

*We believe in*  
REALISING **HUMAN** POTENTIAL



# Cultural Transformation vs Change

## Richard Barrett



Barrett Values Centre

Powerful metrics that enable leaders to measure and manage cultures.

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# WHO AM I?





## Chairman and Founder of the Barrett Values Centre

([www.richardbarrett.net](http://www.richardbarrett.net))

### OUR MISSION

To support leaders in building positive values-driven organizations.

### OUR VISION

To create a positive values-driven society.



Phil Clothier  
CEO of Barrett Values  
Centre.



Barrett Values Centre provides ...

**... powerful metrics to support  
leaders in building values-  
driven organizations  
and values-driven  
societies.**

# Cultural Transformation Tools



## MEASUREMENT TOOLS FOR INDIVIDUALS

Personal Values Assessment  
Individual Values Assessment  
Individual Development Report  
Leadership Development Report  
Leadership Values Assessment



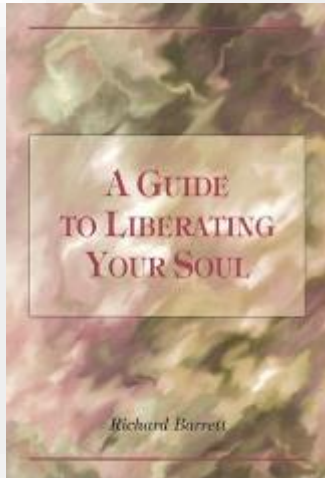
## MEASUREMENT TOOLS FOR HUMAN GROUP STRUCTURES

Cultural Values Assessment  
Cultural Evolution Report  
Espoused Values Analysis  
Merger/Compatibility Report  
Customer Values Assessment  
Community Values Assessment  
National Values Assessment

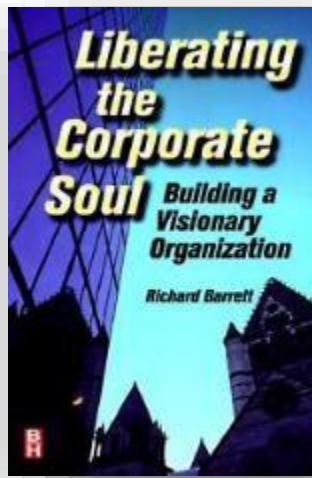
# The Sectors We Work In

- Agriculture / forestry / fishing
- Banking / Financial Services
- Central / Local Government
- Chemical and pharma
- Construction
- Education / University
- Fast Moving Consumer Goods
- Food and drink
- Healthcare
- Hospitality / Tourism
- IT/ Telecoms/ Electronics
- Manufacturing
- Media/Film/TV/Publishing
- Military
- NGO / Not for profit
- Oil/gas/mining
- Police & Justice
- Professional Services
- Retail and wholesale
- Scientific / Technical / Engineering
- Scientific and technical
- Social housing
- Transportation

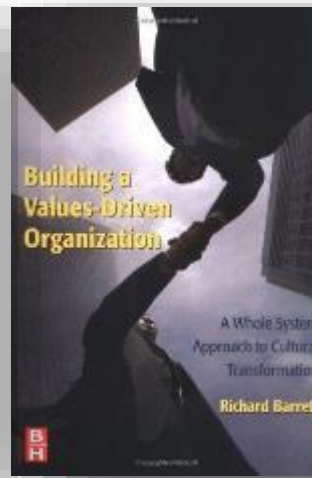
# Richard Barrett's Books



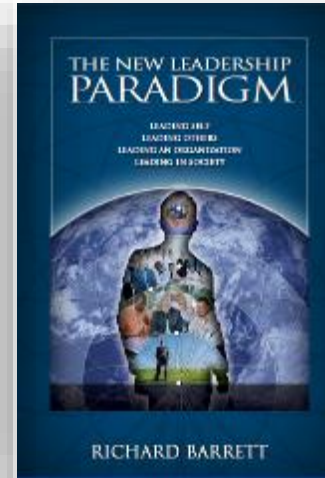
1995



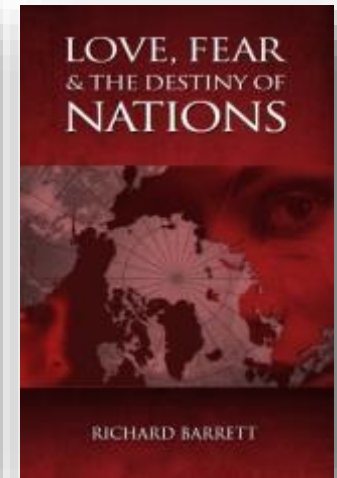
1998



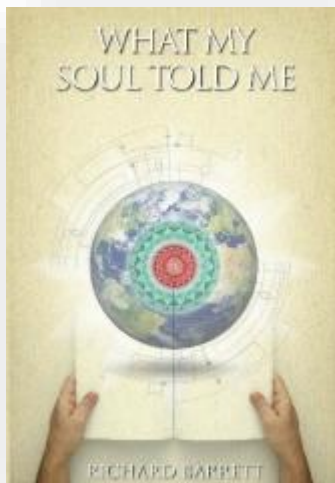
2006



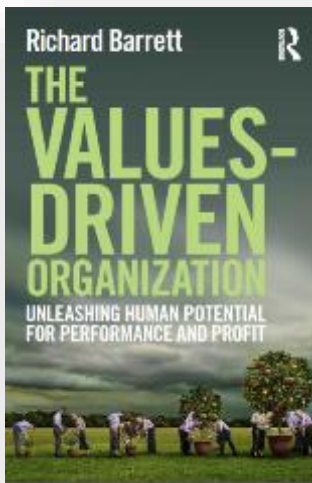
2010



2011



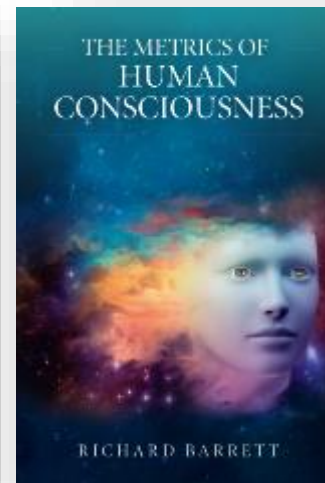
2012



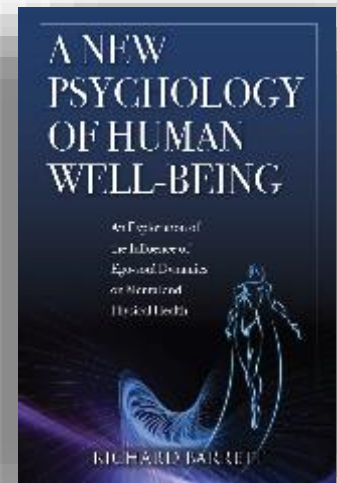
2013



2014



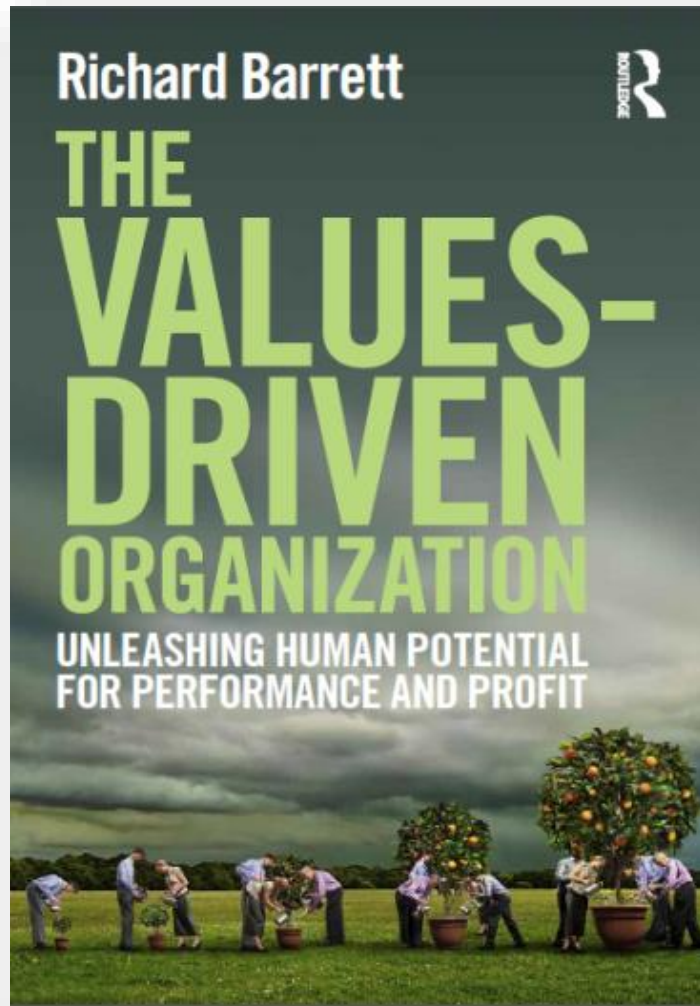
2015



2016



# The book I will be referring to today



Raj Sisodia, Co-founder and co-chairman of Conscious Capitalism Inc. and Professor of Global Business, Babson College, USA.



“Richard Barrett has made extraordinary contributions to our understanding of organisational values and culture. His frame-works for measuring culture and enabling whole system change are elegant. His reservoir of knowledge is vast and his connection to timeless wisdom is profound.”

