Successes are rightfully celebrated. Values and behaviors are beginning to be integrated into performance reviews.

Typical behaviors and signals of a committed culture
• Aware, proactive
• More aligned, productive, and engaged people
• More collaborative cross-functional teams (including the leadership team, whose members are interacting more productively with one another)
• Less blaming and more accountability
• Resources committed to training and reinforcing culture

Expected outcomes
• Actions reflect the mission, vision, values, and behaviors that together enable the company’s purpose.
• Leadership has a desire to change individual behaviors to gain alignment and demonstrate modeling of the values.
• Strategy, structure, and culture are systematically aligned and communicated throughout the organization.
• Culture metrics are created, and a formal method of culture governance is established.
• Employees have a common language and knowledge of culture.
• Preexisting negative perceptions are changing for the better.
• Employee engagement is increasing.

Culture influencers: CEO/leadership, leadership/board

Find your place on the “culture continuum”
Level 3: Catalyzed: Connecting culture to results
Typical thinking: “How does this affect our business?”

What our culture looks like
Tying culture to performance is a business imperative. We identify cultural gaps and specific initiatives to address them during our strategic planning process. Our culture is generally accepted as a strategic asset. The factors that influence employee engagement are clearly defined and aligned to customer outcomes. A spirit of continuous improvement permeates the company, fueled by a strong vision, purpose, and values. A business case connecting positive culture results to improved business outcomes is in development, drawing on data-driven insights and analytics.

Typical behaviors and signals of a catalyzed culture
  • Curious, creative, open
  • Broadly engaged
  • Collaborative, empowered, confident
  • Culture featured as a topic at board meetings; culture and reputational risks addressed

Expected outcomes
  • Established links are made between culture metrics and performance, creating a clear return on investment (ROI).
  • A culture scorecard measures the alignment of employee behaviors, attitudes, and engagement to the company’s mission, vision, values, and behaviors.
  • Employees see the impact of their contributions, which builds empowerment and confidence.
  • Employee engagement scores are continually improving.
  • Turnover declines as the culture becomes a differentiator and talent draw.
  • New products and services are developed with more agility and innovation.

Culture influencers: Leadership/board, employees/customers

Level 4: Customer-centric: Engaging at the enterprise level
Typical thinking: “Our employees’ experience is our customers’ experience.”

What our culture looks like
Culture has moved from being an initiative to a strategy that influences business outcomes. A strong focus on a people-centric culture inspires and engages our employees, who improve the customer experience. The result is increased customer satisfaction and enhanced loyalty and bottom-line sales growth—proven through real-time measurement and ongoing reporting. We leverage technology for capturing two-way feedback, measuring engagement, and building stronger relationships. An increase in suggestions from employees leads to more streamlined customer service and better products conceived through a more dynamic, inclusive development process. We’ve added an engagement index to our executive dashboard to measure the impact that engagement has on market share, margin, and revenue growth, among other outcomes.

Typical behaviors and signals of a customer-centric culture
  • Externally focused
  • Productive, proactive, agile
  • Collaborative, inclusive
  • Innovative
  • Transparent, two-way communication (for example, between business units or between customers and the business)
  • Digital tools to help build customer relationships and measure impact

Expected outcomes
  • Robust platforms for measuring ROI of customer and employee engagement are well integrated.
  • Employees contribute to company ideas and products.
• Engagement apps and HR intelligence platforms are in use to further support engagement.
• HR culture metrics now integrate behavior analytics.
• Decisions are made from a collective enterprise view of goals versus personal objectives.
• Employees change proactively to reflect the culture.
• Customer satisfaction and brand loyalty improve.

Culture influencers: Employees/customers

Level 5: Continuous: Building a self-sustaining ecosystem
Typical thinking: “Our culture is a strategic asset.”

What our culture looks like
Our culture is embedded (consciously and unconsciously) in the company’s DNA. We have clear alignment, transparency, and empowerment in support of our mission, vision, values, and behaviors. All voices are heard, and employees clearly understand their roles and their connection to the company’s direction. We feel valued and supported by our peers, direct leadership, and management. We have a disciplined, closed-loop feedback process that focuses on actions and outcomes. Analytics are used to move from insight and understanding to foresight and proactive planning, allowing leaders to stay abreast of changes in the competitive landscape and adjust strategy, structure, and culture with greater agility.

Typical behaviors and signals of a continuous culture
• Empowered
• Accountable
• Action-oriented
• Purpose-driven
• Transparent, authentic
• Resilient

Expected outcomes
• The company is a clear leader in attracting and retaining talent through culture.
• The organization demonstrates strong financial performance, sustainability, and growth.
• The company has an organization-wide capability to understand, anticipate, and act on employee, customer, and market shifts.
• Empowerment is normal and expected, supporting agility and innovation.
• Culture is a point of pride that drives brand and competitive advantage.

Culture influencers: Company performance

To be sure, few companies reach Level 5, and most companies enjoy significant performance benefits at Levels 2 (Committed) and 3 (Catalyzed). Organizations that have progressed beyond the first three levels of the continuum connect culture to results using a disciplined process and metrics—indicators that help companies make proactive adjustments to their strategy and culture to stay ahead of market changes, competitors, and disruptions.

Determining when the culture needs to change

If you are experiencing any of the following scenarios, your culture may need to shift. You can generally map them to the levels on the culture continuum and use it as a reference tool to start or guide leadership dialogue.

Level 0 scenarios
• Resistance to change: A major restructuring occurs, or new organization-wide systems and processes are changing everything. People seem resistant to change at a time when we need to move even faster.

• Underperformance: Our company is underperforming and growth has stalled. People are in blame mode or are leaving. We need to create a feeling of winning again.
• **Success is breeding complacency:** Our company is performing well and meeting financial targets. Everything is fine just the way it is. Why change?

**Level 1 and 2 scenarios**

• **Poor alignment:** We have a new CEO and many new leaders at the top who need to get aligned and lead the culture in the right direction.

• **Turf wars:** Our many business lines and teams aren’t working together as well as they need to be. Silos and turf issues keep us from performing as one team.

• **Lack of innovation and agility:** We used to be industry leaders, but now we are losing ground to competitors. What once worked no longer does due to dramatic changes in business conditions, customer needs, and technology. We need to increase organizational agility in order to be more innovative.

• **Execution needs to improve:** We have a strong strategy, but it is not being executed well to get the desired results. We need to shift our values and guiding behaviors, align the entire company around them, and embed them in all processes, procedures, and policies.

**Level 3 scenarios**

• **Scaling at speed and with synergy:** Our company is growing, or we are going through a major merger or acquisition. We need to come together as one team with one culture to get the best synergy.

• **Culture and reputational risk:** Our board is asking more questions about culture. How do we define, measure, and guide the culture throughout the organization? Do we have the right culture to deliver our strategic plan?

**Level 4 and 5 scenarios**

• **Ongoing improvement and agility:** Our financial performance is strong, and our people and customer metrics are positive—but change never stops. Do we have the ongoing commitment, investment, and internal resources needed to continually nurture and evolve the culture to stay ahead of the curve?

• **Employee and customer expectations:** Our employees are demanding more than a job. They want meaning, purpose, and growth opportunities. Our customers expect real-time access and support. They want to communicate with the company at their convenience, anywhere and at any time.

Cultivating a company culture to improve performance should not be taken lightly. It requires time, commitment, expertise, and a strong road map and process to succeed. With the help of the culture continuum, executives can celebrate how their company’s culture has already developed while focusing on the journey ahead.

**About the author**

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