



## Top 7 Best Practices for Leading Culture Transformation Rooted in Cost Optimization

### 1. LEADERSHIP SHOULD SUPPORT CULTURE TRANSFORMATIONS WITH BUSINESS INITIATIVES

- Leadership should clearly communicate the connection between culture shifts and business initiatives (e.g., cost-cutting) when transforming the current state.
- Leadership needs to work with business unit leaders to implement cultural changes.



*Employees have the biggest impact when they can work with business unit leaders to understand how to shift their behavior to support business initiatives.*

### 2. EFFECTIVE CULTURAL SHIFTS ARE ROOTED IN SMALL CHANGES

- Lasting cultural change is not overly ambitious or complex; it plays upon a company's strengths and is approached with simple solutions.
- Leaders should take a cultural aspect that's deeply ingrained in the core values of an organization and build changes around this uniting concept.
- Cultural aspects that are incongruent with business initiatives should be gradually shifted to align with new business goals.



*One CEO identified pride as his organization's underlying strength; he encouraged employees to embrace new cultural changes by centering the transformation on pride.*

### 3. CHANGE SHOULD BE PRESENTED TO AN ORGANIZATION AS A SHARED EVOLUTION

- Employees may resent change that feels like a top down imposition. Organization wide change should feel like a cooperative effort between leadership and employees.
- Leadership should embrace and visibly support change.

### 4. CONSTANT COMMUNICATION IS KEY TO ORGANIZATION WIDE CHANGE

- The most effective strategic initiatives are ones that are consistently reiterated by leadership.
- Repeated exposure to important objectives helps employees retain key messaging.
- Consistent communication is critical to building alignment and effectively executing new initiatives.
- Open communication with employees fosters a culture of transparency.



*A CEO led a town hall to ease his company through a cost saving cultural transition. Employees reacted positively to leadership's transparency and willingness to address staff concerns.*



## 5. CULTURAL TRANSFORMATION IS DRIVEN BY INDIVIDUAL EMPLOYEES

- Leadership should rely on respected employees to drive cultural and strategic changes.
- Increased responsibility should be given to employees who embrace strategic and cultural shifts; they can effectively motivate peers and influence organic change within an organization.

## 6. COST OPTIMIZATION EFFORTS SHOULD BE PRESENTED AS LONG TERM INITIATIVES

- Short term cost cutting strategies should be incorporated into long term innovative cost optimization plans.
- Leadership should forward initiatives that continuously improve their department while responding to fluctuations in business conditions.

## 7. LEADERSHIP SHOULD MEASURE AND MONITOR CULTURAL SHIFTS

- Leadership should play a proactive role in strategic changes by checking progress, course correcting, and sharing best practices.
- Leadership should promote formal interventions through informal interactions.



*Formal Intervention: new rules, metrics, incentives.*



*Informal Intervention: social visits, networking events, ad hoc meetings, and emails.*

## Case Study:

### *A Healthcare Company's Strategic Cultural Shift*

As storied by *Harvard Business Review*, a healthcare provider was rooted in an old culture that was resistant to change. Employees were risk averse and made little impact on the organization. When this healthcare provider merged with another, there was immediate conflict. Employees had trouble adjusting to the new company's aggressive culture and struggled to embrace new business initiatives.

The CEO quickly realized that he could not force a major cultural shift within the organization. Instead he worked closely with respected employees to understand the values deeply ingrained in the current culture. Using these findings, he focused on building a brand that preserved the company's cultural strengths while incorporating key aspects of the new company's culture. Employees across the organization displayed an increased level of comfort in adopting the new cultural framework.