Also available in Spanish, Portuguese, German and French (Dec. 2016)

# CULTURAL TRANSFORMATION VS CHANGE



# The difference between Transformation and Change

**Change is doing things differently.**

**A shift in behaviours**

**Transformation is a new way of being.**

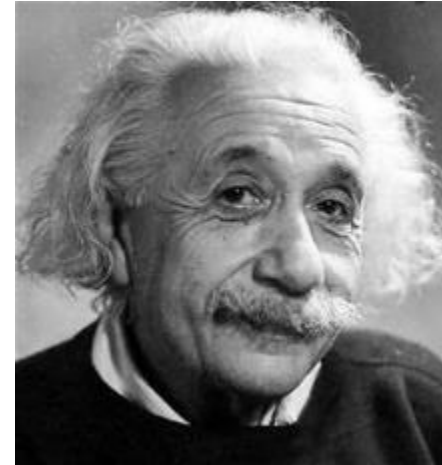
**A shift in values**

# Transformation vs Change

**You can change without transforming, but you cannot transform without changing.**

# It must be obvious by now ...

We cannot solve our problems with the same level of thinking that created them.



**A new level of thinking**  
=  
**A new level of consciousness**  
=  
**A new way of being**

# Therefore facilitating cultural transformation is about ...

Supporting individuals or groups in having new conversations that lead to new and more “successful” ways of being.



**A shift in consciousness that allows you to explore new, more values-driven ways of meeting your needs.**

# LET'S TALK ABOUT CULTURAL TRANSFORMATION IN ORGANIZATIONS



# ORGANIZATIONS DON'T TRANSFORM. PEOPLE DO!



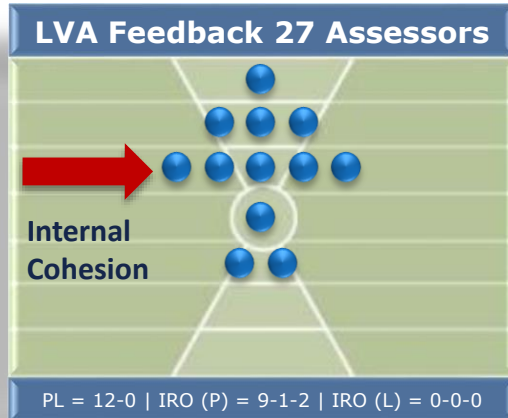


# ORGANIZATIONAL TRANSFORMATION BEGINS WITH THE PERSONAL TRANSFORMATION OF THE LEADERS



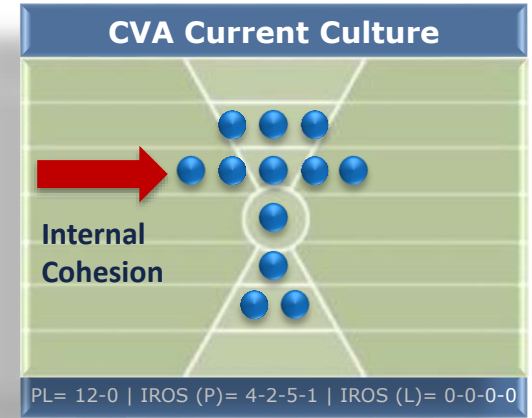
# A HIGH PERFORMANCE ORGANIZATION

## Leader's Values



The culture of an organisation is a reflection of leadership consciousness.

## Culture Values



### Personal Entropy 9%

continuous learning	11	Level 4
generosity	11	Level 5
commitment	10	Level 5
positive attitude	10	Level 5
vision	10	Level 7
ambitious	9	Level 3
making a difference	8	Level 6
results orientation	8	Level 3
honesty	7	Level 5
integrity	7	Level 5
intuition	7	Level 6
leadership developer	7	Level 6

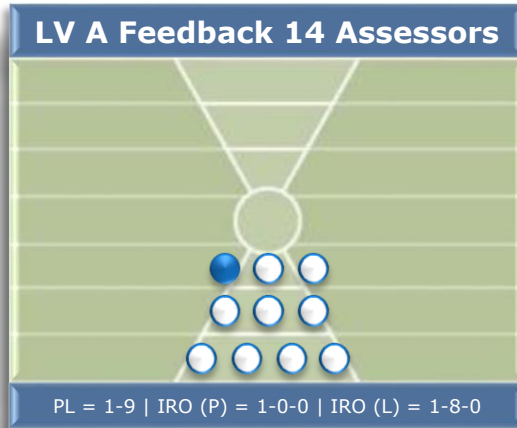


### Cultural Entropy 7%

1. customer satisfaction	16	Level 2
2. commitment	11	Level 5
3. continuous learning	11	Level 4
4. making a difference	11	Level 6
5. global perspective	9	Level 3
6. mentoring	9	Level 6
7. enthusiasm	8	Level 5
8. leadership development	8	Level 6
9. integrity	7	Level 5
10. open communication	7	Level 2
11. optimism	7	Level 5
12. shared values	7	Level 5

# A LOW PERFORMANCE ORGANIZATION

## Leader's Values



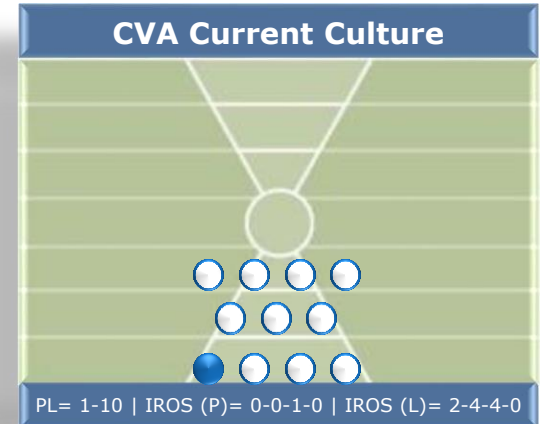
**Personal Entropy 64%**

power (L)	11	Level 3
blame (L)	10	Level 2
demanding (L)	10	Level 2
manipulative (L)	10	Level 2
experience	9	Level 3
controlling (L)	8	Level 1
arrogant (L)	7	Level 3
authoritarian (L)	6	Level 1
exploitative (L)	6	Level 1
ruthless (L)	6	Level 1

The culture of an organisation is a reflection of leadership consciousness.



## Culture Values



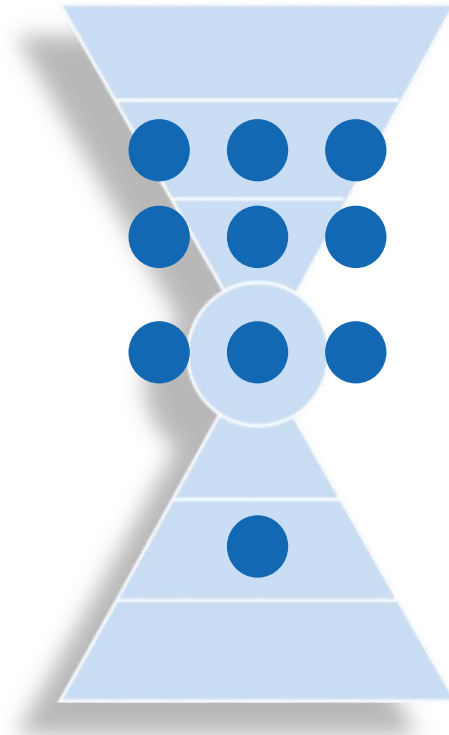
**Cultural Entropy 38%**

1. short-term focus (L)	13	Level 1
2. blame (L)	11	Level 2
3. manipulation (L)	10	Level 2
4. caution (L)	7	Level 1
5. cynicism (L)	7	Level 3
6. bureaucracy (L)	6	Level 3
7. control (L)	6	Level 1
8. cost reduction	5	Level 1
9. empire building (L)	5	Level 2
10. image (L)	5	Level 3
11. long hours (L)	5	Level 3

I am going to show you values assessments for two teams.

Based on these results, I want you to decide which team you would prefer to work in.

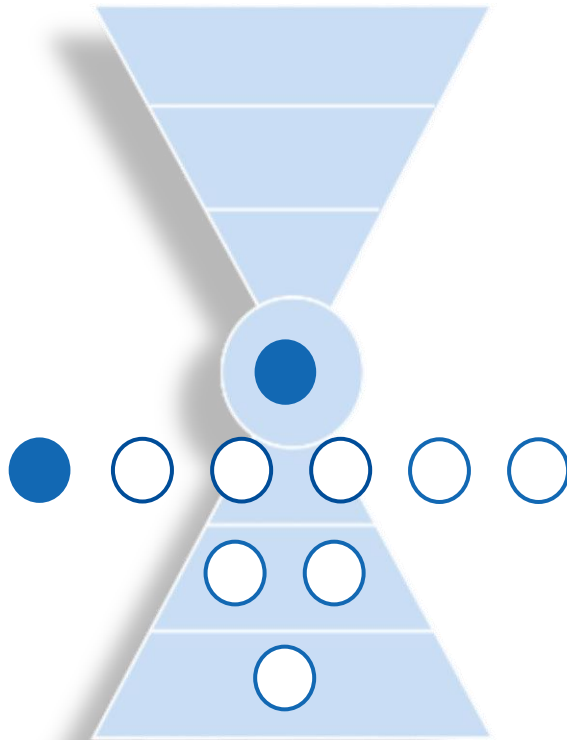
# CURRENT CULTURE of TEAM “A”



## TOP TEN CURRENT CULTURE VALUES

- Customer satisfaction
- Making a difference
- Commitment
- Employee fulfilment
- Continuous improvement
- Humour/fun
- Shared vision
- Customer collaboration
- Balance (home/work)
- Teamwork

# CURRENT CULTURE of TEAM “B”



## TOP TEN CURRENT CULTURE VALUES

- Long hours(L)
- Confusion (L)
- Short-term focus (L)
- Blame (L)
- Information hoarding (L)
- Manipulation (L)
- Hierarchy (L)
- Results orientation
- Bureaucracy (L)
- Quality

# HOW DO YOU BEGIN TO TRANSFORM AN ORGANIZATIONAL CULTURE



# FIRST YOU HAVE TO UNDERSTAND CULTURE





# WHAT IS CULTURE?

The values and beliefs that guide and define the way in which a group of people behave and operate together.



