Pact Helps Change the World by First Changing its Own Organizational Culture

Pact Facts

Industry
Nonprofit

Diagnostic Tools
Organizational Culture Inventory® (OCI®) and *Organizational Effectiveness Inventory*® (OEI)

Total Staff
2,200 worldwide

"My surprise was how quickly the shift happened. Typically we see more of an 18-month to three-year process for the kind of shift we saw in 12 months for Pact. It was a perfect storm—so many things were going in the right direction at the same time. The quality of the work and quantity of return led to amazing results."

Chris Ihrig
CEO and Lead Practitioner
Edge Global Advisors

The Challenge

Mission-driven Pact is a nonprofit organization striving to eradicate poverty and strengthen local capacity in communities across the globe. Operating in 26 countries, Pact aims to give poor and marginalized individuals the tools and support they need to improve and take ownership of their futures. While Pact has always focused on empowering the people served, its own culture and the empowerment of employees took a back seat.

When CEO Mark Viso joined Pact, he took the helm of an organization with a long history of passive-aggressive behavior. Overall, the company was very segmented; transparent, open communication was nearly nonexistent. In addition, the culture was very relationship-based—there were few processes and systems in place, and employees had to "know the right person" to get things done. Viso's goal at Pact was to grow the organization and strengthen its capacity to help people and communities. He knew that Pact's culture would need to change in order to do so.

To begin moving Pact's culture in the right direction, Viso brought in Chris Ihrig, CEO and Lead Practitioner at Edge Global Advisors. Edge focuses on partnering with organizations to build highly engaging and effective cultures, and Ihrig's personal history included experience with nonprofit organizations and building capacity in marginalized communities, making him uniquely qualified to guide Pact's culture change initiative. With a new leadership team in place, Viso and Ihrig began working to take ownership of Pact's future.

FINDING THE RIGHT TOOLS

As in many other change initiatives, Pact started at the top, putting together a leadership development retreat for its senior leadership team. Viso relied on Ihrig for support, who offered to facilitate the session. "We left that initial retreat having made some significant progress. The organization was in a 'put out the fire' mentality rather than focused on the future. I encouraged them to try an organizational culture survey," said Ihrig. "It was a big leap of faith on their part because they'd never done anything like it before."

Viso heeded the advice, and Pact experienced Human Synergistics' *Organizational Culture Inventory*® (OCI®) and *Organizational Effectiveness Inventory*® (OEI) for the first time. "We did a sample of 120 to 150 folks focusing on [Washington] D.C. operations," explained Ihrig. "That sample was very accurate in retrospect, and it was enough to get the buy-in."

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Figure 1: Pact Current Culture

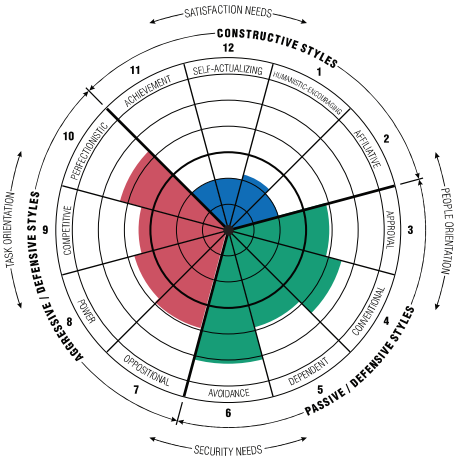

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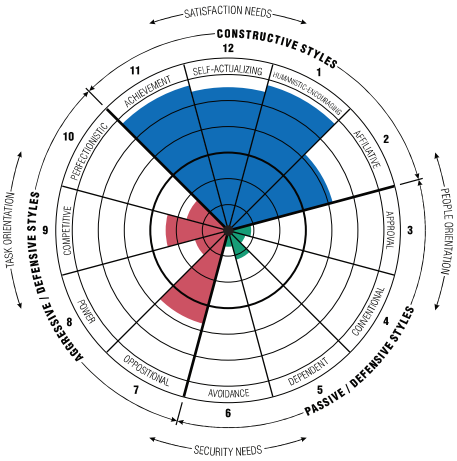
Figure 2: Pact Ideal Culture



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Developed by Drs. Robert A. Cooke and J. Clayton Lafferty of Human Synergistics International, the OCI offers a "point-in-time" snapshot of an organization's operating culture in terms of the behaviors that members believe are expected or implicitly required. When paired with the OCI-Ideal, organizations can quantify, envision, and communicate their preferred organizational culture to create a visual gap analysis and identify targets for cultural change.

