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# Boards Need To Get Serious About Managing Organizational Culture



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Leadership Strategy



The most effective boards rely on evidence, rather than instinct alone, to advocate for change.  
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**“Culture eats strategy for breakfast.”**

Peter Drucker

Peter Drucker’s classic observation is more true today than it has ever been. As the world gets increasingly unpredictable, the best defence increasingly is a strong and stable culture. More than planning and strategy, which can be completely undermined by an unpredictable event, culture ensures that people continue to work together in order to withstand the gut punch of an unpredictable event.

According to [new research](#) by Harvey Nash Alumni and the London Business School's [Leadership Institute](#), amongst 640 chairs and non-execs globally, 68% of directors feel responsible for organizational culture. That's the good news; the bad news is that fewer than half (49%) feel they can have any serious influence on it.

So does that suggest that a strong culture is luck of the draw? That organizational survival is 50/50 when powerful forces assault our organizations? This same set of trends has been consistent for at least the past 5 years. The [results of the survey](#) also suggest a number of other worrying results, including that the top five priorities for board time and skills sought do not include organizational or board culture – including digital innovation, strategy, and cyber security.

There are at least five distinct actions that boards can take to improve the culture of their business.

First, **start by improving boardroom culture.** The culture of the board directly affects how the executive responds and interacts. When boards operate in a clear, evidence-based and transparent fashion, this encourages the executive to collaborate fully with the board and encourages this same culture within the business itself.

**Board assessment should involve feedback from every individual.** It is essential that the board do a regular external assessment (eg. every third year), and that this assessment is run by someone reputable and outside of the organization to ensure confidentiality of the data. The data itself needs to include assessments from each individual director about the culture of the board, especially how included they feel within the board. Feelings of inclusion and belonging are essential to encourage individuals to continue to collaborate and give their best possible individual input.

**Insist on employee engagement surveys.** The same principles that guide directors to assess board dynamics, should also be used to be guide employee engagement surveys within the organization. In short, everyone needs to be asked to participate, including questions about belonging and inclusion. Be sure to look at the data in detail by different groupings, ensuring that excellent results from one group do not mask poor results from another. Finally, the results of these surveys need to be taken seriously, including assigning responsibility for specific actions.

**Select and monitor the CEO for creating constructive culture.** The board itself may hold the chief executive responsible, who may in turn delegate responsibility to others, but the board needs to hold the CEO responsible for culture within the business.

**Reward the right people.** The core of any good organizational culture strategy is to embrace a mix of perspectives, expertise, working styles etc. and not a collection of stars. Stars don't like to collaborate (ie. they get energy from being better than others), and become particularly problematic when they treat others poorly as they believe they are better than them. To quote Sir Alex Ferguson, "You might be the best striker in the history of the world, but, if your own teammates stop passing you the ball, you won't make many goals."

The most effective boards not only follow these five best practices in managing the culture of their business, they are guided by the practice of using evidence to improve the culture in their organization. They do not rely on feelings or instincts alone to make arguments for change, they seek evidence to develop and support their views. They are aware that even 'soft' ideas, such as culture, conflict and values, can be systematically assessed and then actively managed based on the evidence. And, most importantly, they are not embarrassed to consult organizational culture experts in the same way we all consult experts in finance, technology, and/or cyber security.