# WHO CREATES AN ORGANIZATIONAL CULTURE?



The culture of an organization is reflection of the values, beliefs and behaviours of the leadership group.

# THE IMPORTANCE OF CULTURE

According to **Deloitte**, culture has become one of the most important business topics of 2016.

CEOs and HR leaders now recognize that culture drives people's behaviour, innovation, and customer service: 82% of Deloitte's survey respondents believe that "culture is a potential competitive advantage."

# THE IMPORTANCE OF CULTURE

According to **PwC** 84% of leaders believe that culture is critical to their organization's success.

60% think culture is more important than their strategy or their operating model.

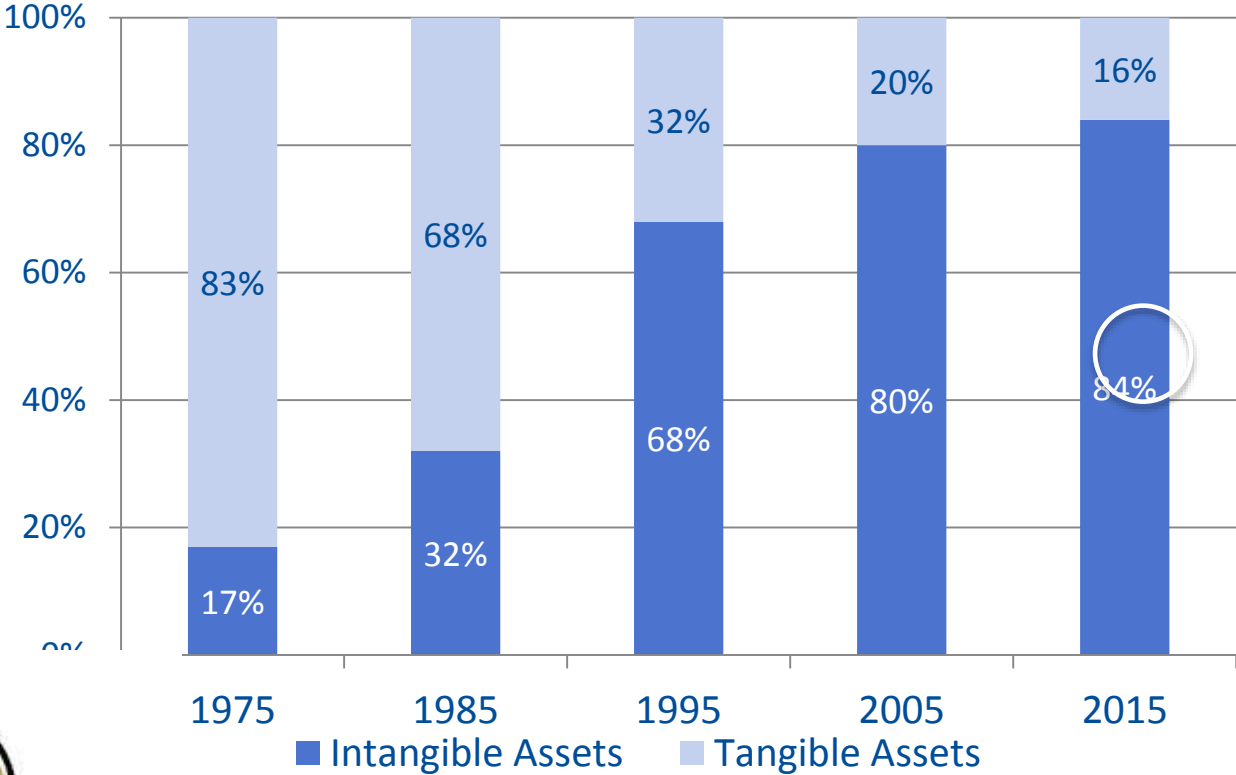
# THE IMPORTANCE OF CULTURE

According to **E&Y**, 55% of the FTSE 350 companies have seen a 10% increase in operating profits driven by their investment in culture.

Overall 92% of the Board Members of these companies said that a focus on culture has improved their financial performance.

# INTANGIBLE ASSETS MAKE UP MOST OF MARKET VALUE

Components of S&P 500



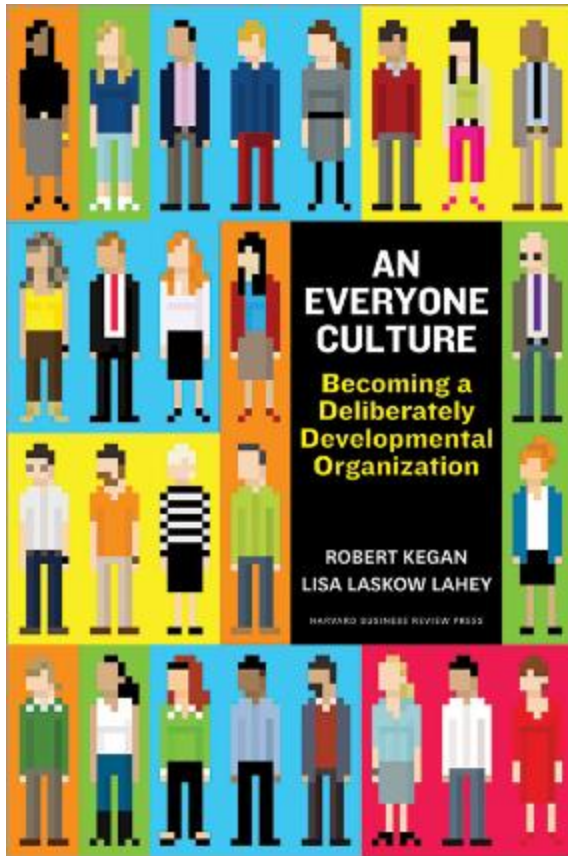
# “CULTURE EATS STRATEGY FOR BREAKFAST”



Peter Drucker

**“No matter how far reaching the vision or how brilliant the strategy, neither will be realized if it is not supported by the organisational culture.”** Luther Johnson

# THE CULTURE IS YOUR STRATEGY



The culture you create *is* your strategy. The key to success is becoming a deliberately developmental organization.

Dr. Robert Kegan



# DELIBERATELY DEVELOPMENTAL CULTURE



“A deliberately developmental organization is built around the simple but radical conviction that an organization will best prosper when it is more deeply aligned with people’s strongest motive, **which is to grow.**”

This means fashioning an organizational culture where supporting people’s development is woven into the fabric of working life—the regular operations, daily routines and conversations.”

*Kegan and Lahey*

# NEEDS AND VALUES

We **grow** when we are able to get our **needs** met.

Whatever our needs are, is what we value.

In other words, our values are a reflection of our needs, which in turn are a reflection of what is important to us at the stage of development we are at.

# THIS IS WHY VALUES-DRIVEN CULTURES ARE THE MOST SUCCESSFUL



# THEY CARE ABOUT THE NEEDS OF THEIR EMPLOYEES, AND ...



# ... THEY ALSO CARE ABOUT THE NEEDS OF THEIR STAKEHOLDERS



**Suppliers**



**INVESTORS**



**Community**

# WHAT ARE THE NEEDS OF YOUR EMPLOYEES?



# Employee's Needs

Employees needs are determined by the stage of psychological development they are at.



# THE SEVEN STAGES OF PSYCHOLOGICAL DEVELOPMENT





# A personal journey

Every person is on an evolutionary journey of psychological development.