OCI results are presented on a circular graph called the Circumplex, which breaks down the factors underlying effectiveness into 12 specific styles. These styles are arranged in a circular manner based on their similarity and grouped into three general clusters: Constructive, Passive/Defensive, and Aggressive/Defensive.

Complementary to the OCI, Dr. Cooke's OEI measures the causal factors that shape culture and the outcomes of culture at the individual, group, and organizational levels. An organization's results along the causal factors and outcomes are profiled against Historical Averages as a point of comparison. In combination, the OCI/OEI model presents a complete picture of the case for change and the levers for change, giving organizations research-based strategies for effecting change and development.

The quantifiable, valid measures afforded by the OCI/OEI were exactly what Viso and Pact needed to start making meaningful change, according to Ihrig. "Mark is very analytical, thoughtful and logical. He likes to plan, and we had given him a data-driven people resource that was amazing. For him, [the OCI/OEI] was really helpful because it put a strategy around the people side of the business. That side of the business is often considered touchy-feely and soft, and any time you can bring data that allow you to dissect it and cross-reference it and build a structure to it you get people's attention. We always look for tools that get us to the 'aha moment,' and because of the depth of the Human Synergistics tool belt and these particular tools, we got to those aha moments in a much deeper, more significant way."

IDENTIFYING A FOCUS

The snapshot of Pact provided by the OCI and OEI showed an organization in flux, with limited communication and decision making being pushed upward. "There was a lot of change going on in the organization, with a brand new leadership team that was not yet cohesive," Ihrig said. "They were much more operational and project-focused rather than on the same page. There were lots of segments within the organization."

This segmented, ad-hoc way of operating showed through in Pact's Current Culture profile *(Figure 1, at left)*. The OCI-Current survey revealed a culture that was heavily skewed toward the Passive/Defensive styles, including Approval, Conventional, Dependent, and Avoidance. The Passive/Defensive norms are fueled by insecurity and lead people to subordinate themselves to the organization, allowing it to stagnate.

The very high extensions in the Avoidance and Conventional styles reinforced Ihrig's initial impression of a passive-aggressive culture at Pact, and it was confirmed when Ihrig and Viso began planning for change. "When we first planned the initial agenda, it was so consensus-driven that we had about 10 people on the call, and to watch them 'doing the dance' was excruciating," said Ihrig. "This is how unhealthy, consensus-driven organizations act. To watch this team go through it was crazy."

The rest of the Current Culture profile was worrisome as well. In addition to the strong Passive/Defensive extensions, the profile showed unduly high Aggressive/Defensive norms as well. The Aggressive/Defensive styles of Perfectionistic, Competitive, Power, and Oppositional emphasize a task- rather than people-orientation and can lead organizational members to focus on their own needs at the expense of those of the group. Aggressive/Defensive styles often reflect stressful cultures mired in conflict, where status is more important than expertise.

