CULTURE CHANGE THAT STICKS

A CAPACITY BUILDING APPROACH

Brave Insights

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Hi there,

We are Brave Insights, an organisation focused on creating leadership cultures that are good for organisations, their people and the world. Brave Insights believes leadership is the practice of mobilising people to make progress, and we work with organisations, teams and individuals across multiple industries to mobilise people to achieve the outcomes that matter most.

Research and our own experience has shown us that traditional methods of leadership and culture development are flawed. Traditional methods focus too much on the individual and skill building from the top down, churning enormous amounts of organisational resources with little to no long-term effect.

At Brave Insights, we've developed a systemic approach that shifts leadership and culture across teams faster, enabling organisations to achieve their strategic goals and sustain their progress over time.

This paper illustrates our approach and shows its effectiveness using data gathered during a leadership and culture intervention with Rest, one of Australia's largest superfunds. We hope it supports you in your change journey and inspires you to take the steps towards a more systemic way of shifting leadership and culture in your organisation.

IDEA IN BRIEF

Effective, long-lasting culture change requires deliberate and progressive methods of shifting mindsets and behaviours. This paper outlines Brave Insights' organisation-wide approach of Capacity Building and how the framework was successfully applied in an 18-month long change program with Rest, one of Australia's largest industry super funds.

The Brave Insights team worked across all layers of the organisation to productively disrupt the existing norms to enable innovation and growth.

Using a combination of techniques and tools specifically designed for each layer of the organisation, the Brave Insights team created the conditions where people could surface, question and disrupt their ways of working to identify new approaches; increasing the capacity of the organisation to achieve its strategic goals.

The program led to double-digit increases for constructive behaviours, and a 22 point increase in employee engagement results – a record high for the organisation.

WHY IS SKILLS-BASED LEADERSHIP DEVELOPMENT FAILING?

The industry views the 'leadership problem' in a very 20th-century American-industrialism context – as a series of technical challenges or hurdles that can be overcome with the proper application of skill and grit. This skills-based teaching approach produces incredible results for technical challenges with clear problem definitions and a known solution. But leadership has never been a technical problem.

If a skills-based approach to organisational change was effective, anything from developing leaders in your organisation to managing a cultural change or responding to external market pressure would be simple. Just send the exec team to a workshop, and with their newly equipped suite of tools the problem can be solved quickly.

Organisational change is not a technical problem for the HR department and leadership team. It is an adaptive challenge that can only be effectively responded to through changes in people's priorities, beliefs, habits, and loyalties.

We need to teach people to view the change process through a different lens and facilitate a separation of technical problems from adaptive challenges. By shifting mindsets, we create an appetite for leaders to apply the knowledge and skills to make and sustain the change.

The absence of skill and knowledge is not the problem – it is the absence of a sense-making system about what is required for the organisation, for their team, and for themselves that is the challenge. This is required to make the necessary change.

If you can help people better see the context they operate within, how they make sense of it, and help them to see themselves within it, you can help them to respond differently, in a way that enables progress. A new system for sense-making and operating gives way to change and transformation individually and organisationally.

This doesn't just solve this year's problem, or next year's - it sets up the organisation and its people to respond with agility to dynamic and complex problems now and well into the future. Without building people's' capacity to approaching adaptive challenges, no amount of teaching technical skills can help.

CAPACITY BUILDING: A DIFFERENT APPROACH TO LEADERSHIP

Organisational systems function to maintain the status quo, to serve the needs of the people it is composed of. The network of interrelated and interdependent parts defines the system's current behaviour and internal environment.[1]

Each layer requires a productive amount of disruption to shift the current state towards the desired state.[1] We call this "layers of leadership", because to be truly effective, leadership must occur at all levels of the organisation to reach a saturation point that produces the desired change. When we view an organisation in this way it becomes easy to see that executive-team-focused skills-based methods of change management and leadership development are fruitless. The assumption that people equipped with their new skills, will go out and apply them all, is a narrow understanding of human behaviour. It ignores the fact that these people are operating in a system, part of a network of complicated relationships that function to produce the organisation's current state.

Without any disruptive push to the system across each layer, any skills-based approach is bound to be unsuccessful.

