

Vice Admiral Thomas Rowden, commander, Naval Surface Forces, U.S. Pacific Fleet, speaks to Sailors assigned to *Arleigh Burke*-class guided-missile destroyer USS *Shoup* during his visit to Naval Station Everett, November 1, 2016 (U.S. Navy/Joseph Montemarano)



# A Strategic Leader's Guide to Transforming Culture in Large Organizations

By Mark Schmidt and Ryan Slaughter

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As the Department of Defense (DOD) transitions to a new administration, it will be accompanied by numerous editorials advocating for equipment modernization and changing our theater-specific postures. Many of these discussions will call for altering DOD's current strategy. In essence, they will reiterate a dogmatic logic among the department's leadership: the best way to solve a problem is to develop a new strategy. To succeed, we must realize that focusing mainly on strategy will cause us to overlook our greatest advantage—organizational culture.

Patrick Lencioni relates the importance of organizational health (culture) this way: "The single greatest advantage any company can achieve is organization health. Yet it is ignored by most leaders even though it is simple, free, and available to anyone who wants it."<sup>1</sup> Prior to

overhauls of our current strategy, the new administration should ask DOD strategic leaders—the Secretary of Defense, Chairman of the Joint Chiefs of Staff, Service chiefs, and combatant and component commanders—to focus on creating or fostering a healthy culture. These top-tier military leaders are uniquely responsible and positioned to forge a culture that will increase engagement, innovation, and empowerment, yielding a military that promotes and retains its best practices and warfighters. This article presents a brief overview of organizational culture followed by a three-part construct that enables strategic leaders to assess, benchmark, and positively transform DOD culture. As part of the leadership transition, incoming strategic leaders should first assess the culture of the entire organization and benchmark the assessment across the DOD and against private sectors. Once DOD culture is benchmarked, an informed plan based on the findings should be implemented to promote and retain the most talented workers.

## Organizational Culture

Three decades ago, Edgar Schein introduced us to embedding mechanisms, which serve as the conscious and subconscious ways of forming organizational culture. Schein defines *organizational culture* as “a pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, which has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.”<sup>2</sup> He identifies six primary and six secondary embedding mechanisms as a way leaders measure success, react to crises, teach their values, reward performance, and preserve talent within their organization.<sup>3</sup> These mechanisms are used by strategic leaders to instill their convictions and form a shared belief system by substituting continuous organizational oversight with guidance on how to perceive, think, feel, and behave.<sup>4</sup> At the tactical level, a leader can develop and manage culture through charisma

and personal interactions.<sup>5</sup> Because of the size of DOD, strategic leaders rely mostly on embedding mechanisms, which serve as more formal and procedural mechanisms that support and reinforce the primary messages.<sup>6</sup> It is important for leaders to understand which embedding mechanisms are in place that foster or impede positive culture change. When embedding mechanisms misalign with a leader’s vision, culture suffers because subordinates are confused by what the boss values. We focus on 3 of Schein’s 12 embedding mechanisms, 2 primary and 1 secondary, to show where potential exists to transform culture in the Defense Department. The three-step process is as follows:

- assess and benchmark organizational culture
- embrace feedback
- transform the culture.

## Assess and Benchmark Organizational Culture

*Embedding Mechanism 1: What leaders pay attention to, measure, and control on a regular basis.*<sup>7</sup> If you ask a combatant commander or Service chief the location of organizational assets and their readiness, the leader could quickly generate plenty of readiness statistics, asset facts, and preparedness measurements. This collection of highly valuable metrics is critical in making informed decisions, and no strategic leader would commit to action without them. However, it is our assessment that if we ask the same leaders, “How’s your culture?” you will likely get less precise responses. Interestingly, readiness and some of the biggest challenges in DOD are culture-based (for example, sexual assault, suicide, and retention). It is likely that strategic leaders are less prepared to assess organizational culture because it is considered not essential for organizational effectiveness or too hard to measure.