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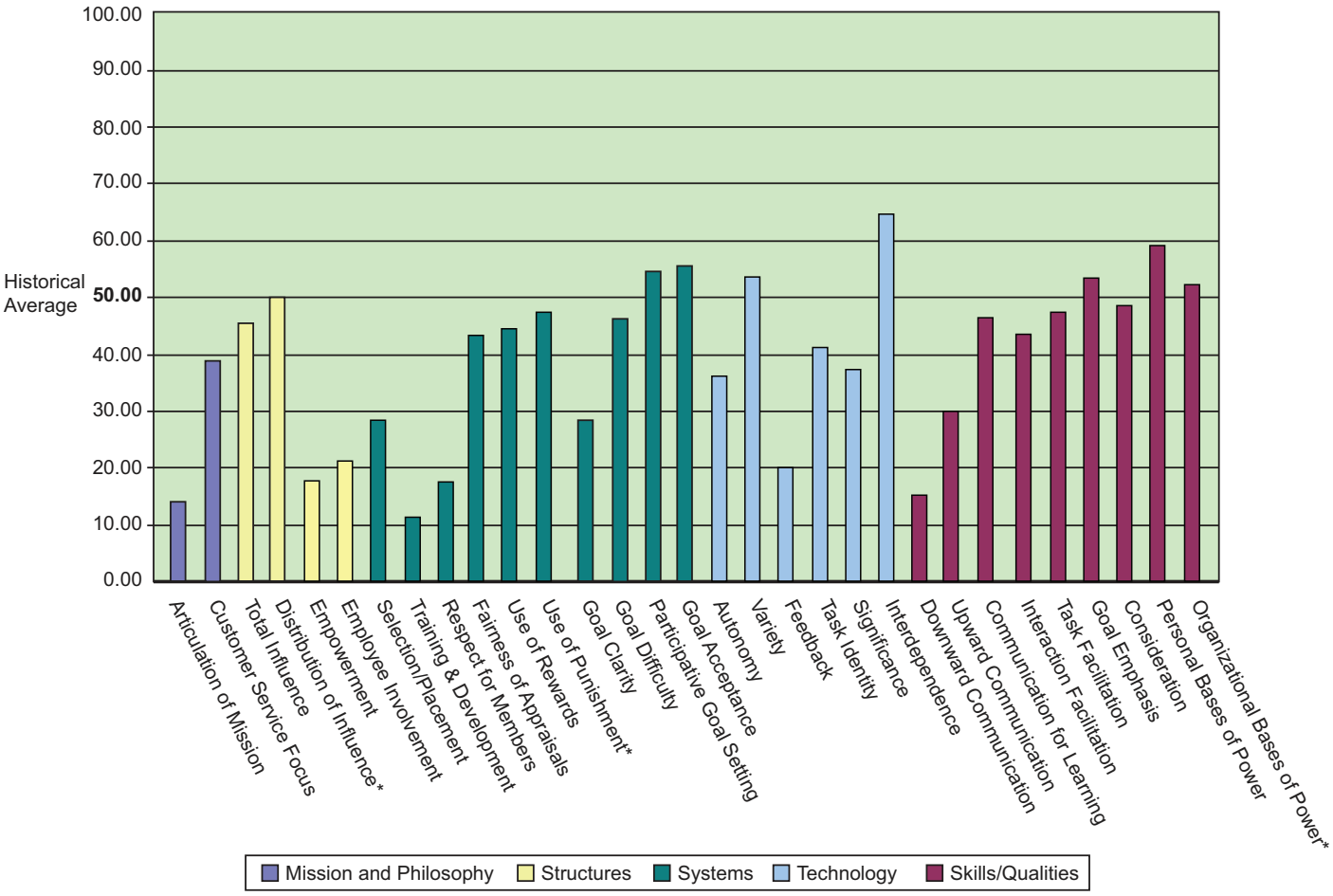
Pact's Current Culture profile presented a stark contrast to its Ideal Culture profile *(see Figure 2 on previous page)*. The Ideal Culture profile showed that members strongly desired a Constructive culture, with significant extensions in the Achievement and Humanistic-Encouraging styles. These two styles combine with Self-Actualizing and Affiliative to form the Constructive culture, which promotes the fulfillment of higher-order needs and attainment of organizational goals.

Though there was a huge disconnect between Pact's Current and Ideal Cultures, the OEI results were even more startling. Of the 29 causal factors (levers for cultural change) measured by the OEI, only seven were above the Historical Average (see Figure 3 below). The outcomes (effectiveness criteria) were even less reassuring: Out of 12 outcomes, none were above the Historical Average *(see Figure 4 on next page)*. Pact's bottom causal factors were Training and Development, Articulation of Mission, Downward Communication, Respect for Members, Empowerment, Feedback, Employee Involvement, and Goal Clarity. The least positive outcomes were External Adaptability, Organizational-Level Quality, Role Clarity, Job Insecurity, Satisfaction, and Intention to Stay.

The key insights gained from the OCI/OEI results enabled Viso and Ihrig to focus their change initiative. "The number one indicator was lack of training and development in the organization. They were not investing in their talent," said Ihrig. "Discomfort or unrest and potential willingness to leave the organization also caught attention. Direct, transparent communication was not happening, and people were pushing authority up the chain to avoid accountability. This couldn't continue with where [Pact] wanted to be going."

Figure 3: Pact Time 1 Summary Barchart of Causal Factors (Percentile Scores)



* In the barchart shown above, the scores for distribution of influence, use of punishment, and organizational bases of power were reversed so that higher percentile scores signify more desirable results.