For example, teaching an individual, or team, or entire organisation how to give more feedback is easy, but unless that individual, team or organisation self identifies a need to give feedback and are willing to take the risks they perceive exist when giving feedback, then the skills are useless, and the system won't change.[2]

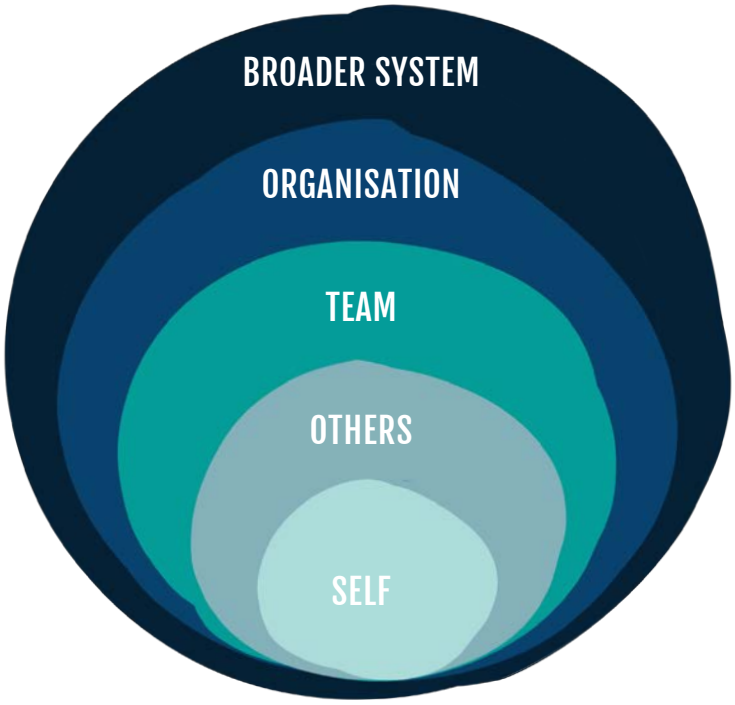
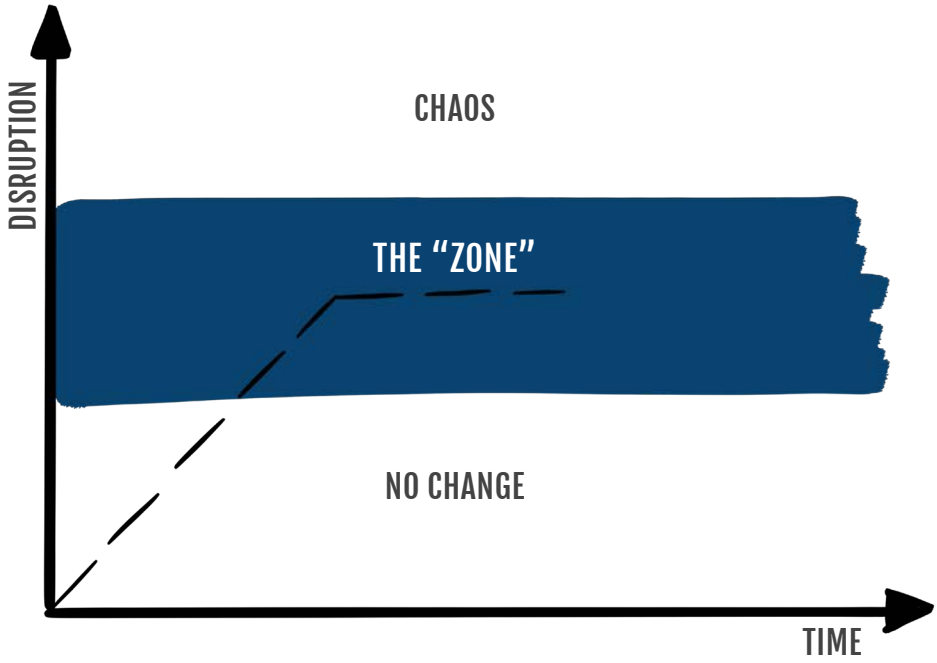


Figure 1: Layers of Leadership
Organisations are complex systems bound together by norms and behaviours that function to serve the needs of the people within them. This network of interrelated and interdependent parts defines the current state of the organisation's internal environment: its status quo. We like to visualise this network as layers (adapted from an ecological system theory framework). Each layer has a unique set of roles, norms and rules that enable the organisation to function in its current state.