Currently, DOD has no standardized metric that benchmarks all the Service cultures. While working at Gallup, Marcus Buckingham and Curt Coffman introduced a short survey that measures

culture in their book, *First, Break All the Rules: What the World’s Greatest Managers Do Differently*. Gallup has studied and measured human behavior and organizational culture for over 80 years. After decades of employee surveys that included 100 to 200 questions, broad audiences, and little effect, they identified five tenets necessary for an effective survey instrument. When measuring the strength of an organization’s culture, surveys must be focused, measure what’s important, be comparable, reinforce local accountability, and emphasize the process rather than specific events. From Gallup’s study emerged the Q<sup>12</sup> survey of employee engagement. The Q<sup>12</sup> has been administered to millions of employees representing thousands of organizations and demonstrates how measuring engagement is a key factor in high performing teams. The survey asks employees to assess their workplace experience by scoring their level of agreement with 12 statements (see table), typically on a five-point Likert scale ranging from “strongly disagree” to “strongly agree.”<sup>8</sup> The responses are scored individually and as an aggregate.

DOD should consider the Gallup Q<sup>12</sup> as an ideal commercial off-the-shelf program and coordinate its administration to all Services and civilian sectors in DOD. The Q<sup>12</sup> contains the core elements needed to attract, focus, and keep the most talented employees.<sup>9</sup> This cost-effective, proven, and brief metric will avoid survey fatigue experienced by today’s warfighter, while offering a unique glimpse into organizational culture. This new perspective will highlight where successes and failures can be expected and turn the key to lasting cultural improvement. Once implemented, the Secretary of Defense could ask a Service chief or combatant commander, “How’s the culture in your organization?” and expect a clear and standardized indicator of that organization’s level of employee engagement and readiness. Also, benchmarking the results against other agencies and companies allows the strategic leader to assess how engaged, innovative, and empowered its culture is by comparing both public and private sectors.

**Table. Gallup Q<sup>12</sup>: Items That Drive Performance**

I know what is expected of me at work.
I have the materials and equipment I need to do my work right.
At work, I have the opportunity to do what I do best every day.
In the last 7 days, I have received recognition or praise for doing good work.
My supervisor, or someone at work, seems to care about me as a person.
There is someone at work who encourages my development.
At work, my opinions seem to count.
The mission or purpose of my company (organization) makes me feel my job is important.
My associates or fellow employees are committed to doing quality work.
I have a best friend at work.
In the last 6 months, someone at work has talked to me about my progress.
This last year, I have had opportunities at work to learn and grow.

Source: Marcus Buckingham and Curt Coffman, *First, Break All the Rules: What the World's Greatest Managers Do Differently* (New York: Simon & Schuster, 1999), 28.

It is likely that strategic leaders will be tempted to create a different or tailored survey measuring culture. Schein emphasizes the ultimate challenge of the strategic leader “is the ability to step outside the culture that created the leader and to start evolutionary change processes that are more adaptive. This ability to perceive the limitations of one’s own culture and to develop the culture adaptively is the essence and ultimate challenge of leadership.”<sup>10</sup> Cognitive bias and blind spots, which are inherent in all organizations, will likely create a survey that measures what “the boss” wants to measure. Also, leaders need to be aware of survey fatigue caused by overloading warfighters with surveys. Using the Q<sup>12</sup> survey will allow our strategic leaders to step outside of the culture that created them and build an accurate picture of the culture within the organization.

By using a standard measurement in assessing organizational culture that is short and consistent, strategic leaders will create an embedding mechanism that will help generate a more engaged, innovative, and empowered culture. The feedback from the assessment is a call to action for strategic leaders and the organizations they lead.

### Embrace Feedback

*Embedding Mechanism 2: Leader reactions to critical incidents and organi-*

*zational crises.*<sup>11</sup> Once the culture is measured, the challenge for the strategic leader is how to process and orchestrate change that creates a positive outcome. A survey of this size and scope will help identify critical characteristics that have the potential to lead to an organizational crisis. The potential crisis would serve as an impetus to initiate necessary cultural changes within DOD. For DOD to transform its culture, its strategic leaders should emphasize and demonstrate an organizational ability to receive, process, and respond to feedback.

Strategic leaders have the responsibility of modeling a feedback-receptive culture. Rather than contemplating ways to reword a message for unreceptive audiences, our strategic leaders should evaluate what embedding mechanisms are in place that create a culture that is adversely affecting their organizational effectiveness. If strategic leaders personally demonstrate the acceptance of feedback and implement change by altering embedding mechanisms that are negatively affecting culture, they will create a culture that is more receptive to feedback. The feedback-receptive leader will be the catalyst for creating a more engaged, innovative, and empowered culture.<sup>12</sup>

It is essential for strategic leaders to influence and shape organizational culture through embedding mechanisms

because they do not have tactical control of units within the organization. If a measurement reveals the values of an organization are not in alignment with its culture, it is likely that embedding mechanisms in the strategic leader’s organization are partially, if not solely, responsible for the unhealthy culture. If strategic leaders find cultures within their organization that negatively affect engagement, innovation, and empowerment, they should first evaluate which embedding mechanisms are in place that are enabling toxic cultures.