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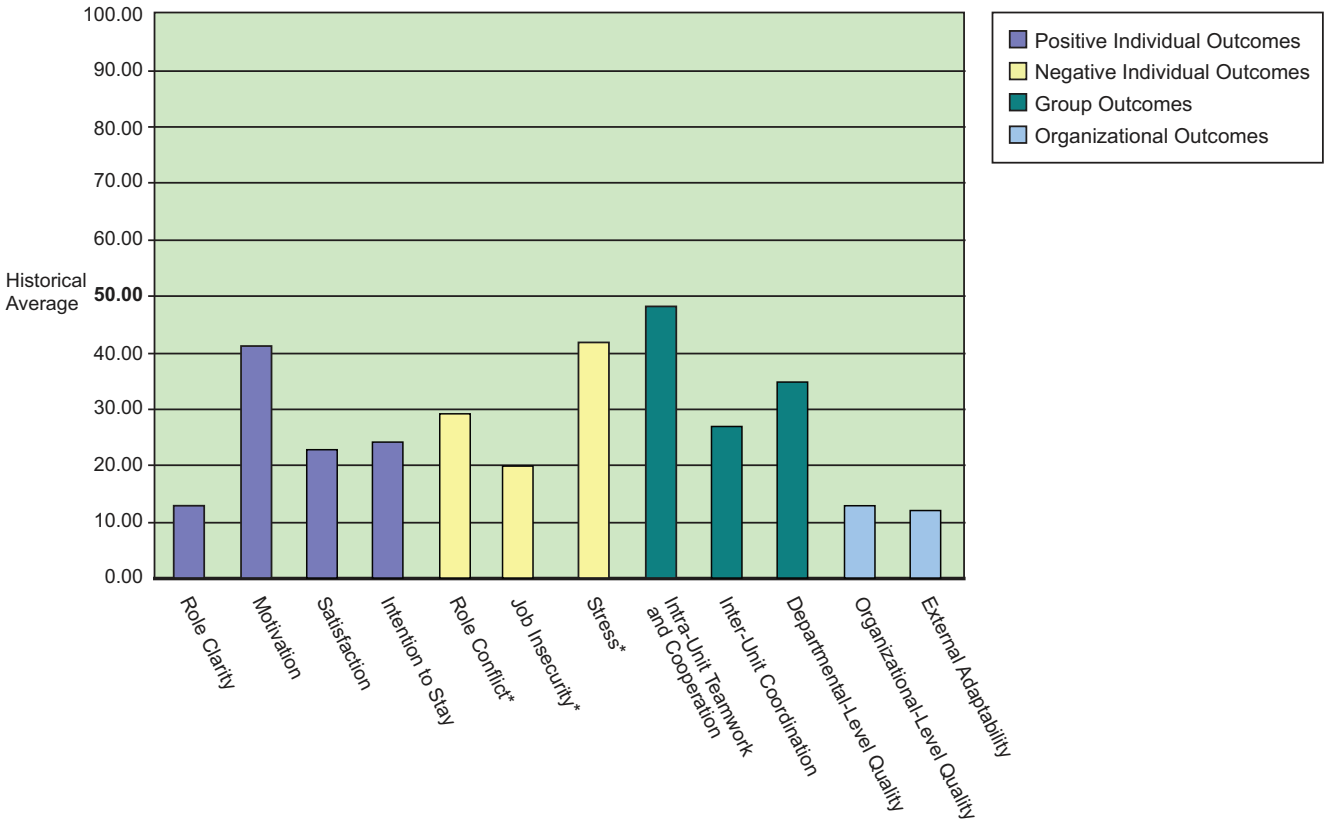
Figure 4: Pact Time 1 Summary Barchart of Outcomes (Percentile Scores)



TRANSLATING CULTURE

Pact gained a valuable asset for uniting the organization when Shawn Mood joined the team as Vice President of Global Human Resources. Drawing on a wealth of global HR experience, Mood immediately began working with Viso and the leadership team to make Pact a more cohesive, effective organization.

"The organization was surprised at how low we scored on a number of OEI items compared to the benchmarks," Mood said. "Mark and the leadership team knew things were not perfect, but they were surprised at how low some of those indicators were."

