

## Gurus, Governance And Globalization

Welcome to the new 3Gs – gurus, governance and globalization. How are they connected? How do you connect the dots between these three seemingly different business changers? Why are they so important for the business world? Undoubtedly, each of these made an indelible impact on the way business is run across the globe.

Who taught Henry Ford, Alfred P. Sloan, Henry Nestle, Charles Coffin, etc? Were there gurus coaching, mentoring and guiding them? There was no one! In fact they became the gurus for many other businesses. However, of late, we have been witnessing management gurus popularized by global rankings taken out every year in the form of Global 50 Thinkers, Global Management Gurus, World’s Influential Thinkers etc. For instance, Peter Drucker, Charles Handy, Frederick Winslow Taylor, Andrew Carnegie, Henry Mintzberg, Tom Peters, C. K. Prahalad, Michael E Porter, Jim Collins, Vijay Govindarajan, etc. What made these thinkers/gurus to occupy such a place of prominence? Through their relentless pursuit of a perspective/philosophy advocated either through their ‘influential’ writings or ‘benchmark-like’ business practices, these gurus had been able to set a new course of action for all the companies across the globe.

Here comes the contribution of these gurus to globalization. In a seamless and global ‘village’, their practices or writings have become precepts and they became the preceptors. For instance, can someone think of any management tenet without making a reference to F.W. Taylor’s 14 principles of management? Their overarching power over the decades has proved that companies across the globe were immensely benefited. In a sense, these gurus’ practices and writings have hastened and smoothed the process of globalization. However, to have uniformity and standardization of business practices and to serve the larger interests of the stakeholders, governance structures had to be installed.

Thus came the need for strong governance structures. Although many countries have governance codes, colossal corporate collapses cannot be stopped. Enough has been written about the need and importance of well-designed and meticulously-executed governance codes. It is just not good enough to have the codes but execution is the distinguishing factor. And therefore the difference between the letter and spirit of the rule! In this special issue, we tried to connect the dots between these three seemingly different business enablers.

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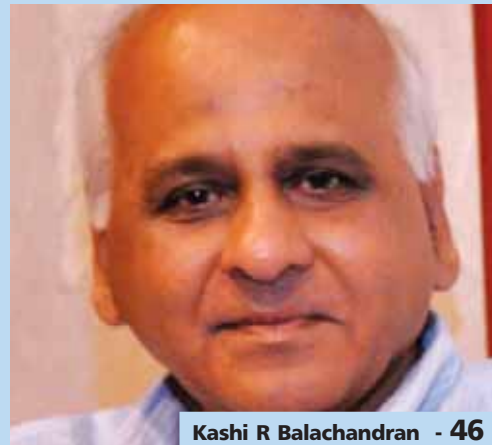
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# Non-Profit Brand And Culture Go Hand in Hand

## How Brands Can Walk the Talk

To drive a change in the culture, non-profits must help employees recognize they can make a stronger contribution to the treasured mission by taking actions that demonstrate the target culture. In the process, employees will receive a compelling answer to the question that is always top-of-mind during times of change: "What's in it for me?"



This article highlights the key link that exists between a non-profit's brand and its internal culture. It stresses the importance of working on the culture behind the brand, provides a series of pointers on how to do this critical work and presents a framework to guide and fuel a culture change. To illustrate our points, we will draw on our firm's consulting engagement with a non-profit client respected internationally for its poverty alleviation activities. We will use the name 'Anti-Poverty' when referring to this organization, as opposed to its real name. Our involvement started shortly after Anti-Poverty had embarked on a new strategic direction that required

repositioning its brand and evolving its internal culture.

### Critical Link Between a Brand and the Organizational Culture

In the non-profit sector, a brand is a promise to donors, beneficiaries and volunteers alike. Because a non-profit organization is built on trust, it is particularly critical to deliver on the brand promise. When the actual experience doesn't match the brand promise, trust is eroded. If supporters and beneficiaries start to lose trust in the organization, the non-profit won't be able to fulfill its noble mission. The most practical definition of the concept of organizational culture is: "The





way we do things here”. When looking at culture from this perspective, the link between a brand and its organizational culture becomes clearer.

A brand is a promise that must be delivered. An organization serves its customer according to the norms imposed by its culture. Therefore, the culture and the brand have to be strongly aligned; otherwise the non-profit won't be able to deliver on its brand promise. This need for alignment becomes particularly important when re-branding.