Figure 2: The Zone of Productive Disequilibrium



Imagine for a moment an individual's mind as a cup of coffee. Each time we teach this mind a new skill, we pour a little coffee into the cup. Eventually, the cup will fill up and begin to overflow. No amount of extra coffee poured into the cup will stay put! What is really needed is to expand the cup, so it can fit more coffee inside. We call this process of expanding the cup "Capacity Building".

At Brave Insights, we Build Capacity by designing an approach that invites each layer of a system into a space we like to call the Zone of Productive Disequilibrium.[3]

In the Zone, people are exposed to the belief systems, values, and assumptions that currently govern their organisational system.

By revealing these elements of the organisational system and challenging people to shift their mindset and approach, we facilitate discovery of the edges of each layer of the system and create optimal conditions that lead to developmental shift.[3]

We challenge the organisational norms by bringing the real-life context of each layer into a room, so an organisation is prepared to meet adaptive challenges outside the room.

"Brave Insights intervenes at all system layers, pushes the system into the Zone of Productive Disequilibrium, exposes patterns of thought that contain the system, and builds the capacity of individuals, teams, and organisations to respond to adaptive challenges."

CAPACITY BUILDING IN ACTION

Brave Insights ran an 18-month intervention with the top 60 senior managers at Rest, a leading Australian super fund, as it was facing disruption in its market and increased regulatory pressure. As a historically successful organisation, it had a strong foundation of capability and legacy but needed to increase its capacity to change in order to achieve growth and succeed in this new operating environment.

Our Capacity Building framework was employed across all layers of the organisation.

During this program Brave Insights captured data periodically to measure the effectiveness of the Capacity Building framework.

AT A GLANCE

Client: Rest Industry Super

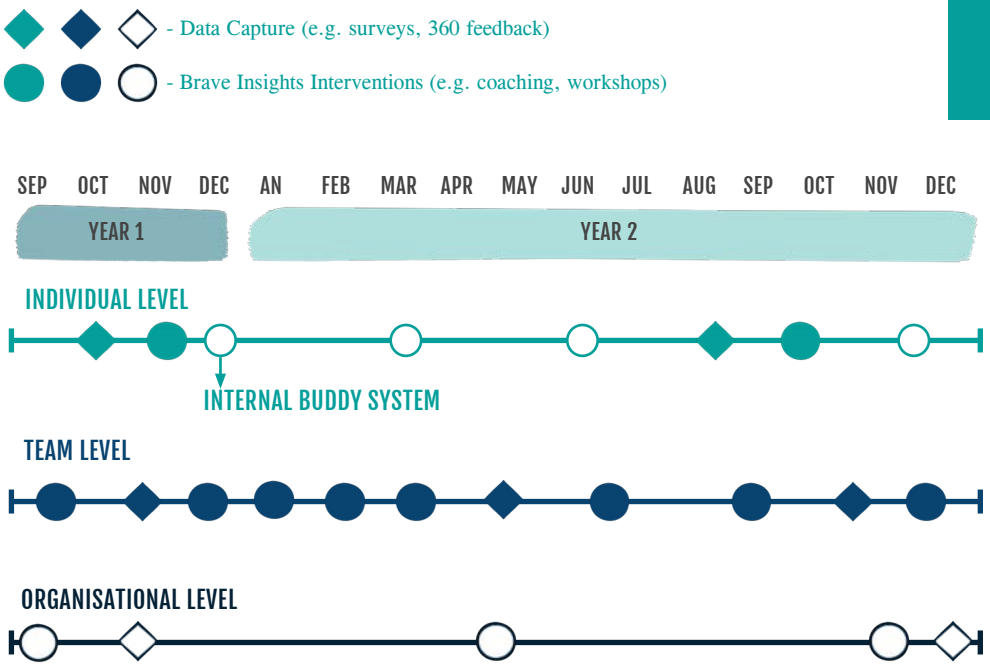
Over 30 years, Rest has grown to be one Australia's largest super funds. It supports over 200,000 contributing employers, around 1.7 million members and has more than $54 billion of funds under management (as at 30 June 2020). To support its strategy towards achieving its mission to be recognised as the most trusted super fund in Australia, Rest partnered with Brave Insights to deliberately and progressively shift workplace culture to constructive behaviours and a growth mindset.