# STAGES, LEVELS AND WORLD VIEWS

We grow in *stages* of psychological development

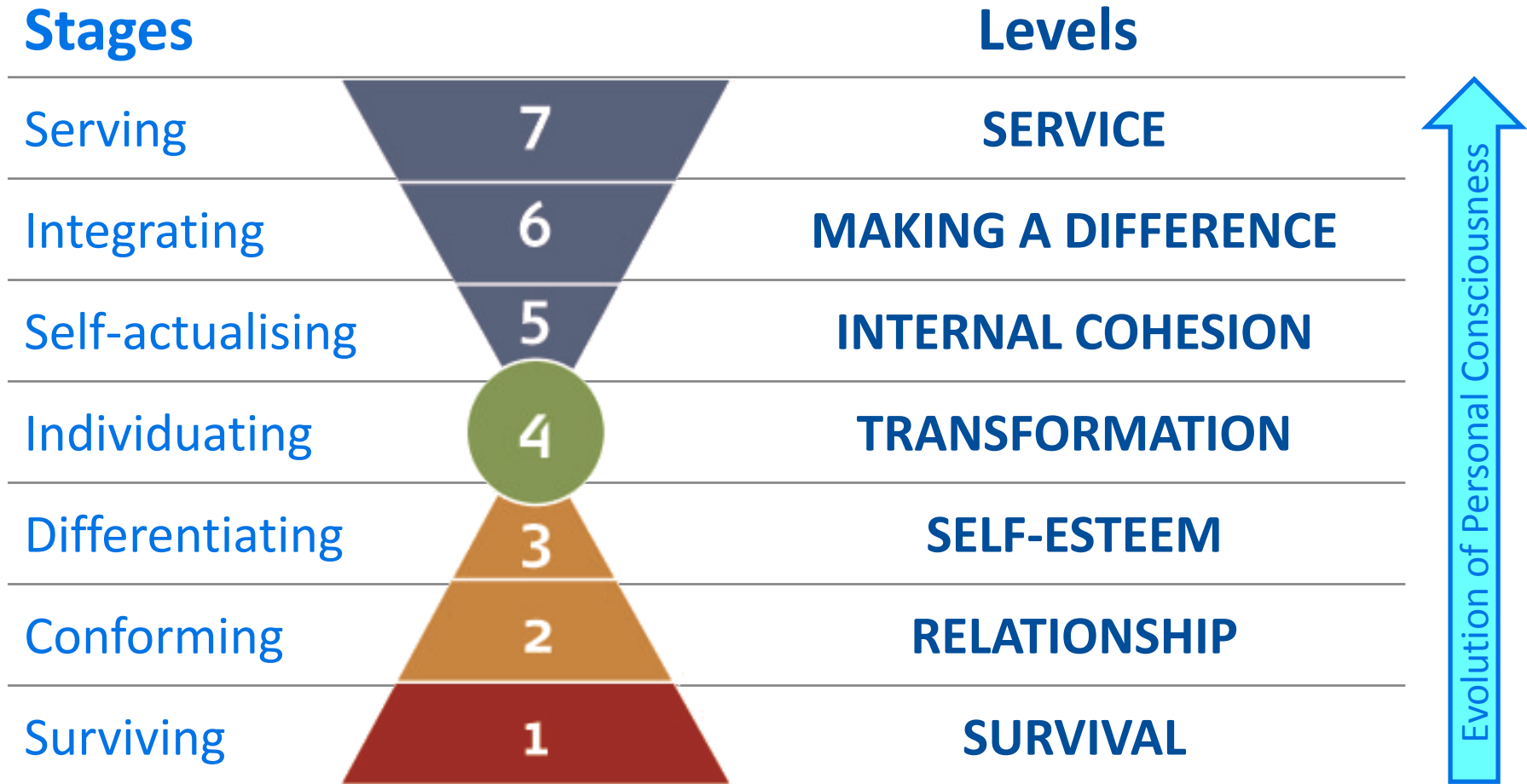
We operate at *levels* of consciousness

We live inside (are embedded in) cultural *world views*

# LEVELS OF CONSCIOUSNESS

All things being normal, the level of consciousness we operate from will correspond to the stage of psychological development we have reached.

# STAGES AND LEVELS



# STAGES OF PSYCHOLOGICAL DEVELOPMENT



**Surviving**

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

Motivation



# STAGES OF PSYCHOLOGICAL DEVELOPMENT



**Conforming**

# Stages of Psychological Development

Stage

Motivation



**Conforming**



**CHILDHOOD**  
**3-7 Years Old**

**Keeping safe and secure!**  
**LEARNING TO BE LOVED**  
**Ability to feel accepted and sense of belonging.**



# Stages of Psychological Development



## Differentiating

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

Motivation



**TEENAGER +  
8-24 Years Old**

**Differentiating**

**Distinguishing yourself!  
LEARNING TO BE RECOGNIZED  
Ability to feel respected  
and recognized by others.**

# STAGES OF PSYCHOLOGICAL DEVELOPMENT



## INDIVIDUATING

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

Motivation



# STAGES OF PSYCHOLOGICAL DEVELOPMENT



## SELF-ACTUALIZING

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

Motivation



# STAGES OF PSYCHOLOGICAL DEVELOPMENT



## INTEGRATING

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

Motivation

**INTEGRATING**



**MATURE ADULT  
50-59 Years Old**

**Aligning with others!  
CONNECTION**

**Ability to satisfy the desire  
to make a difference  
in your world.**



# STAGES OF PSYCHOLOGICAL DEVELOPMENT



**SERVING**

# STAGES OF PSYCHOLOGICAL DEVELOPMENT

Stage

**SERVING**



Motivation

**SENIOR**

**60+ Years Old**

**Finding fulfilment!**

**CONTRIBUTION**

**Ability to satisfy your  
desire to serve the  
greater good.**

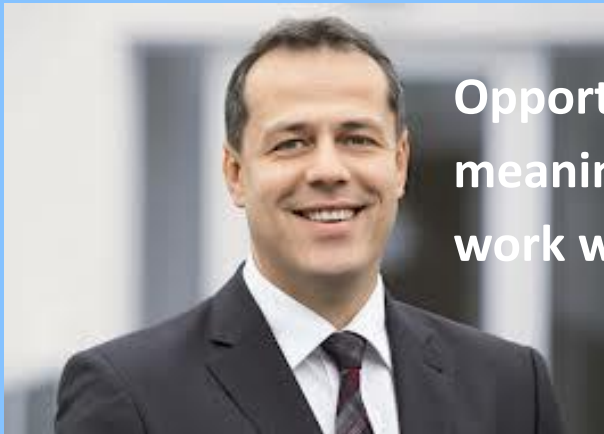
# SUMMARY OF THE NEEDS OF EMPLOYEES

**Opportunities to be involved in projects or processes that satisfy your need for freedom and autonomy.**



25-39 years

# SUMMARY OF THE NEEDS OF EMPLOYEES



Opportunities to satisfy your need to find meaning in your life by aligning your work with your sense of purpose.

40-49 years

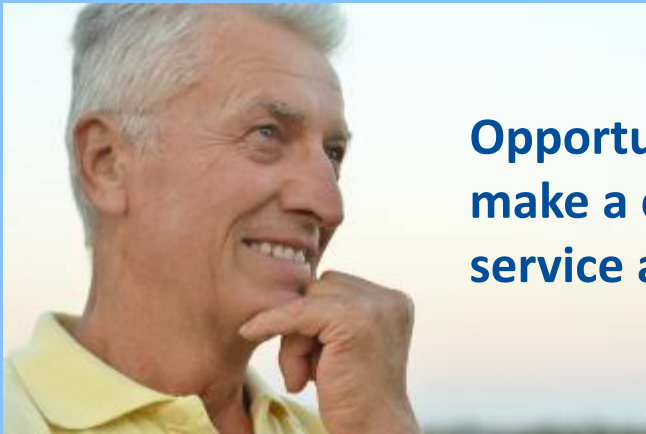
# SUMMARY OF THE NEEDS OF EMPLOYEES

Opportunities to satisfy your need to make a difference inside your organization or in the external world.



50-59 years

# SUMMARY OF THE NEEDS OF EMPLOYEES



**Opportunities to satisfy your need to make a contribution through self-less service and leave a lasting legacy.**

60 + years

# HIGHLY ENGAGED EMPLOYEES ARE EMPLOYEES WHO GET THEIR NEEDS MET

- Highly engaged employees identify with the company.
- They care passionately about the future of the company.
- They bring passion and purpose to their work.
- They are willing to invest their discretionary effort to make the company a success.
- They want the company to do the right thing.
- They want to feel pride in the way the company behaves.

# How Do You Know What EMPLOYEES NEEDS ARE?





# CARRY OUT A CULTURAL VALUES ASSESSMENT USING THE CULTURAL TRANSFORMATION TOOLS



# THE SEVEN LEVELS OF CONSCIOUSNESS MODEL

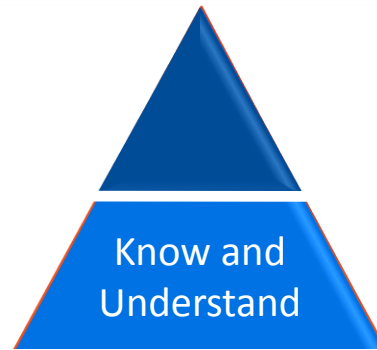


# ORIGINS OF THE SEVEN LEVELS MODEL



Abraham Maslow

Self Actualization



## Growth Needs

When these needs are fulfilled they do not go away, they engender deeper levels of motivation and commitment.

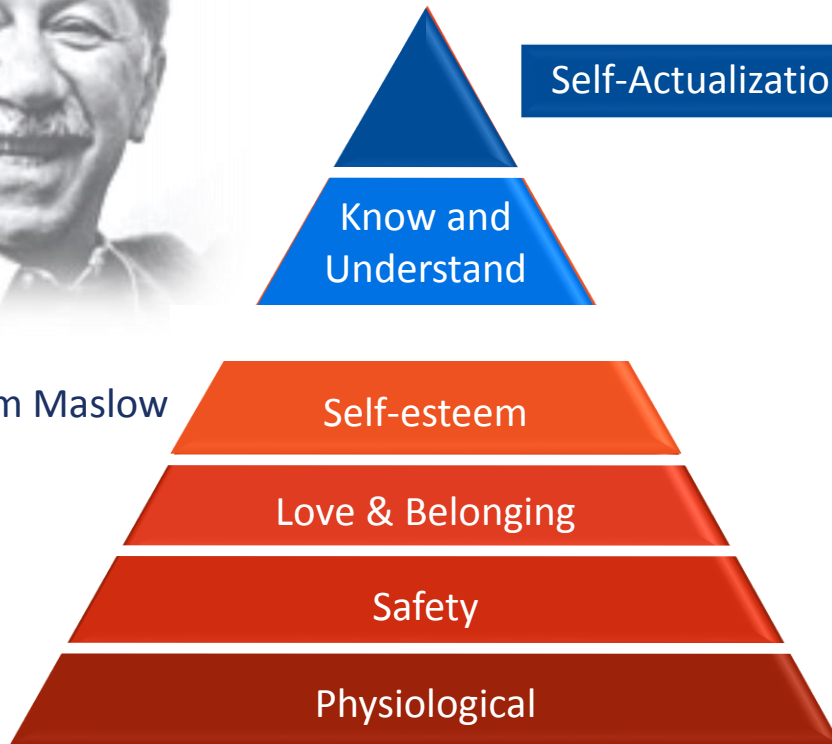
## Deficiency Needs

An individual gains no sense of lasting satisfaction from being able to meet these needs, but feels a sense of anxiety if these needs are not met.