Anti-Poverty had traditionally been reluctant to develop partnerships with other players in the development field. This soloist mentality was restricting its ability to enhance the important catalytic role it could play in mobilizing resources and creating synergies with others. Therefore, the expansion of existing strategic partnerships and the initiation of new ones represented a major thrust of its new strategic plan. In order to execute its strategy and enable the necessary rebranding, a strong culture of partnering had to replace Anti-Poverty's soloist mentality over time.

Finally, the non-profit's unique culture might constitute an opportunity to differentiate its brand. Often, the various non-profit organizations operating in a given sector – for example, the advancement of health – provide very similar services and benefits. In other words, it is difficult for these non-profits to differentiate their brands based on 'what' they do. However, the way they do it – i.e., the 'how' – is often unique to each organization, because it is driven by its distinct culture. This uniqueness provides a basis for brand differentiation.

### Working on the Culture Behind the Brand

Given the strong link between brand and organizational culture, any branding or re-

branding effort must include serious work on the culture. The first steps are to analyze the existing culture, define the desired culture, and assess the gap between the two.

If the existing culture traits prevent the non-profit from delivering on the promise of its brand, then either the internal culture will have to evolve in order to match the brand; or the brand message will have to change in order to match the culture. Without such realignment, the organization won't be able to deliver on its brand promise. It will lose trust and credibility as a result.

Once the internal culture and the brand are well aligned, it remains critical to continue working on the culture side of the brand equation. The objective then is to protect, cherish and nurture the organizational culture to ensure that the non-profit continues to deliver on its brand promise while evolving as an organization.

### Developing a Culture Model is the Key

Regardless of the type of work that has to be done on the culture – i.e., realignment or nurturing – the key is to develop a prioritized, actionable Culture Model. The case of Anti-Poverty will help illustrate.

As part of its strategic planning process, Anti-Poverty produced various documents that described the target culture. Collectively, these documents provided an extensive list of the required culture traits.

However, no one in the organization could remember all the elements of the desired culture. More problematic, there was no consensus on where to start or where the emphasis should be. As a result, the culture change effort had stalled. People were confused and sceptical about the whole strategic and brand direction.

To guide its culture change efforts, Anti-Poverty needed to extract clear answers to the following questions:

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- ◆ What are the top priorities?
- ◆ What sequence should we follow?

Therefore, in collaboration with Anti-Poverty's leadership and the committee in charge of implementing the necessary strategic changes internally, we developed a Culture Model for the organization. The model captured, in one clear picture, the top priorities and the sequence to follow in order to drive the necessary cultural change. The modeling process included four steps:

- ◆ Distil the extensive list of culture traits described in the various strategic planning documents.
- ◆ Make choices, i.e., set priorities.
- ◆ Determine a logical sequence for the chosen priorities.
- ◆ Develop a visual model to communicate the sequence and act on the priorities.

In order for the target culture to 'stick' to people's minds, a culture model should feature a maximum of seven traits. That is because research has shown that list retention collapses after seven items, plus or minus two.

In the case of Anti-Poverty, achieving this objective required combining similar culture traits and organizing the model around the words 'Client centric' – an element everyone recognized as imperative.

The initial priority for Anti-Poverty was to develop or strengthen four culture traits labelled as 'Enablers of the strategy'. These included: 'Fairness, respect and trust'; 'Drive for result'; 'Teamwork and partnering'; and 'Confidence in our capabilities'. The first phase of the culture change at Anti-Poverty concentrated on these enabling traits. It lasted about 18 months.

After the enabling traits were put in place, the focus switched to developing a second set of priority traits – labelled

as 'Accelerators of the strategy' – while still protecting and nurturing the enabling traits. This effort constituted the second phase of Anti-Poverty's culture change process. This phase lasted another 18 months. The three accelerating traits include: 'Empowerment and accountability for result'; 'Learning intensive and innovative'; and 'Moderate tolerance to risk and encouraging initiative'.

In addition to developing these enablers and accelerators, Anti-Poverty has been working on the unifying trait at the center of its visual Culture Model – i.e., being more 'Client centric'.

### Framework to Guide and Fuel the Culture Change Efforts

The Culture Change Arch in the Exhibit highlights the key levers available to evolve the culture of an organization. We used this proprietary framework to think through the challenge facing Anti-Poverty, and to develop a customized Culture Change Roadmap to guide its ongoing efforts.