Project timeline: 18 months
Employees involved: Top 60 managers with additional team members included as needed

Challenges:

- Market disruption drove the need for innovation and change
- Increased regulatory pressure to improve internal processes
- Employee engagement survey feedback suggested significant culture and leadership shift was required to meet the new demands of the industry

Figure 3: Multi-layered Intervention



ORGANISATION LAYER

At the organisation level, we helped the 60-strong leadership group step outside their organisation, and view how their system functions. This helped contextualise the rules and norms that confined the system, and identify where they can focus attention to expand them.

We liken this step to explaining water to a fish – a fish is so surrounded by water, it is impossible to try to explain the concept to them. They cannot see it until they jump outside.

We began our work by mapping out the systemic idiosyncrasies of company culture through discovery interviews with individuals across all levels of management.

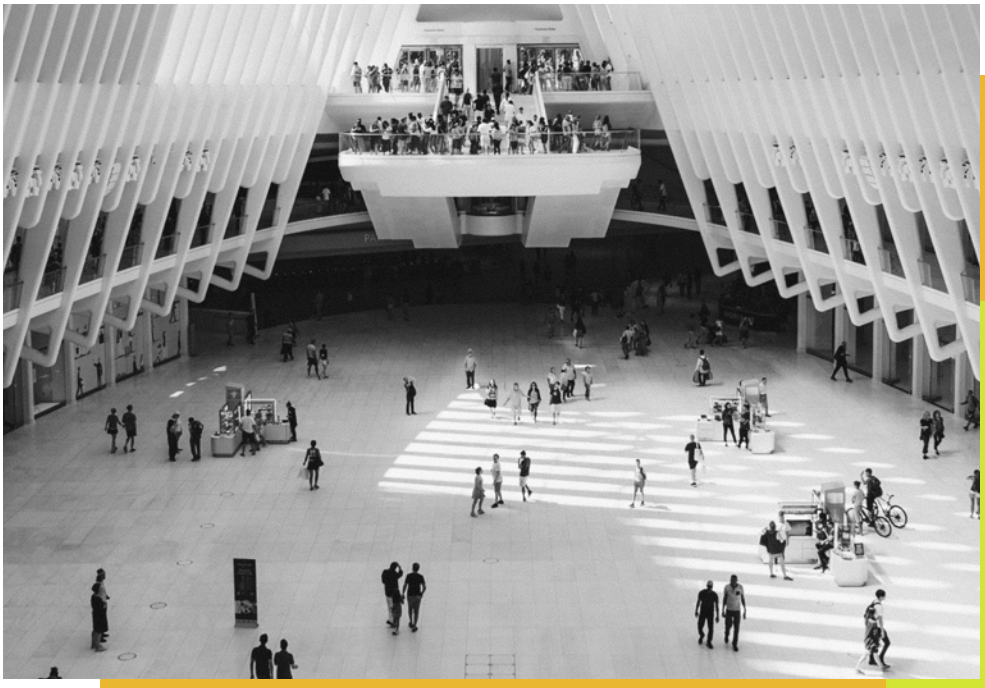
Working with professional actors, we transformed system culture into characters and scripts. These actors then played the culture of the organisation back to them, putting the organisation norms on display.

We developed this idea further with the participants themselves who surfaced the culture through a real-time discussion in which some people were able to sit on the outside to observe behaviour patterns and identify them in real-time. This exercise allowed the group to notice and disrupt the status quo to give way to the adaptive issues the group were circling around or avoiding.

This offered a degree of disruption where the group was able to identify the often unseen dynamics at play in the organisational conversation and confront them productively and overtly within the framework of 'learning and experimentation'. It became clear how siloed functions were preventing progress and how an over-reliance on the executive layer for leadership had brought the system into tension.

If the executive team could have brought about the organisational change required alone, they would have done this already. The exercise made transparent for the first time why it was both too risky to change and too risky not to. It called into action the broader leadership group who must all play a role in order to create the change required.

Once the organisational leadership can see these dynamics, they can be more deliberate about how they can change them.



TEAM LAYER

Change can trickle down from senior leadership along hierarchical lines, but this approach can take months to years to effect real, organisation-wide change.

Growth happens where our work interconnects – leaders have the most impact, but team coaching gets an organisation to saturation point quickly.