# MASLOW'S NEEDS TO BARRETT'S CONSCIOUSNESS



Abraham Maslow



Needs

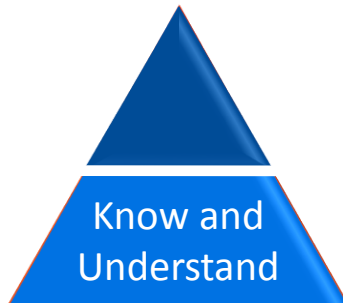


Richard Barrett



Consciousness

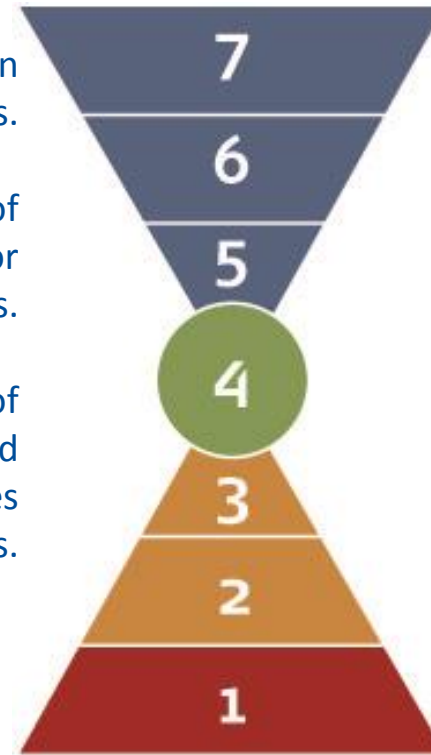
# MASLOW'S NEEDS TO BARRETT'S CONSCIOUSNESS



1. Expansion of self-actualization into multiple levels.

2. Substitute states of consciousness for hierarchy of needs.

3. Each state of consciousness is defined by specific values and behaviours.



Service

Making a difference

Internal Cohesion

Transformation

Self-esteem

Relationship

Survival

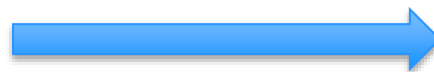
Self-esteem

Love & Belonging

Safety

Physiological

**Needs**



**Consciousness**

# THE SHIFT FROM “I” TO “WE”



# SEVEN LEVELS OF PERSONAL CONSCIOUSNESS

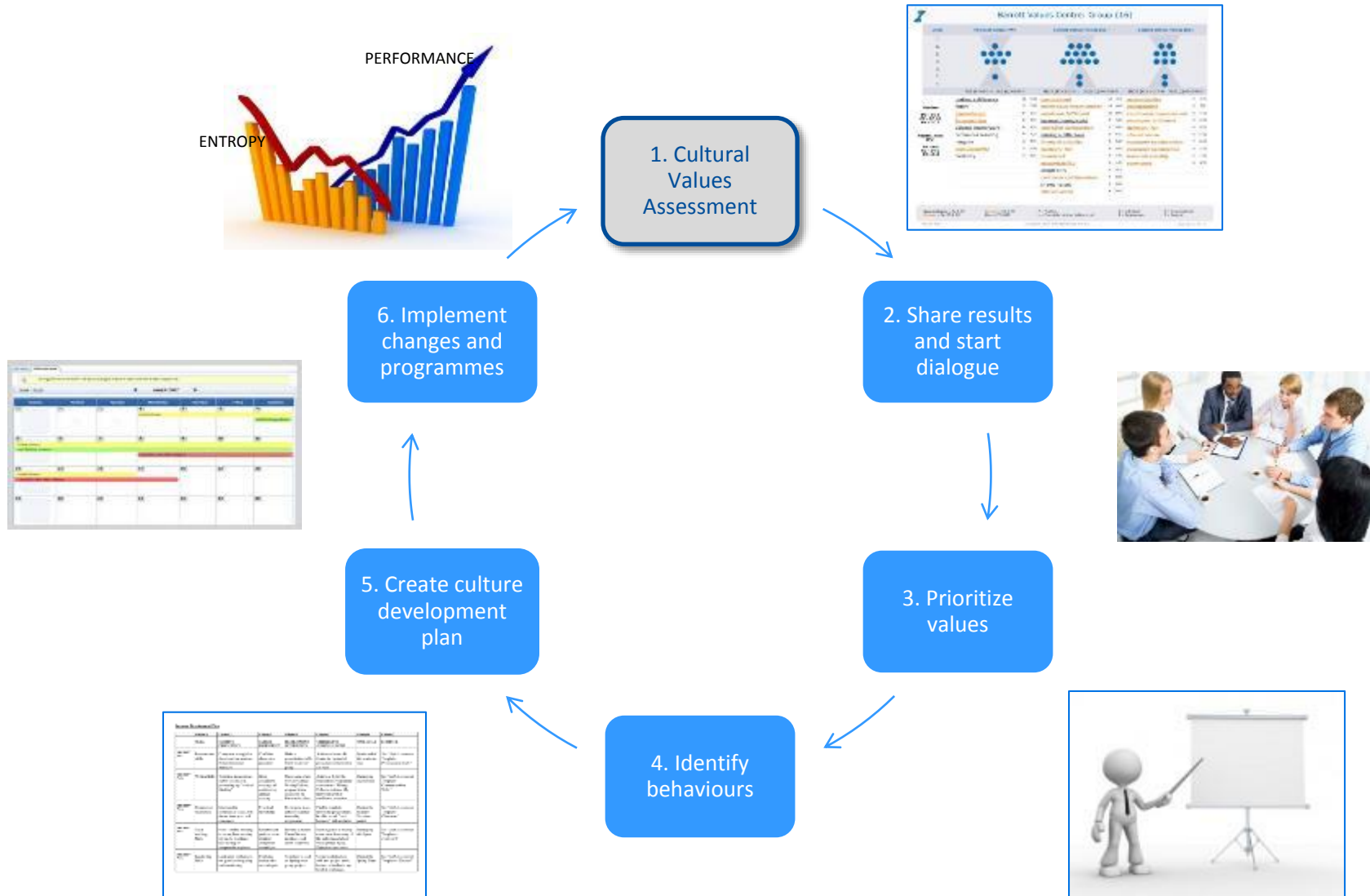


# SEVEN LEVELS OF ORGANISATIONAL CONSCIOUSNESS





# THE CULTURAL TRANSFORMATION PROCESS



## PERSONAL VALUES

Which of the following values/behaviours most reflect who you are? Pick ten.

## CURRENT CULTURE

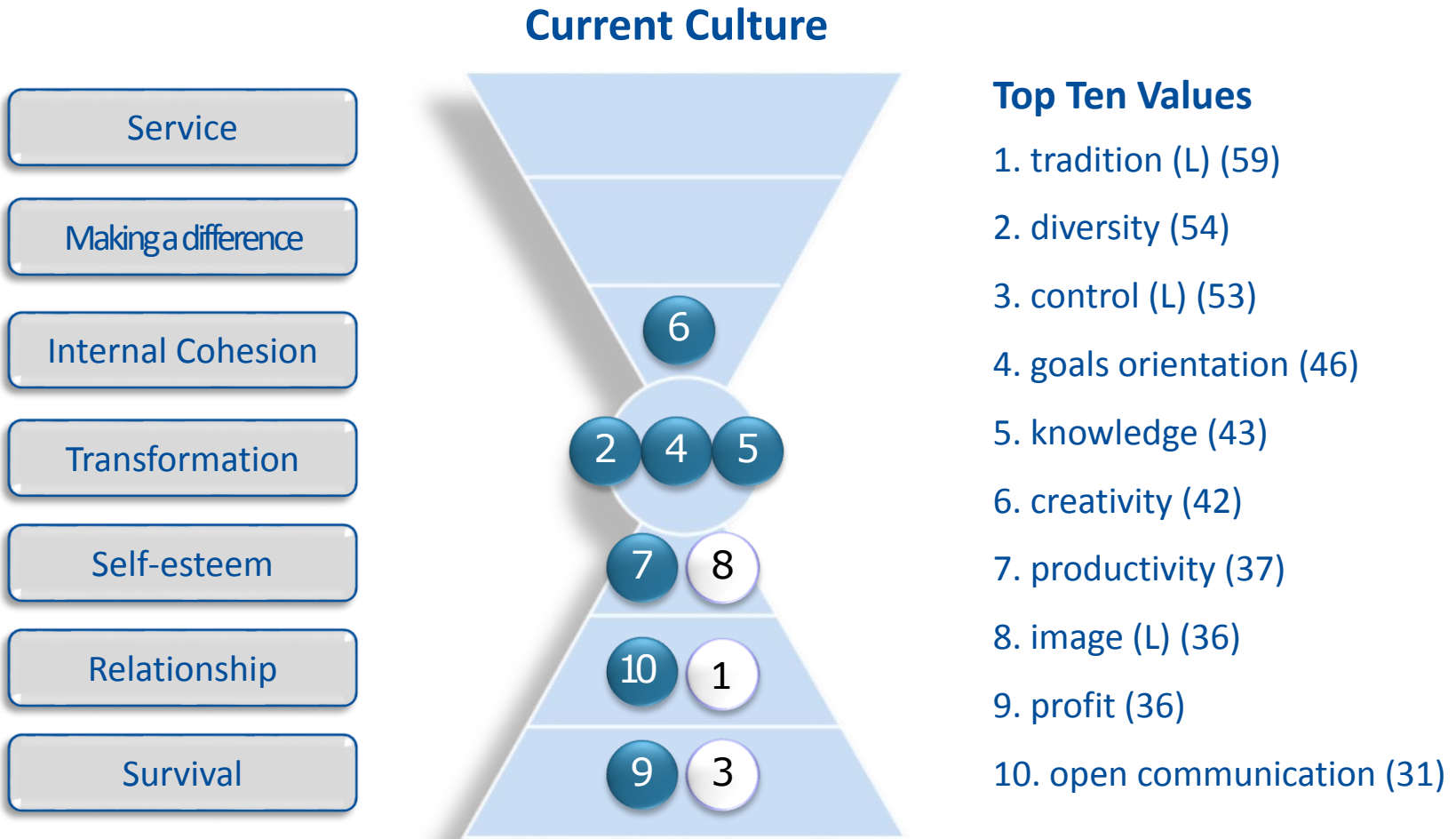
Which of the following values/behaviours most reflect how your organisation currently operates? Pick ten.