By treating feedback as a call to action to change embedding mechanisms, strategic leaders create an environment of trust and learning. Nothing affects the learning culture of an organization more than the skill with which its executive team receives feedback.<sup>13</sup> A strategic leader who models how to receive and process feedback creates an environment that models how to react to critical incidents. The trust built by the strategic leader who demonstrates ownership of feedback without retribution fosters organizational value alignment and invites positive change.

### Transform the Culture

*Embedding Mechanism 3: Changing organizational systems and procedures.*<sup>14</sup> Although using embedding mechanisms that focus on a process are important in transforming organizational culture, the goal is to create an environment conducive to behavior change. Behavior change happens in highly successful situations when leaders speak to people’s feelings.<sup>15</sup> As the workforce continues to diversify, greater mental agility is required when seeking to relate to people, change behavior, and transform culture.

The following model depicts how strategic leaders can harness the power of feedback and deliberately create engaged, innovative, and empowered organizations. Ultimately, the model seeks to foster healthy relationships necessary for a feedback-receptive culture. There are four steps to ensure a feedback receptive culture is created and sustained:



Retired Soldier and member of Statewide Prevent Suicide Hawaii Taskforce speaks to Seaman after suicide prevention seminar on Joint Base Pearl Harbor–Hickam, September 24, 2013 (U.S. Navy/Diana Quinlan)

- Leadership buy-in to subordinates
- Subordinate gives permission to be taught
- Leader and subordinates become vulnerable (creating the ability to identify strengths and weaknesses)
- Proper administration of feedback.

*Step 1: Leadership buy-in to subordinates.* First, strategic leaders must demonstrate to subordinates that they have bought into their potential for growth and development. All of us have experienced the feeling when a teacher, coach, or leader has recognized our unseen potential. A bought-in leader sees unrecognized potential and abilities of the people in the organization. The bought-in strategic leader understands and communicates how important each warfighter is to mission success. She expects to release the potential of individuals within the organization, and her subordinates are aware of it. All of

us can recognize a coach, instructor, or leader who believes in our ability and sees unrealized potential because “human beings have hard-wired systems exquisitely designed to let us know where we stand with others.”<sup>16</sup> Strategic leaders with buy-in use verbs such as “need,” “believe,” “trust,” “proud,” and, dare we say, “love,” to communicate how to accomplish the mission. Working in organizations where leaders regularly display buy-in, subordinates understand the high expectations levied upon them.

The bought-in leader defends against inferior expectations for individuals within the organization. For example, some managers believe today’s millennials have an unreasonable sense of entitlement that renders them unable to perform at high levels.<sup>17</sup> This claim lacks merit for the bought-in leader; the bought-in leader views the Millennial workforce as less willing to tolerate stagnant development or poor leadership for

the sake of “having a good job.”<sup>18</sup> For the bought-in leader, generational or cultural differences are not treated as hindrances, but welcomed as characteristics of a thriving workplace environment. In a culture created by the bought-in leader, subordinates understand that their place within the organization is meaningful and relevant and refuse to accept lowered expectations.

*Step 2: Subordinate gives permission to be taught.* Once the strategic leader communicates buy-in to the warfighter, workers within the organization will start opening up and eventually give permission to be led. Permission to be directed and taught means the warfighter trusts the leader. After establishing trust in the relationship, the leader has the precious opportunity to identify the subordinate’s weaknesses and strengths in a meaningful and longstanding way.

Permission to lead and teach subordinates cannot be assumed or taken for



Marines and Sailors aboard amphibious assault ship USS *Makin Island* run Sexual Assault Awareness and Prevention Month 5K on flight deck, April 21, 2017 (U.S. Navy/Clark Lane)

granted by leaders. If the leader fails to garner permission, they are inevitably frustrated when well-intended feedback goes unheeded. Conversely, with permission granted, the leader and subordinate find even the slightest observation an actionable priority to improve individual performance and better the organization.