As part of the culture change program we partnered with functional leadership teams across the organisation to participate in team coaching.

The leadership team coaching programs were designed to help identify the patterns of group thought and behaviour, and allow the team to determine its effectiveness towards their shared goals. A leadership team coach worked with mangemen to surface the key strengths and opportunities of each team's ways of being. The coach facilitated productive conversations on the key issues and helped the team learn how to shift less helpful patterns by identifying and asking the difficult questions: "What is the issue?" and "Why is no one naming it?"

A large focus of the work of team coaching is to create safety for the difference to emerge, to support the team to constructively surface conflict, and encourage the team to take multiple perspectives. As the teams practice these more effective behaviours, they create bridges between team members and strengthen connections as a team.

These conversations enable the team to push the boundaries of how they work together and practice operating in ways that "expand the cup". The goal is to create the conditions that allow the team to have conversations they felt they couldn't have in a workplace setting, conversations that previously may have been considered 'too hard' or 'led to too much conflict'. Through the team coaching interventions, we encouraged managers into the Zone so they had the opportunity to build their capacity of thought and practice operating in a way that would enable them to meet the adaptive challenges they will face together. This helps teams expand the available ways they can work together to more effectively approach any particular issue.

We measured the change in each team's attitudes and behaviours using a tool called the Growth Culture Indicator. We saw the largest positive shift in teams that had scored the lowest initially, those with more difficult conversations and higher levels of avoidance.

Key team competencies that saw growth revolved around recognition of personal achievement, support of team members' self-development, providing feedback, and critically fostering an environment where team members feel comfortable challenging each other's ideas to help each improve and learn from mistakes.

By encouraging teams into the Zone and building on members' individual growth, we intervened at the team layer, helping the organisation to reach its culture change saturation point months, if not years, before individual coaching alone would.

Figure 4: Growth Culture Indicators by Team

INDIVIDUAL LAYER

Working one-on-one can affect change locally and powerfully. We used one-on-one coaching to help individuals reflect on their own patterns of behaviour, and periodic 360-degree feedback.

The use of 360-degree feedback tools encourages individuals into the productive Zone as it brings into focus their current patterns of behaviour, allowing them to identify the path to growth and begin the process of Capacity Building. The individual coaching process is oriented to the strategic objectives of their role, and involves supporting each person to use their 360-degree feedback to understand their current leadership effectiveness. Individuals then develop goals to enhance their leadership practice and job role performance.

This process often requires a developmental approach, working with individuals to surface awareness of their current ways of being, assessing their effectiveness and constructing more helpful patterns that support them to achieve in a sustainable way. 360-degree feedback allows individuals to receive anonymous feedback from their colleagues, and to see how their Capacity Building affects their working relationships with periodic updates over time.

One of the most common reactions we saw from 360-degree feedback is disbelief in the difference between how individuals think they act, compared to how their peers report them to react. Comments such as 'I never thought people would view me that way!' or 'I never saw myself as aggressive!' were common. This style of feedback is excellent at revealing to individuals where they should focus their Capacity Building.

