The role that organizational culture plays in the development of leaders is crucial but often overlooked. One reason for this is that managers in charge of leadership development efforts are so embedded in their own cultures that those cultures are practically invisible to them. But there are ways to get a better picture of your own culture and determine how it might be supporting or hindering the development of leaders.

Nearly everyone has had the experience of feeling like an outsider in a different culture. When people find themselves in a place where what they see and hear is unfamiliar, they often feel awkward and nervous. And if their new surroundings are completely different from what they’re used to, they might think they’ve landed on another planet.

Imagine that you’re a sales manager making your first visit to the offices of a new client in the high-technology industry. You’re excited about the visit because you have heard positive things about the company’s creativity and innovation. As soon as you walk in the door, however, you start to feel uncomfortable. You’re wearing a business suit, but the employees at the high-tech company are dressed casually, to put it mildly—some are wearing shorts and sandals. You fidget as you wait in the reception area. When someone comes to take you to the meeting with the company’s executives, you notice as you walk through the corridors that some employees have brought their pets to work. There are a few dogs, some cats—even a ferret. When you reach the meeting room, you’re astounded to see a tent set up nearby. You ask what the tent is for. “It’s there for anyone who wants to take a nap,” an employee explains nonchalantly.

If you had stepped into an office where the employees wore suits and where the atmosphere was closer to a traditional business environment, you probably wouldn’t have given it a second thought. But you have encountered an organizational cul-

by Vidula Bal and Laura Quinn
ture that is new and different to you. And although that culture is consistent with the high-tech company’s focus on and support of creativity and innovation, it feels strange to you. This points up a common dualism in perceptions of organizational cultures: although people are quick to recognize cultures that are different from their own, they are usually so ensconced in their own cultures that they take them for granted and have a hard time even acknowledging their existence.

SHAPING THE CULTURE

Organizational culture is an organization’s values, beliefs, practices, rites, rituals, and stories—all of which combine to make an organization unique. These cultural features often derive from the strategic business drivers of the organization—elements such as quality, innovation, results, speed, and agility. These business drivers affect policies and procedures throughout the organization, thus creating its culture.

In the example of the high-tech company, its business drivers have created an organizational culture that emphasizes casualness and physical comfort as a way to encourage and support creativity and innovation. Although you might feel as though you’re in a Twilight Zone episode, your experience during your visit is really not so unusual. You’ve just been turned upside-down because the company’s culture has been shaped by business drivers that are different from those of your organization.

Practicing managers and academics alike have long recognized the existence of organizational cultures. Most managers, however, do not take culture into account as they devise plans and strategies for developing leaders in their organizations. One reason for this neglect is the difficulty that most people have in recognizing their own organizational cultures. But failing to acknowledge the crucial role that organizational culture plays in developing leaders can be costly. Although the culture that results from the policies and procedures affected by a company’s business drivers typically reinforces those drivers, sometimes this culture ultimately works against the drivers, the company’s interests, and its development goals.

CCL’s Sustainable Leadership Capacity team is focusing directly on how organizations can best provide systemic support for leadership development. The team has found that many executives make the mistake of believing that merely sending employees through leadership development programs will automatically produce the quantity and types of leaders needed to handle the challenges ahead. But there is more to it than that: to build sustainable leadership capacity, organizations must pay attention not only to development but also to the context in which development takes place. Organizational culture is a major part of this context, so managing the fit between an organization’s culture and its leadership development efforts is vital to building sustainable leadership capacity.

A good way to begin your organization’s leadership development efforts is to review the organization’s business drivers and assess its culture. Then you can determine which kinds of developmental strategies best support those business strategies, and learn how to leverage your culture’s strengths while minimizing its weaknesses.

CASES IN POINT

In the following illustrations, leaders can find both some green lights and some caution flags to consider as they establish and evaluate their organizations’ leadership development efforts.

Going Overboard

Vanessa is the director of leadership development for a successful manufacturer and retailer of personal care products. She has been with the company from its inception, and the organization’s strategy has always been driven by a spirit of innovation and creativity. The company devotes a great deal of its resources to research and development, for instance, and it gives members of the marketing staff the time and freedom to come up with creative approaches to their jobs.

Vanessa’s job responsibilities include devising structures for training the retail staff members and outsourcing development programs for the company’s managers and executives. In doing so she has always taken into account the company’s emphasis on innovation and creativity. She tries to incorporate every new spin on training and

ABOUT THE AUTHORS

Vidula Bal is a research associate at CCL’s campus in Colorado Springs. She holds an M.A. degree from the University of Texas at Austin, where she is completing a Ph.D. degree.

Laura Quinn is a senior program and research associate at CCL’s campus in Colorado Springs. She holds an M.A. degree from the University of Colorado and is completing a Ph.D. degree at the University of Texas at Austin.
leadership development, she is constantly on the lookout for new and better providers of leadership development programs, and she has even instituted an in-house award given to employees who come up with the most innovative sales techniques.

Vanessa has embraced the company’s business drivers in her leadership development efforts, and that’s commendable. But her approach might have some downsides. Vanessa’s strategy mirrors the value that the company places on new ideas. In this organization, people who want to change old habits are encouraged to practice new behaviors, for which they are then recognized. An organizational culture that encourages and recognizes new behaviors goes a long way toward building sustainable leadership capacity.

Such a culture also presents pitfalls for leadership development, however. In an organization that places a high value on anything that is new, things can get old pretty quickly. Vanessa emphasizes the adoption of cutting-edge leadership development practices, but if she constantly changes the company’s approach to leadership development to fit whatever is trendy, the developmental efforts could gain a reputation for being flavor-of-the-month. This approach runs the risk of undercutting sustainable leadership capacity.