*Step 3: Leader and subordinates become vulnerable.* The opportunity to identify weaknesses and correct behavior means people become vulnerable to feedback. Great leaders create an environment allowing openness and vulnerability because workers know their vulnerability is handled with care and good intentions. A failure to do so will cause warfighters to withdraw and build barriers to productive feedback. Conversely, the welcoming of vulnerability in the leader-follower relationship opens the communication channels for feedback, which will improve the individual and benefit the organization. A leader's willingness to engage with vulnerability "determines the depth of our courage and the clarity of our purpose."<sup>19</sup>

*Step 4: Proper administration of feedback.* Finally, the strategic leader who demonstrates buy-in, earning permission to coach and lead, and who then correctly handles vulnerability will create an environment where subordinates are open to feedback. In Doug Stone and Sheila Heen's book *Thanks for the Feedback*, they point out that handling feedback is difficult because it puts two fundamental human desires against each other. The first desire is being accepted and respected in the current state and the second desire is wanting to learn and grow.<sup>20</sup> Understanding the conflicting nature of feedback demonstrates that feedback must be formulated properly, but not softened. Stone and Heen compartmentalize feedback into three categories: appreciation, coaching, and evaluation.<sup>21</sup>

We believe military leaders get feedback wrong because they mix the different types of feedback. Stone and Heen point out that because evaluation is the most emotionally loud, it drowns out coaching, the most productive form

of feedback for improvement. Therefore, leaders need to separate coaching and evaluation when giving feedback.<sup>22</sup> An example of how leadership incorrectly uses feedback is in quarterly and annual awards. At the tactical and operational levels, some leaders believe quarterly and annual awards show appreciation for performance, but subordinates view awards as a form of evaluation. We are not arguing against awards, but leaders need to understand that subordinates perceive awards as evaluation among peers and not appreciation. This is just one example of where leaders mix evaluation with coaching and appreciation leading to evaluation drowning out the other forms of feedback. Commanders will improve the culture if they understand the differences between appreciation, coaching, and evaluating, and make every effort to teach and coach while being selective of the moments to rank or score (evaluate) performance. Leadership that understands the three types of feedback and how to employ them will create an embedding

mechanism of organizational systems and procedures that properly handles feedback. The result will be an organizational culture that understands feedback by realizing the good intentions and merits of both the message and the messenger.

Promoting individual growth and development through feedback is critical for organizational advancement. The challenge for strategic leaders is harnessing the power of feedback to create an environment that encourages engagement and transforms culture. Perhaps the worst indictment of any feedback process is a perception that nothing is going to change within the organization.

Embedding mechanisms of organizational systems and procedures that enhance feedback have the ability to reach every worker in DOD. Because feedback affects everyone, understanding and improving the way leaders receive and send feedback is an organizational procedure that has great potential in transforming DOD culture. As Stone and Heen point out, it is important to standardize data collection, “but you can’t ‘metric’ your way around the fact that feedback is a relationship-based, judgment-based process.”<sup>23</sup> A leader who understands how to communicate buy-in to subordinates and then grow and develop the team with sound feedback loops between sender and receiver will create a more engaged, innovative, and empowered organization.

## Summary

Some would argue that DOD and its all-volunteer force do not need another survey and feedback model to improve organizational performance by transforming culture. Or trying to measure and transform culture will waste time and money in an organization that is busy accomplishing the mission. If the survey and model are implemented, it will be an imperfect plan executed by imperfect people leading to sometimes-less-than stellar results. But strategic leaders need to understand that a majority of DOD employees are not frustrated with the “strategy” of an organization; rather, most warfighters’ frustration stems from cultures that do not promote the values that create an engaged, inno-

vative, and empowered culture. After all, if “culture eats strategy for breakfast,” measuring and transforming the culture of DOD has the greatest potential in creating an organization that promotes engagement and innovation through an empowered workforce.<sup>24</sup>

Without delay, DOD’s strategic leaders should employ a simple, thorough, and brief Q<sup>12</sup> survey to measure its organizational culture. The survey’s findings will serve as an indicator of employee engagement and organizational culture. The culture assessment and benchmarking will create insight and reveal the appropriate reorientation needed to generate the force of the future. Changes must be embraced and modeled at the highest levels of leadership, offering subordinate leaders a clear and actionable method to affect change within their organizations that will not be undercut by misaligned embedding mechanisms. The result will be mission and values alignment for the current force as it transitions to the force of the future.