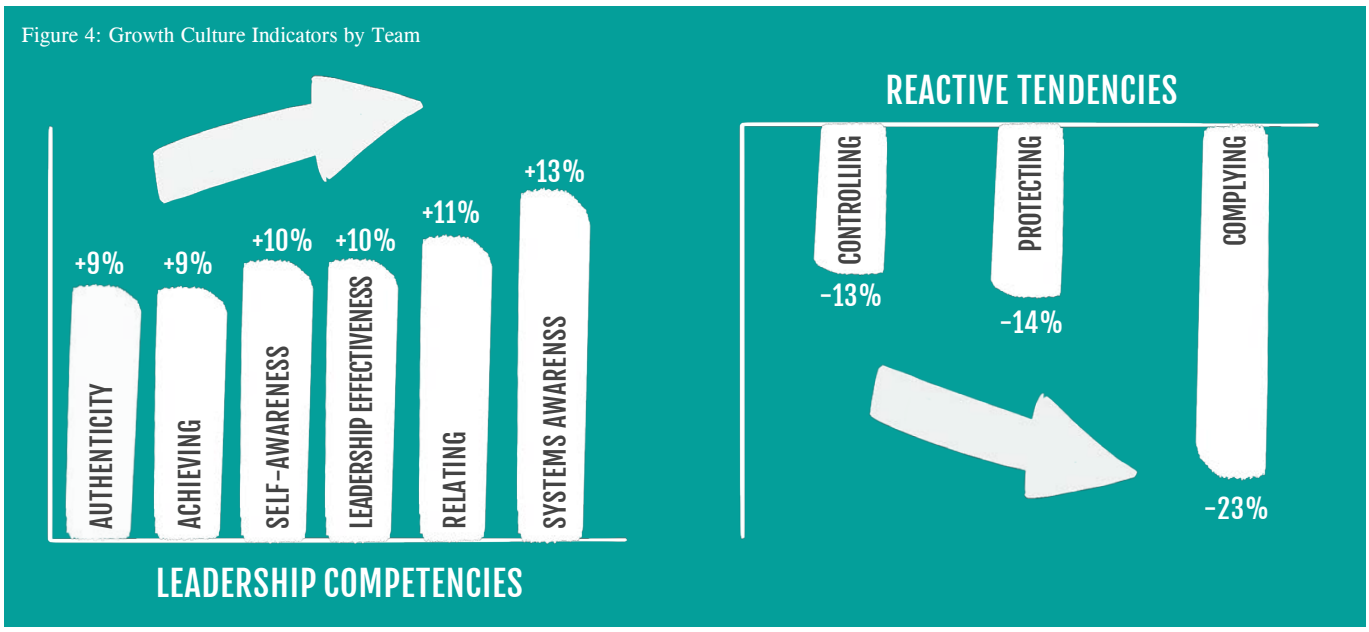
We measured the aggregate change in 360 degree feedback over the course of the program through a tool called The Leadership Circle.

We saw across-the-board growth in leadership competencies; positive traits such as self-awareness, systems-awareness and authenticity; and increasing leaders' capacity to identify their gifts and their areas of development. We witnessed an even larger reduction in reactive tendencies, behaviours negatively correlated with leadership effectiveness and business performance including complying, controlling, and protecting behaviours. (see Figure 5, p8)

The data indicates a shift in individual manager's behaviours away from competitiveness and patch protecting, instead focusing on achieving, collaborating, and supporting peers.

Notice we have not mentioned the teaching of specific skills, be they communication, interpersonal or otherwise. Without a foundation of where change needs to take place, the desire to change, and the will to grow personal capacity, there is little point in arming individuals with these

Figure 4: Growth Culture Indicators by Team



tools. Until we can shift patterns of thought and behaviour at each layer of an organisation to want to engage constructively with each other, these skills are akin to overfilling our cup.

As the cup expands, we support each layer with tools and techniques they can use day to day, but this should be viewed as a supporting activity.