### Two Categories of Levers

The key to succeed with organizational change is to work in an integrated and coherent manner on both the technical and human dimensions of change. Therefore, in order to drive the necessary evolution of its institutional culture, non-profit organizations must activate two types of levers:

- ◆ **'Hard' Levers** (coloured in yellow on the figure): they correspond to the 'hardware' of the organization. Activating these levers means redesigning – or at least fine-tuning – the major components of the organizational hardware. The objective is to ensure they all enable, promote and reinforce the desired

attitudes and behaviors. In essence, it is a realignment effort. It is technical in nature.

- ◆ **'Soft' Levers** (coloured in green on the figure): they focus on the "software" of the organization – i.e., its people. Much has to be done on the human dimension of culture change, particularly in the following areas: communication; leadership's engagement, guidance and development; deployment of people based on their fit with the target culture.

### The Pillars: Communication of the Desired Behaviors and Attitudes

An organization's culture is defined by how employees characteristically handle situations when not under supervision – especially in the case of pivotal situations that present an opportunity to perform in an extraordinary and distinctive manner. The attitudes and behaviors of staff members under these circumstances determine the organization's culture.

Therefore, in order for a non-profit's culture to change, the staff must adopt different attitudes and behaviors. Of course, a necessary condition is that employees know exactly what is expected of them under the new culture. Consequently, it is imperative that the non-profit communicates clearly, regularly and widely the expected attitudes and behaviors – both to existing and new staff members.

At Anti-Poverty, this communication work started with the development of its Culture Model. The second step was the design and delivery of Culture Model workshops for the leaders. The next step was to bring the rest of the staff up to speed on the model, through a combination of highly participative town hall and team-level meetings.

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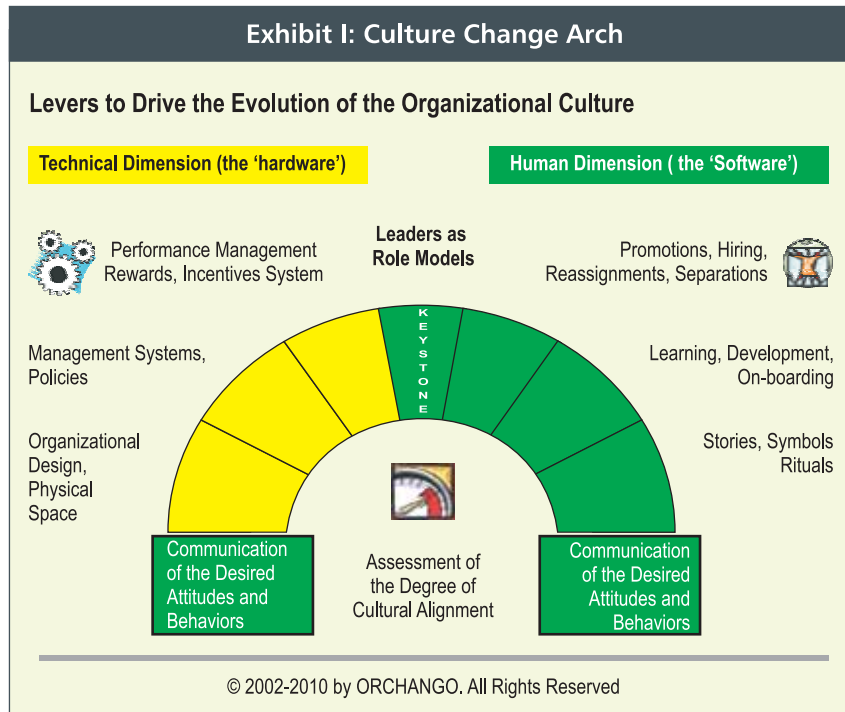
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**Exhibit I: Culture Change Arch**



In addition to helping leaders be effective role models, the Leadership Energizers foster a stronger spirit of teamwork, mutual learning, collaboration and partnering among the leadership – a critical step towards breaking the silo mentality that existed at Anti-Poverty. Furthermore, the workshops power the flow of knowledge through the organization, an imperative linked to the accelerating trait ‘Learning intensive and innovative’ on Anti-Poverty’s Culture Model. Finally, the Leadership Energizers fuel and support the efforts to change the culture and execute the strategy.

**Performance Management, Rewards and Incentives System**

The following adage captures the essence of this lever: “What gets measured gets done; what gets fed back gets done well; what gets rewarded gets repeated.” When properly designed, the performance management, rewards and incentives system helps drive the attitudes and behaviors of the target culture. It constitutes an important lever of the culture change.