## DESIRED CULTURE

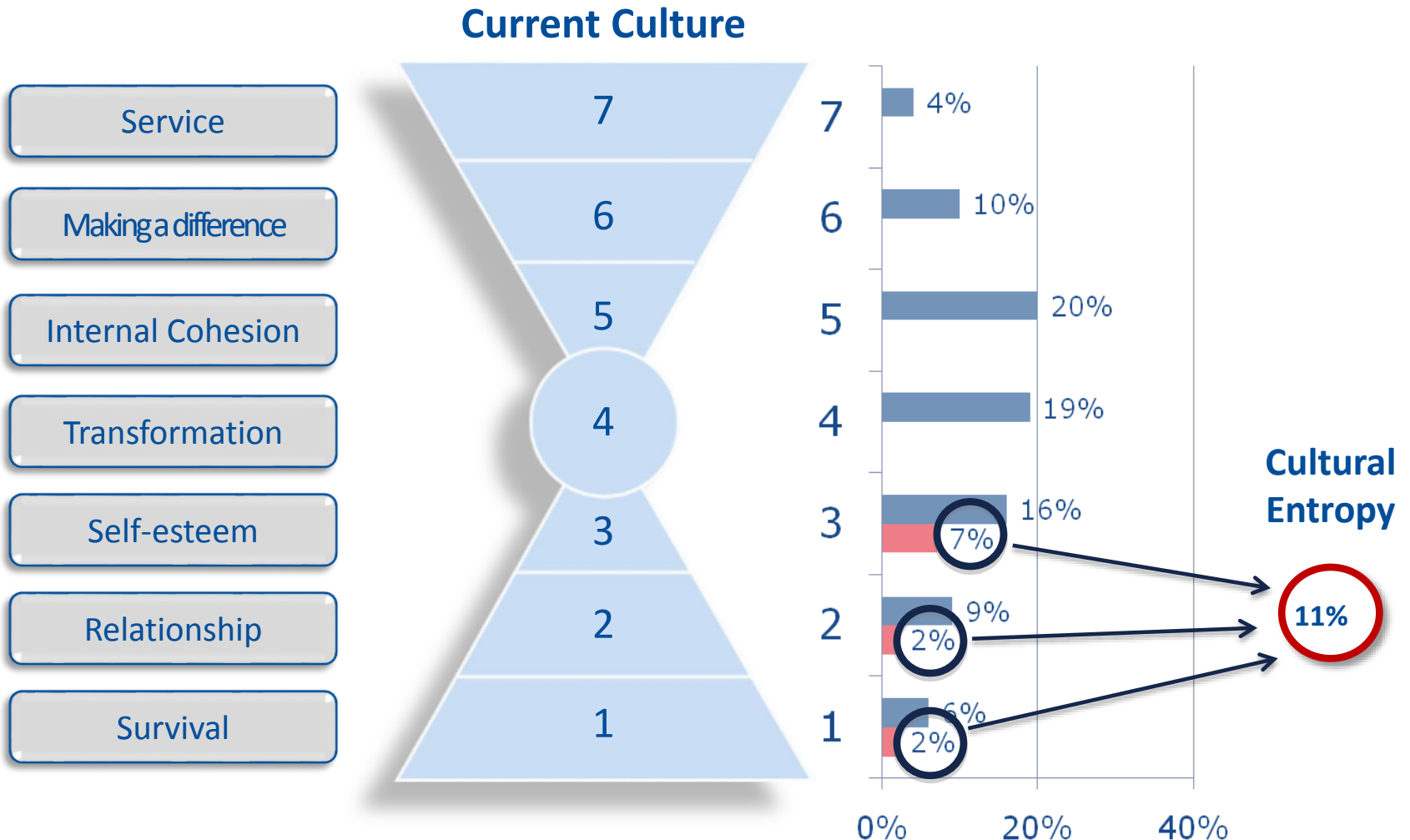
Which of the following values/behaviours most reflect how you would like your organisation to operate? Pick ten.



# PLACEMENT OF VALUES BY LEVEL (100 EMPLOYEES)



# PLACEMENT OF VALUES BY LEVEL (100 EMPLOYEES)

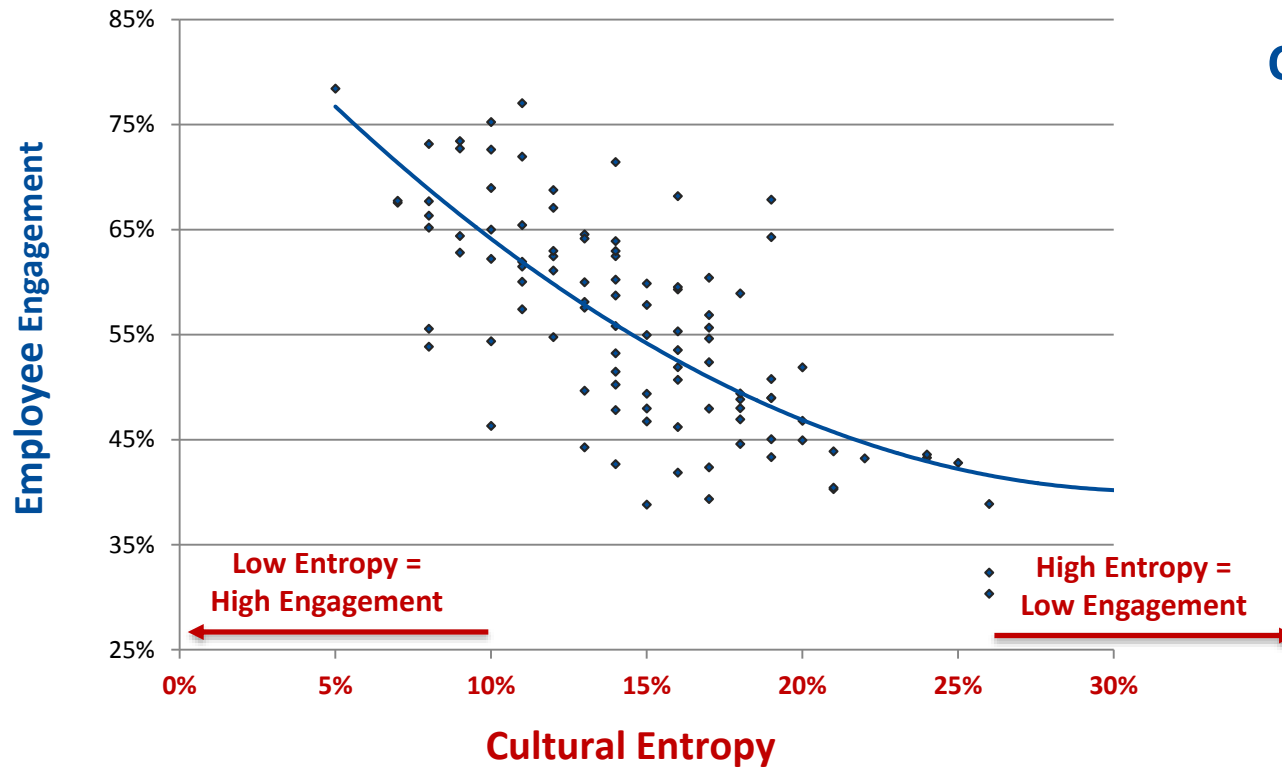


# WHAT IS CULTURAL ENTROPY?

The amount of energy that is consumed in an organisation doing unnecessary or unproductive work that does not add value.

It is a measure of the conflict, friction and frustration that employees encounter in their day-to-day activities that prevent the organisation from operating at peak performance.