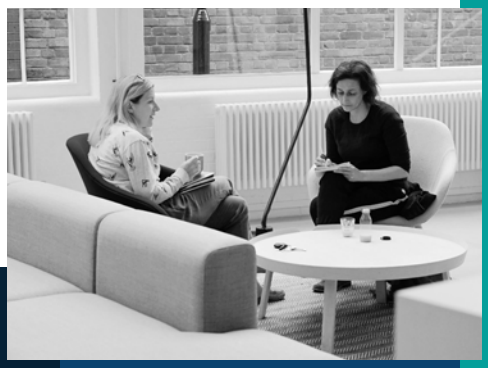
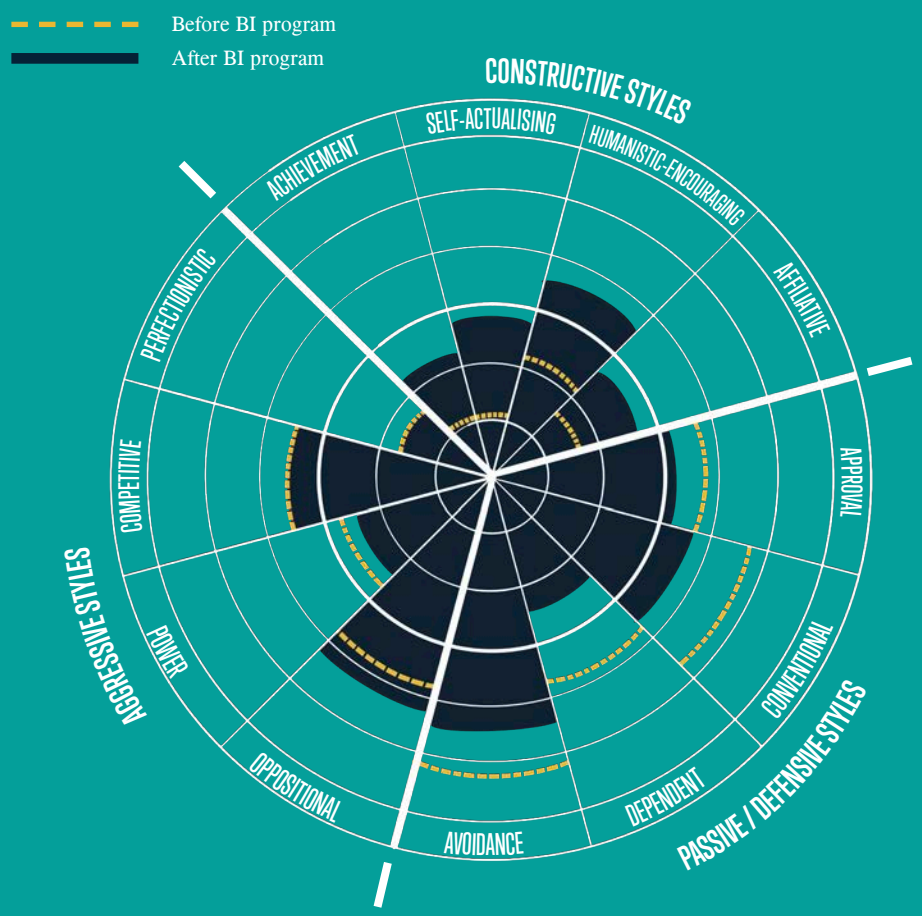


Figure 6: OCI results, measured before and after the Brave Insights program



CULTURAL IMPACT

Throughout the program, Rest measured culture with the Organisational Culture Inventory (OCI) tool. The OCI identifies the cultural norms of an organisation across twelve styles of behavioural patterns categorised into three groups: Constructive, Passive/Defensive, and Aggressive/Defensive. The whole of organisation results, as measured before and after the Brave Insights program, is shown in Figure 6.

The difference measured between the before and after OCI surveys shows growth in all Constructive styles, and a modest reduction in most Defensive styles. This indicates the behaviours and attitudes at the organisation have shifted over the course of the culture change program, creating a culture that fosters higher-order needs for personal development and satisfaction, and moving away from individualistic, security-oriented needs.

These results are indicative of specific changes the company has made across all layers, with practices of individual and team goal setting, more robust feedback systems, and a shift in focus from individual needs to collective goals.

A truly systemic approach has greater lasting impacts on culture, as new norms are embedded and sustained at all layers of the organisation. This is evident in the culture data collected two years after the Brave Insights program was completed, which reveals an ongoing improvement in constructive behaviours, and that the current culture continues to reduce the less effective norms targeted in the initial culture change program.

FINANCIAL IMPACT

The impact of organisational culture on performance has long been an area of research interest. Multiple studies show cultural strength and adaptability has a significant positive correlation with short-term financial performance,[4-5] that organisations with adaptive values[6], thoughtful attention to the link between culture and performance outcomes, and a strong sense of purpose[7] achieve sustained performance over a long period of time.

These early ideas that culture affects organisational performance have since been supported by numerous studies in a wide range of industries, contexts, and countries (see Further Reading list).

The link between positive, adaptive culture indicators and firm performance has been observed at Rest over the course of the Brave Insights program and beyond.

Funds under management grew 39%, number of members increased by 3%, and satisfaction of both members and employees grew by 15 and 4 Net Promoter Score points respectively in the 36 months since the Brave Insights program began.

This strong positive financial and satisfaction performance occurred despite two CEO succession events, an event traditionally correlated with increased levels of tension and uncertainty for an organisation.

Even with dramatic shifts in the executive leadership of the firm, the organisation still performed exceedingly well.

There is no such thing as waiting for the right time, person, or team to institute organisational change – by Building Capacity an organisation can endure executive team changes.

At Brave Insights, we believe Capacity Building, not just capability building, is the most effective way to help organisations make progress on complex challenges, like creating cultures that are agile and adaptable for the future.