As part of its program of strategic changes, Anti-Poverty redesigned its performance management, rewards and incentives system to promote and reinforce the target culture – particularly the priority traits on its Culture Model. The most important change was to start assessing performance across two dimensions:

1. The results that people deliver; and
2. The extent to which they display ‘culture-fit behaviors’ – i.e., behaviors that demonstrate the target culture.

In other words, Anti-Poverty is now assessing performance by looking at both the ‘hard’ and ‘soft’ factors of the performance equation.

Communicating the desired behaviors and attitudes has become an ongoing activity at Anti-Poverty. The organization is always looking for opportunities to reinforce the Culture Model and the priorities it highlights. For example, it has ordered a series of self-standing banners featuring a large-size picture of the model. When staff members meet for a planning workshop, a problem solving session or a training program, one of these banners is set-up at the front of the room. The meeting starts with a discussion about the culture traits that the participants must keep top of mind during the session. The banner helps anchor and guide the discussions. It helps ensure the decisions and the action plans produced during the meeting are fully aligned with the target culture.

**The Keystone: Leaders as Role Models**

In the architecture, the keystone is the wedge-shaped piece at the crown of the arch that locks the other pieces in place.

No matter how well the other components have been built and installed, the arch will collapse unless the keystone is in place and properly set. In culture change, the leaders represent the true keystone. Unless they lead with exemplarity, the culture change won’t hold – regardless of the efforts applied to the other levers.

At Anti-Poverty, the first priority was to ensure that all team leaders were ‘ready, willing and able’ to lead with exemplarity – starting with the Executive Director. The Culture Model workshops were designed to kick-start this important process.

The next step was to launch a series of workshops for team leaders. They became known as ‘Leadership Energizers’. These workshops used a special format that embodied the principles of structured action learning. In essence, they were about providing leaders with a structured setting to learn with and from each other while working on implementing the strategy and evolving the organizational culture.

### Promotions, Hiring, Reassignments and Separations

In the above section, we talked about the need to 're-engineer' the performance management, rewards and incentives systems. Once done, this technical work helps ensure that the human resources activities related to promotions, hiring, reassignment and separations reinforce the culture change.

The goal here is to ensure people are promoted, selected, reassigned or terminated not only based on their 'hard' performance, but also in terms of their fit with the target culture – i.e., the 'soft' factor of the performance equation.

For example, during its strategic re-organization, Anti-Poverty made sure to deploy employees with a strong customer-orientation to all client-facing roles – not only in its operational units, but also in the support functions. After all, 'client centric' is at the core of its Culture Model. Every function throughout Anti-Poverty has clients to serve – either external or internal.

### Management Systems and Policies

We discussed earlier the very special case of the performance management system. What we said about it also applies to the other management systems and policies: they must enable and promote the target culture – particularly the 'priority traits' on the Culture Model.

We developed for Anti-Poverty a simple audit form to assess whether its management system and policies enabled and promoted the priority traits on its Culture Model. In essence, the form provided a 'culture-fit acid-test'. However, running this acid-test was simply a mean to an end. The key for Anti-Poverty was

to implement the corrective action plans it developed as a result of the audit. This ensured that all major systems and policies truly enabled and promoted the target culture.

### Learning, Development and On-Boarding

Learning and development represents a very powerful lever for organizational and culture change. World-class organizations fuel their road to success by adopting a strong learning and teaching agenda that is intricately linked to their strategy and target culture. They deliver on their aspirations by establishing an effective learning and development infrastructure.

Furthermore, the on-boarding process constitutes a perfect opportunity to demonstrate and communicate the target culture to new staff. By 'on-boarding', we mean the process of assimilating, integrating and accelerating new team members, whether they come from outside or inside the organization.

Anti-Poverty adopted a more ambitious learning and teaching agenda. It fundamentally rethought its approach to talent development and organizational learning. To reach its new strategic and brand vision, Anti-Poverty established an 'umbrella' under which it delivered a different breed of learning program – driven by and anchored to its strategy.

Anti-Poverty also revamped its on-boarding process. Recognizing that the first few days in an organization have a lasting impact, Anti-Poverty now makes sure that new staff members are exposed – immediately and in a powerful way – to the attitudes and behaviors of the target culture.

To impress the target culture on new hires, Anti-Poverty shares its success stories

as part of the on-boarding process. For maximum impact, it adopted a live storytelling format: groups of new employees hear the stories directly from the staff members who played an active role in the narrative. A member of senior management is also involved in the storytelling process. The approach helps new hires understand Anti-Poverty's Culture Model. It brings the model to life in a very compelling way. It also contributes to developing the culture trait 'confidence in our capabilities'.