# CULTURAL ENTROPY AND EMPLOYEE ENGAGEMENT



Cultural entropy significantly impacts employee engagement.

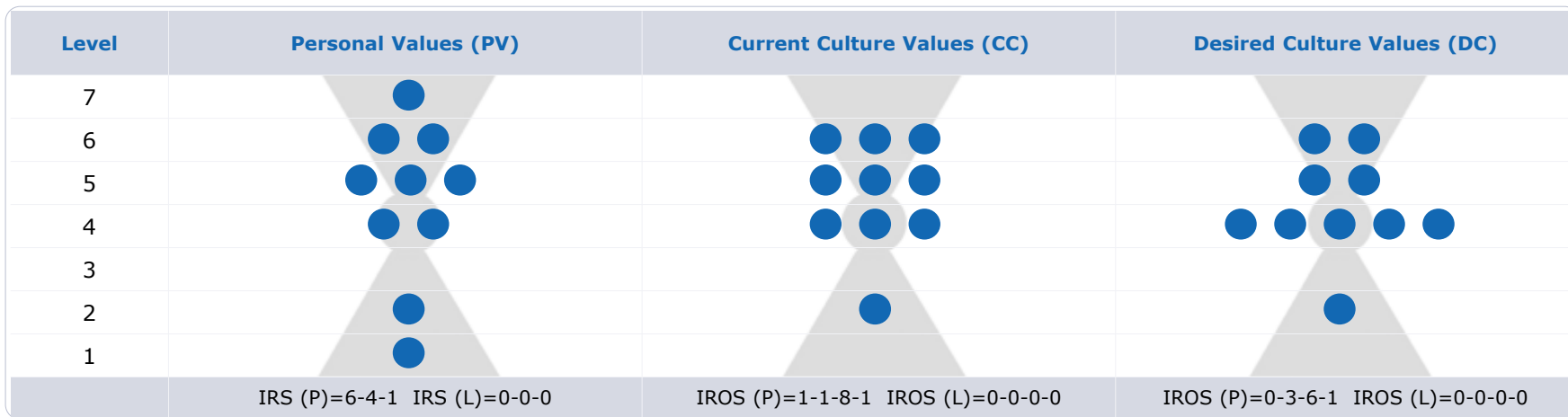
*Research carried out in 163 organisations in Australia by Hewitt Associates and the Barrett Values Centre in 2008.*

# CULTURAL ENTROPY AND EMPLOYEE ENGAGEMENT

<b>Cultural Entropy</b>	<b>Most employees are ....</b>
10% or less	<b>Highly Engaged</b>
11% to 20%	<b>Engaged</b>
21% to 30%	<b>Becoming Disengaged</b>
31% to 40%	<b>Disengaged</b>
41% or more	<b>Highly Disengaged</b>



# HIGHLY ENGAGED TEAM (19)



**Matches**  
 PV - CC 4  
 CC - DC 6  
 PV - DC 4

Cultural Entropy:  
 Current Culture  
 7%

family	15 2(R)	<i>customer satisfaction</i>	13 2(O)	<i>customer satisfaction</i>	12 2(O)
<i>making a difference</i>	13 6(S)	<i>making a difference</i>	13 6(S)	<i>continuous improvement</i>	10 4(O)
<u>humour/ fun</u>	11 5(I)	<u>commitment</u>	10 5(I)	<i>employee fulfilment</i>	10 6(O)
well-being	11 6(I)	<i>employee fulfilment</i>	10 6(O)	<i>making a difference</i>	9 6(S)
<u>continuous learning</u>	10 4(I)	<i>continuous improvement</i>	9 4(O)	<i>shared vision</i>	9 5(O)
<u>commitment</u>	8 5(I)	<u>humour/ fun</u>	9 5(O)	<u>continuous learning</u>	8 4(O)
<u>accountability</u>	7 4(R)	<i>shared vision</i>	9 5(O)	<u>accountability</u>	6 4(R)
financial stability	7 1(I)	customer collaboration	8 6(O)	innovation	6 4(O)
<u>trust</u>	7 5(R)	balance (home/work)	6 4(O)	<i>teamwork</i>	6 4(R)
compassion	6 7(R)	<i>teamwork</i>	6 4 (R)	<u>trust</u>	6 5(R)

Black Underline = PV & CC  
 Orange = PV, CC & DC

Orange = CC & DC  
 Blue = PV & DC

P = Positive  
 L = Potentially Limiting (white circle)

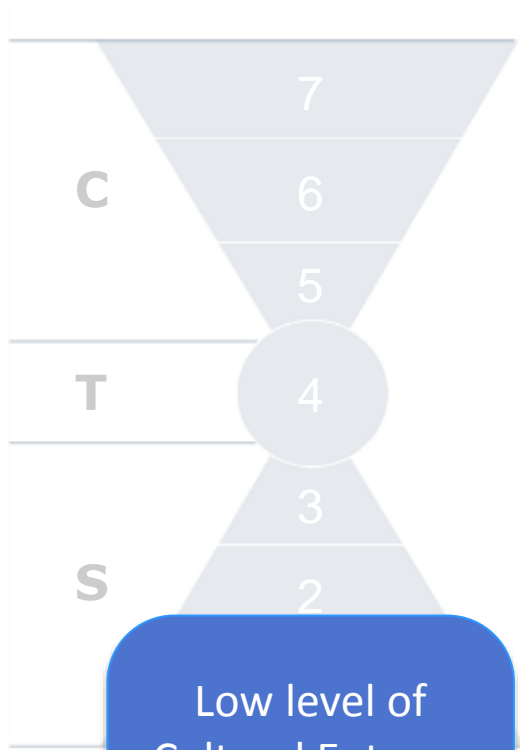
I = Individual  
 R = Relationship

O = Organisational  
 S = Societal



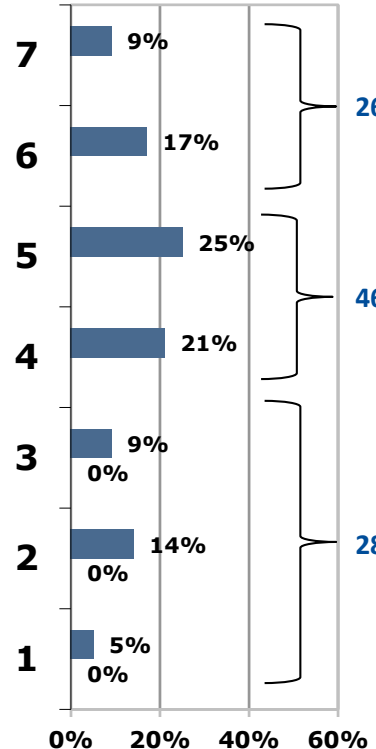


# HIGHLY ENGAGED TEAM (19)



Low level of Cultural Entropy = High level of Employee Engagement

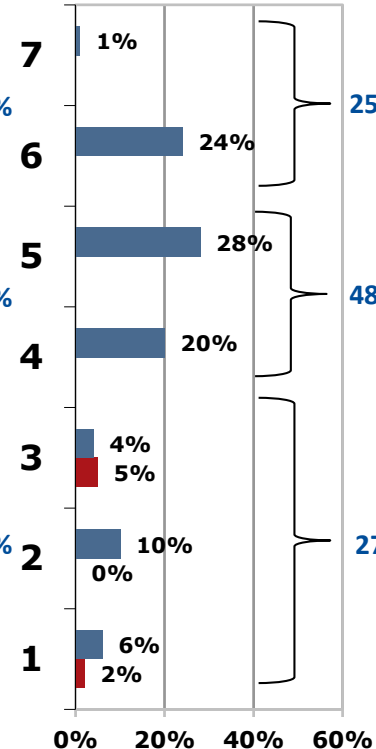
Personal Values



CTS = 51-21-28

Cultural Entropy = 0%

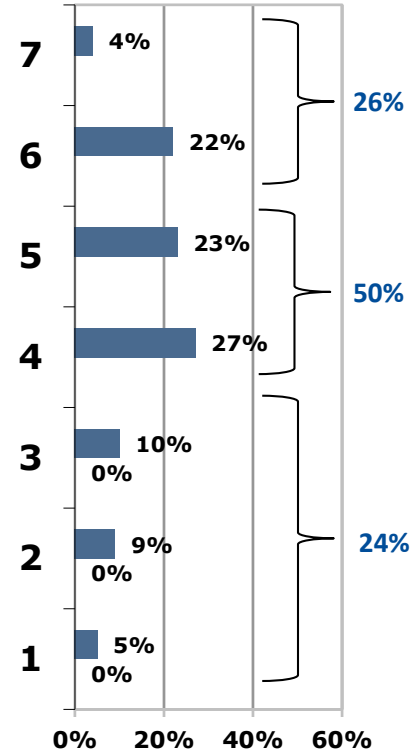
Current Culture Values



CTS = 53-20-27

Cultural Entropy = 7%

Desired Culture Values



CTS = 49-27-24

Cultural Entropy = 0%

C = Common Good  
T = Transformation  
S = Self-Interest

■ Positive Values  
■ Potentially Limiting Values



# HIGHLY DISENGAGED TEAM(24)

Level	Personal Values (PV)	Current Culture Values (CC)	Desired Culture Values (DC)
7			
6			
5	● ● ● ● ●		
4	● ● ●	●	● ● ● ● ● ●
3	●	● ○ ○ ○ ○ ○ ○	● ● ●
2	●	○ ○	●
1		○	
	IRS (P)=9-3-0 IRS (L)=0-0-0	IROS (P)=0-0-3-0 IROS (L)=0-3-5-0	IROS (P)=0-3-8-0 IROS (L)=0-0-0-0
	commitment 26 5(I)	confusion (L) 15 3(O)	continuous improvement 11 4(O)
	honesty 12 5(I)	long hours (L) 12 3(O)	information sharing 10 4(O)
	integrity 9 5(I)	short-term focus (L) 11 1(O)	<b>quality</b> 9 3(O)
	adaptability 8 4(I)	blame (L) 10 2(R)	customer satisfaction 8 2(O)
	<b>continuous learning</b> 8 4(I)	information hoarding (L) 9 3(R)	teamwork 8 4(R)
	responsibility 8 4(I)	manipulation (L) 8 2(R)	accountability 7 4(R)
	cooperation 8 5(R)	hierarchy (L) 8 3(O)	professionalism 7 3(O)
	<b>efficiency</b> 7 3(I)	results orientation 7 3(O)	<b>efficiency</b> 6 3(O)
	family 6 2(R)	bureaucracy (L) 6 3(O)	balance (home/work) 6 4(O)
	humour/ fun 6 5(I)	<b>quality</b> 6 3(O)	<b>continuous learning</b> 6 4(O)