This intervention requires disruption of the status quo in productive ways across multiple organisational layers, reaching a saturation point to effect change.

Capacity Building is a process, not a perfect system or a specific end state in mind - rather, it is a more productive way of being as an organisation, and requires organisations to focus on both collective development and individual growth.

HOW CAN LEADERS AND ORGANISATIONS AFFECT MEANINGFUL CHANGE?

1 CREATE A SHARED FUTURE AND BE REAL ABOUT THE JOURNEY AHEAD

Co-create the future culture. Involve people at many levels to create shared interest, values, and alignment in the way forward.

Measure it to make it. Track progress against preferred future state overtime to help keep the focus on the change required and the work to be done (i.e. validated culture and engagement tools).

Re-contract for clarity & commitment. Reset expectations and create a collective contract with people about a commitment to the journey ahead and be candid about the pain points.

2 MAINTAIN THE PRESSURE

Disrupt or be disrupted. Actively intervene at multiple layers of the organisation to facilitate productive disruption. Look beyond hierarchies and into the work to identify processes and patterns that will need to shift to give way to a more productive way of working.

Surface it, or it will sink you later. Much of an existing way of operating is so normal to people that they don't even see it. To disrupt the status quo, it first has to become visible to everyone. The things that remain invisible become invisible barriers to change – even with commitment and capability, your people cannot change what they are not yet aware of.

Embed rituals that provide opportunities for people to reflect, challenge and support each other.

3 COMMIT TO AND INVEST IN PROGRESS

Stay the course. Disrupting deeply embedded ways of being for organisations, teams and individuals requires a reasonable period of disruption. Once you set the direction it is important to keep the momentum and pace over time.

Capacity AND Capability. You need both. Capacity is expanding the horizon by creating different ways of thinking that better support the future state. Capability is filling newly created space with the skills and strategies to put the new ideas into practice.

ABOUT US

The world is dynamic, complex and full of opportunity for those brave enough to lead.

Now more than ever we need organisations, managers and people to be leaders with the know-how to empower themselves and inspire others towards meaningful outcomes. Driven by client insight, evidence-based practices and real industry experience, Brave Insights specialises in leadership development across three different levels:

STRATEGIC LEADERSHIP

We work with Executives and Leadership Teams to develop and achieve brave strategies that build capacity, change culture and achieve your organisations strategic aspirations.

TEAM PERFORMANCE

We work with teams to accelerate their performance beyond the individuals, leveraging the power of the collective to consistently deliver value to ALL stakeholders.

PERSONAL IMPACT

We work with individuals and groups to achieve brave things like personal change and professional progress that enables organisations and people to thrive.

WE WORK IN THE WORK

For an organisation to transform, every individual within it must also transform themselves. Our work deepens the organisational transformation by working in context of the organisation's strategic objectives with team and individual development inextricably linked to the organisational outcomes.

WE WORK AT THE EDGE

Neuroscience has proven that for adults to develop we must push up against our existing boundaries. We develop creative, high-impact experiences that invite people to play at the edge of the competence – which we call their 'growth edge'.

WE START WITH THE ORGANISATION

We know that learning doesn't just happen in structured workshops, so we design integrated learning experiences that ensure learning is extracted from real work, applied in real time and deepened through collaboration with others.

WE WORK A BIT DIFFERENTLY

We work as an extension of your team, using an agile approach to bring together experienced practitioners specific to your project. We collaborate with your team to co-create the plan and support you to continue making progress without us.

CONNECT WITH US TODAY

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SPECIAL MENTION

I'd like to personally thank the team who supported this brave approach to culture change through leadership:

Fiona Blakely, for partnering with me in this work from its inception and throughout the many productively tense moments we embraced to achieve these great outcomes. Brett Wood & Kate Warburton, for your contribution to the design and co-delivery of these culture-changing leadership experiences. Ben King, without whom this case study would never have made it to print, we appreciate your commitment to the data analysis and ensuring the important work of leadership was captured in these words.

Finally, the client and all those at Rest who bravely engaged in the real work of leadership with their member's interests as their source of passion. We hope by sharing our work we can continue to shape the way leadership positively impacts organisations and communities for generations to come.

Yours with gratitude,

Kimberly Luffman

Founder & Director

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