In the 21<sup>st</sup> century, the Department of Defense finds itself in increasing competition with industry to recruit and retain the best warfighters. Continued reliance on recruiting and retention methods that focus on changing a strategy will not be as effective as transforming organizational culture. Transforming organizational culture in the military by changing embedding mechanisms will create long-term positive results that will empower young leaders to create new and innovative strategies. DOD methodology should start with transforming culture, which will create better strategists. DOD should assess and benchmark culture across the entire organization, take ownership of the results, and transform the aspects which are misaligned with the organization’s vision. JFQ

## Notes

<sup>1</sup> Patrick Lencioni, *The Advantage: Why Organizational Health Trumps Everything Else in Business* (San Francisco: Jossey-Bass, 2012), 1.

<sup>2</sup> Edgar H. Schein, *Organizational Culture and Leadership*, 2<sup>nd</sup> ed. (San Francisco: Jossey-Bass, 1992), 12.

<sup>3</sup> Edgar H. Schein, *Organizational Culture and Leadership*, 4<sup>th</sup> ed. (San Francisco: Jossey-Bass, 2010), 236. The expanded list of Schein’s six primary embedding mechanisms is: What leaders pay attention to, measure, and control on a regular basis; Leader reactions to critical incidents and organizational crises; How leaders allocate resources; Deliberate role modeling, teaching, and coaching by leaders; How leaders allocate rewards and status; and How leaders recruit, select, promote, and excommunicate.

<sup>4</sup> Schein, *Organizational Culture and Leadership*, 4<sup>th</sup> ed., 236.

<sup>5</sup> *Ibid.*, 235; Warren Bennis and Burt Nanus, *Leaders: Strategies for Taking Charge* (New York: Harper & Row, 1985), xiii.

<sup>6</sup> Schein, *Organizational Culture and Leadership*, 4<sup>th</sup> ed., 236.

<sup>7</sup> *Ibid.*

<sup>8</sup> Marcus Buckingham and Curt Coffman, *First, Break All the Rules: What the World’s Greatest Managers Do Differently* (New York: Simon & Schuster, 1999), 28.

<sup>9</sup> *Ibid.*, 30–36.

<sup>10</sup> Schein, *Organizational Culture and Leadership*, 4<sup>th</sup> ed., 236.

<sup>11</sup> *Ibid.*

<sup>12</sup> Douglas Stone and Sheila Heen, *Thanks for the Feedback: The Science and Art of Receiving Feedback Well* (New York: Viking, 2014), 1–11.

<sup>13</sup> *Ibid.*, 5–10.

<sup>14</sup> Schein, *Organizational Culture and Leadership*, 4<sup>th</sup> ed., 236.

<sup>15</sup> John Kotter and Dan Cohen, *The Heart of Change* (Cambridge, MA: Harvard Business School Press, 2002), x.

<sup>16</sup> Judith E. Glaser, *Conversational Intelligence: How Great Leaders Build Trust and Get Extraordinary Results* (New York: Bibliomotion, Inc., 2014), 4.

<sup>17</sup> Bruce N. Pfau, “What Do Millennials Really Want at Work? The Same Things the Rest of Us Do,” *Harvard Business Review*, April 7, 2016.

<sup>18</sup> Jeanne C. Meister and Karie Willyerd, “Mentoring Millennials,” *Harvard Business Review*, May 2010; Brandon Rigoni and Amy Adkins, “What Millennials Want from a New Job,” *Harvard Business Review*, May 11, 2016.

<sup>19</sup> Brene Brown, *Daring Greatly: How the Courage to Be Vulnerable Transforms the Way We Live, Love, Parent, and Lead* (New York: Penguin Random House, 2012), 3.

<sup>20</sup> Stone and Heen, 6–8.

<sup>21</sup> *Ibid.*, 30–33.

<sup>22</sup> *Ibid.*, 43–44.

<sup>23</sup> *Ibid.*, 294.

<sup>24</sup> Torben Rick, “Organizational Culture Eats Strategy for Breakfast, Lunch and Dinner,” *Corporate Culture*, June 11, 2014, available at <[www.torbenrick.eu/blog/culture/organizational-culture-eats-strategy-for-breakfast-lunch-and-dinner/](http://www.torbenrick.eu/blog/culture/organizational-culture-eats-strategy-for-breakfast-lunch-and-dinner/)>.