**Matches**  
 PV - CC 0  
 CC - DC 1  
 PV - DC 2

**Cultural Entropy:**  
**Current Culture**  
**47%**

Black Underline = PV & CC  
 Orange = PV, CC & DC

Orange = CC & DC  
 Blue = PV & DC

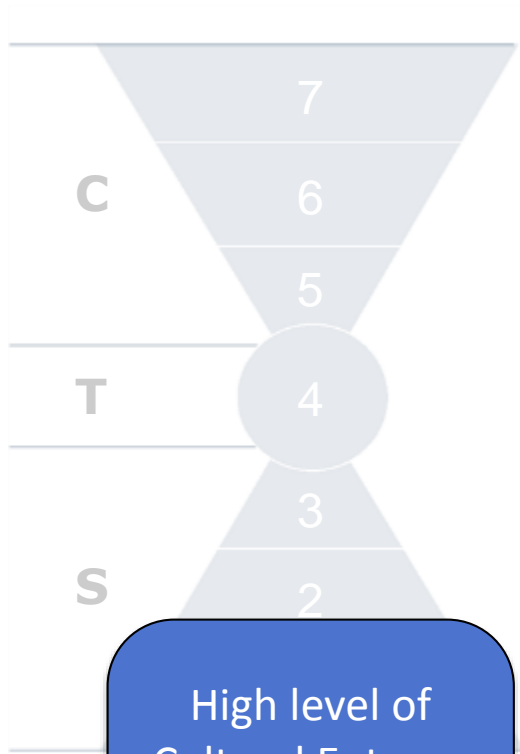
P = Positive  
 L = Potentially Limiting (white circle)

I = Individual  
 R = Relationship

O = Organisational  
 S = Societal

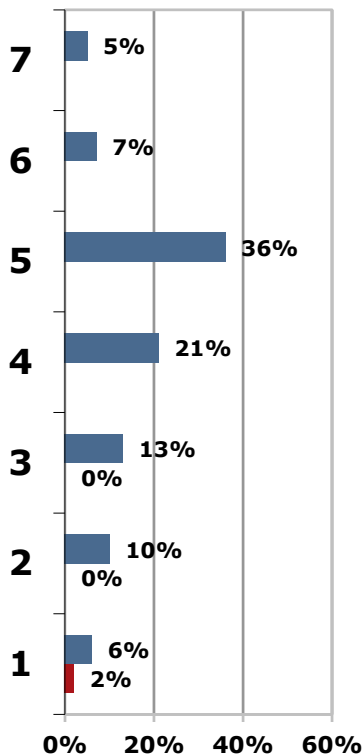


# HIGHLY DISENGAGED TEAM (47)



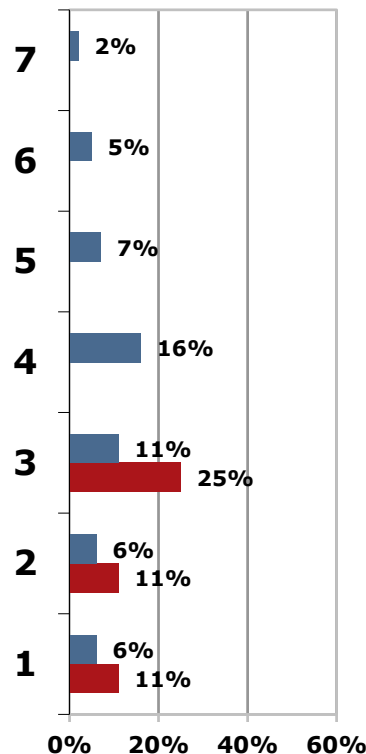
High level of Cultural Entropy = Low level of Employee Engagement

### Personal Values



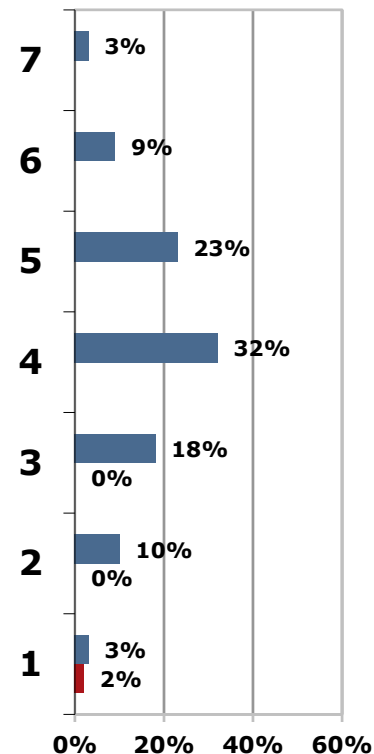
CTS = 48-21-31  
Cultural Entropy = 2%

### Current Culture Values



CTS = 14-16-70  
Cultural Entropy = 47%

### Desired Culture Values

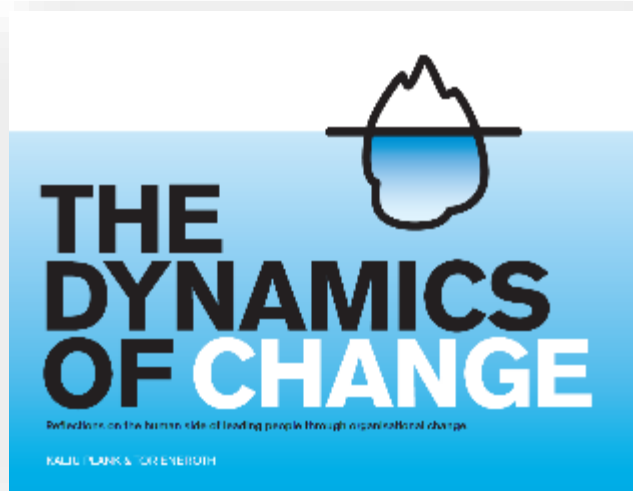


CTS = 35-32-33  
Cultural Entropy = 2%

C = Common Good  
T = Transformation  
S = Self-Interest

■ Positive Values  
■ Potentially Limiting Values

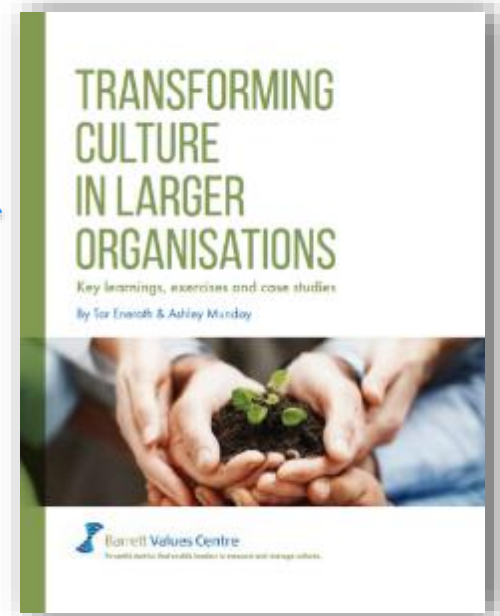
# FREE MATERIALS



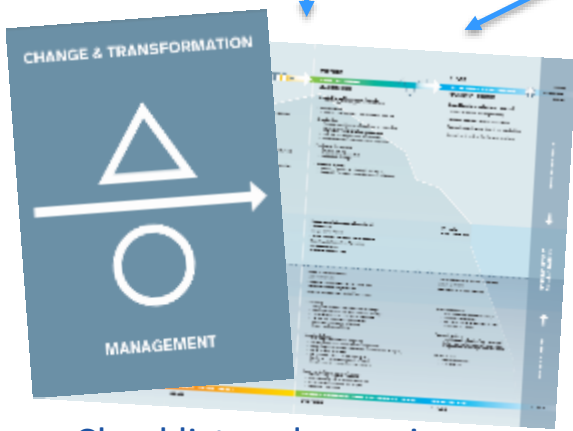
To lead people through change



To grow a shared culture



To plan and lead cultural transformation



Checklist and overview

Available on [www.valuescentre.com](http://www.valuescentre.com)

For more information  
and get a copy of this presentation  
go to:

[www.richardbarrett.net](http://www.richardbarrett.net)

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[www.valuescentre.com](http://www.valuescentre.com)