Driven by Diversity
Wanda is the vice president of human resources for a mineral mining company. The Western state in which the company is based has an increasingly diverse population, but the company’s workforce is fairly homogeneous. Before Wanda was hired, the company’s executive team, wary of lawsuits, decided to include an appreciation of diversity among the company’s core values. Wanda, who has a background in working with diversity issues, has made progress in implementing this value, but one challenge is that the company has a stable workforce without much turnover—some employees have been with the company for more than twenty-five years.

Wanda is working not only to increase the diversity of the company’s workforce but also to incorporate the driver of diversity into the company’s leadership development efforts. She believes that diversity means not only recognizing the contributions of diverse groups of employees but also ensuring egalitarian treatment of those contributions. One philosophy she has embraced, therefore, is that everyone in the organization, from mine workers to the chief executive officer, is entitled to some type of leadership development. Wanda realizes that not everyone needs the same type of development, so she has created different outlets for different groups of employees. One step she has taken is to ask the older, more experienced employees to attend classes on how to become mentors. Then the highest-potential younger employees are assigned mentors from this group. Wanda has also established specialized training opportunities for minority employees.

The mining company’s decision to make diversity one of its business drivers will have an impact on the organization’s ability to build sustainable leadership capacity. But there could be negative as well as positive effects.

The notion that everyone deserves some type of leadership development will strengthen the organization by making all employees feel included and valued. The danger in providing different types of leadership development for different groups is that it could prevent the organization from having a common leadership development language and make it difficult for people to relate to one another. Wanda will need to ensure that the different developmental efforts have enough elements in common that they all produce the desired impact at the organizational level.

Profit and Risk
Larry is the director of corporate training and development for a high-tech company that is facing increasing pressure from shareholders to increase profit margins and stock value. In the past the company had always been able to ride out the ups and downs of Wall Street, but the recent downturn in the economy has made it difficult for the organization to maintain its historical profit margins. The company’s long-standing reputation for consistently producing above-target results is now in danger. Concerned about the company’s vulnerability in the marketplace, the senior management team has dictated that all operational activities be focused on results and directly linked to organizational strategy.

With results now the principal business driver, Larry has had to justify any expenditures on training and leadership development. But Larry believes that the challenge of doing more with less has actually been
advantageous because it forced him to take a hard look at the company’s training and development programs and link them directly to the business outcomes sought by the organization. This led to a revelation: he realized that the company had not been applying the same strategic intent in its training efforts that it was applying in all other operational areas. This finding prompted him to create a training program that is focused not only on developing employees but also on furthering the company’s results-oriented strategy.

The business driver of improving profit margins and results is helping the company stay competitive in the marketplace. But Larry’s decision to incorporate the emphasis on the bottom line into the company’s leadership development efforts introduces another level of competition that could be detrimental to the building of sustainable leadership capacity. If the imperative of achieving the best results as quickly as possible continues unchecked, it could foster a climate of internal competition. Although a certain amount of such rivalry is desirable, it can have negative consequences if carried too far.

For example, employees who participate in these leadership development experiences may not share what they have learned with their co-workers. They may feel they can gain an advantage over their colleagues by keeping their new insights to themselves. Discouraging the sharing of learning could have a negative impact on the company’s profit margins and results. So despite Larry’s best intentions, his leadership development strategy could end up working against the company’s principal aims.

No Mistakes
Tim is a manager at a long-established retail company that decided three years ago to pursue quality as one of its principal business drivers.

The executive board, knowing that the initiative would have to permeate the entire organization to be successful, insisted that all the company’s departments had to commit to the effort before the board would support the investments necessary for the undertaking.

Tim is in charge of the quality program, which includes a monthly meeting of all employees at which any instances of compromised quality—and the person or people responsible—are highlighted for everyone to see. During the three years of the initiative, fewer and fewer instances of substandard quality have been reported. So on the surface the program appears to have been a resounding success. But Tim has just now begun to notice a phenomenon that is causing him concern: people aren’t reporting mistakes because they are afraid to.

Many organizations have had success with quality initiatives. But such initiatives can have insidious effects on organizational culture and the building of sustainable leadership capacity.

Although the retail company appears to have made great strides in improving quality, Tim now realizes that people have become fearful of making mistakes on the job—and especially of admitting such mistakes. They are afraid they will face humiliation at the monthly meetings. In addition, no one wants to tarnish what appears to be a three-year track record of steady quality improvement by admitting that there is any need for learning.

Improvement cannot come without learning, and one of the foundations of learning is being able to make mistakes—up to a point at least—and to concede them. Mistakes, whether they are your own or others’, provide learning opportunities. When employees are discouraged too vigorously from admitting mistakes, learning opportunities are lost and the organization suffers.

A KEY INGREDIENT
Executives who make investments in their organizations’ leadership development are sometimes puzzled when they don’t get the expected returns on those investments. They could improve their returns by acknowledging that organizational culture plays a vital role in the development of leaders and then factoring organizational culture into their developmental efforts.

First, however, they must be able to recognize their organizational cultures—no easy task because they are so embedded in those cultures. But there are clues to be found.

Ask yourself some questions: What does it feel like in your organization? What stories are told over and over in your organization, and what values do those stories promote? What are the drivers of your organization’s business strategy, and how have they shaped the organizational culture? Once you have a clearer understanding of your organizational culture, you can pinpoint how it may be hindering or enhancing leadership development efforts in your organization.