### Organizational Design and Physical Space

The structure of an organization and its physical space influence human behaviors. Therefore, both need to be leveraged judiciously to drive culture change.

Anti-Poverty's strategic reorganization produced a new organizational design that facilitated several of the priority traits of the Culture Model – particularly: 'Client Centric'; 'Drive for Result'; 'Empowerment'; and 'Encouraging Initiative'.

Once the new structure was in place, the priority shifted to making small, well targeted changes to the physical space. For example, Anti-Poverty equipped its headquarters with additional meeting places that could be used as spontaneous meeting spots. This helped develop the following priority traits: 'Teamwork and partnering'; 'Learning intensive and innovative'; 'Encouraging initiative'; and even 'Fairness, respect and trust'.

### Stories, Symbols and Rituals

Stories, symbols and rituals are powerful forms of communications that define and influence organizational cultures. They need to be leveraged towards culture change.

Anti-Poverty has become better at capturing and disseminating its success stories. This helps galvanize action by creating an emotional connection between the employees and the culture, mission and vision of the organization. Good narratives go one step further by providing a blueprint to take actions that demonstrate the target culture and make a difference. Also, these success stories help build employees' confidence in themselves and in the organization as a whole – thereby developing the enabling trait 'confidence in our capabilities'.

In term of ritual, Anti-Poverty's Executive Director, for instance, asks questions that promote the desired culture. For example, to promote the trait, 'teamwork and partnering', he would ask the question: "Who would you benefit from partnering with on this issue?" Because he asks these questions as often as appropriate, people have come to expect some of these questions when interacting with him. This simple ritual demonstrates the importance that the Executive Director attaches to the priority traits on the Culture Model. It contributes to keeping the target culture traits at the very top of everybody's mind. It encourages people to be proactive by taking actions that are aligned with the Culture Model.

### **Assessment of the Degree of Cultural Alignment**

The last lever is to gauge at regular intervals the degree of cultural alignment. Measuring the culture gap fuels the change momentum and helps adjust the focus of the culture change efforts over time. It also provides important inputs when evaluating the performance of leaders.

Anti-Poverty developed a mechanism to measure the degree of cultural alignment. It used three complementary assessment methods: brief survey, focus groups and observations. The results were provided to the team leaders as part of the performance management process.

Anti-Poverty also incorporated the measure into its Balanced Scorecard. The degree of cultural alignment has become an important lead indicator of the strategic progress. An increase in alignment means that the organization is in a better position to reach its strategic objectives and deliver its brand promise.

### **Non-Profit's Powerful Emotional Goldmine**

We explained earlier that non-profit branding and culture change go hand in hand. Unfortunately, evolving the organizational culture takes longer than reaching a decision about the brand.

Despite its well targeted and sustained efforts, it will take Anti-Poverty about three years to fully cement its target culture. The culture-brand gap was rather large at the start, so Anti-Poverty needs to be patient with the process. However, its customers started witnessing significant changes in attitudes and behaviors within the first six months. As a result, the brand experience is already begins to be different.

**The lesson:** While non-profits have to be realistic about the time it takes to evolve organizational culture, they can start rolling out the new brand early on. However, in order to protect the trust upon which they are built, non-profits should be upfront with their supporters and customers about their ability to deliver the new brand promise.

The core message should be that the organization is embarking on a journey to fully deliver on its brand promise. As with any journey, progress will be made one step at a time. The brand-building campaign should talk about the various milestones along the way, and report progress to supporters and customers at regular intervals. The key is to be honest and ensure that the message matches the perceptions of outsiders.

The good news is that during times of change non-profit organizations have a definitive advantage compared to commercial entities. In order to fully support a change, people need to be moved – in the emotional sense. In other words, they need to connect emotionally with the change. Of course, this is a very individual process. But in the non-profit sector, most people feel a strong emotional attachment to the noble mission of their organization. From a change management perspective, this widespread attachment represents an 'emotional goldmine'. By articulating how the change will allow individuals to better serve the mission, non-profit organizations can trigger the kind of emotional reactions that fuel the commitment to change.

Therefore, to drive a change in the culture, non-profits must help employees recognize they can make a stronger contribution to the treasured mission by taking actions that demonstrate the target culture. In the process, employees will receive a compelling answer to the question that is always top-of-mind during times of change: "What's in it for me?"



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