Viso and the rest of Pact's leadership team had significant data to explain what was unhealthy about the organization and where they should focus their efforts, but they were missing a critical piece: the organization's mission and strategy. Because of its segmented nature, the organization's D.C. headquarters and global branches were not working toward a common goal, and combined with the lack of communication, an "Us vs. Them" mentality was very prevalent in the global offices.

"We operate in 26 different countries. They all have their own national cultures and labor laws and obstacles," said Mood.

"Even with a strong corporate culture, which we didn't have, it's very difficult to move that culture around. We hire people from the local community. We have, say, 100 employees in Malawi and 98 of them are from Malawi. How do we translate our culture to a country 5,000 miles away?"

"Mark [Viso] and his team made a strong effort to communicate by more than just emails by traveling to the international sites," Mood continued. "Face-to-face meetings made a huge difference in humanizing the U.S. office. It made the organization more 'real' to a lot of the international offices. [Viso] built up quite a bit of understanding that the people in D.C. are on the same page as the international offices."

With the organization beginning to make strides in unifying the U.S. and international offices, Viso began working to better define the organization's mission, vision, and values. "Mark was very intentional about nailing down a strategy. In the year between [Time 1 and Time 2] he put together a very clear company strategy with input from a lot of people," Mood added. "By the time we took [the OEI] again, almost every employee around the world had the strategy in front of them and knew it very well. They knew what kind of work they were going to perform and what countries they were going to focus on. There was a vision of what we were doing rather than it being ad hoc."

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Seeing results and the importance of organizational culture in action, Pact's leadership team began putting together an action plan. They added organizational health to Pact's balanced scorecard, making it a key item for measuring the success of the organization as a whole. And, with the help of Mood, Pact's leadership team began putting processes in place to effect real, lasting change in the organization.

"One of my first tasks was to help standardize how we treated expat employees," Mood recalled. "Each contract had been done on a case-by-case basis and all of them had different rules and regulations." This improvised way of operating was pervasive at Pact, with tasks and goals being reached often based on luck.

"Getting funding from donors is very important to Pact. In the past, individual employees or groups of employees would approach potential donors on their own," Mood continued. "In the space of one year, we organized our business development function under a cohesive department that introduced templates and semi-standardized processes. The employees involved felt much better about the organization because it was now an organized event rather than a freeform experiment. If you multiply that by lots of different functions, it leads to great results."

TAKING ACTION

With a cohesive strategy, standardized procedures, and a solid mission communicated to all the global offices, the culture at Pact improved rapidly. "A year later, I could see a huge difference in people's willingness to have conversations directly," said Ihrig. "To see the change in how they make decisions is beyond outstanding. I don't dread retreat-agenda-planning phone calls anymore. There is now a true spirit of team, collaboration, and focus. They know where they're headed, what's needed to get there, and most important, how to engage and empower the talent in the organization to deliver the results."

In preparation for Pact's annual meeting, the leadership team decided to do the OEI again, to re-measure the levers for change and outcomes and to identify the items that still needed work. The results were again surprising, but this time, the surprise was positive.

"My surprise was how quickly the shift happened," said Ihrig. "Typically we see more of an 18-month to three-year process for the kind of shift we saw in 12 months for Pact. It was a perfect storm—so many things were going in the right direction at the same time. The quality of the work and quantity of return led to amazing results."

The payoff was clearly documented by the Time 2 OEI results. Of the 29 causal factors, 21 were now above the Historical Average, compared with only seven the year before. In addition, scores for seven of the 12 outcomes rose to above the Historical Average, compared with none in the Time 1 measurement *(see Figures 5 and 6 on next page)*. All but one of Pact's outcomes scores improved from Time 1 to Time 2.

"Scores went up because the context of the organization was more understood," according to Mood. "It was a recalibration—people understood the reasons for decisions in the organization."

Mood and Viso remained committed to their initial goal of increased open communication, and they quickly compiled the results of the OEI so everyone at Pact could see and celebrate the organization's impressive progress. "We presented the PowerPoint® to all U.S. staff and our board of directors in person and sent the presentation to every member of our staff worldwide," said Mood. "We had voluntary conference calls where people could call in to ask questions."

In addition, Pact's leadership team put together an international working group for the OEI, asking them to dive into the raw data to determine new goals for the organization. "They were very active with the data and came up with what they thought were the critical issues to work on," Mood continued. "Then we asked them what specific actions we could take to move the needle on some of the issues. We came up with a list of 14 specific and realistic action items."

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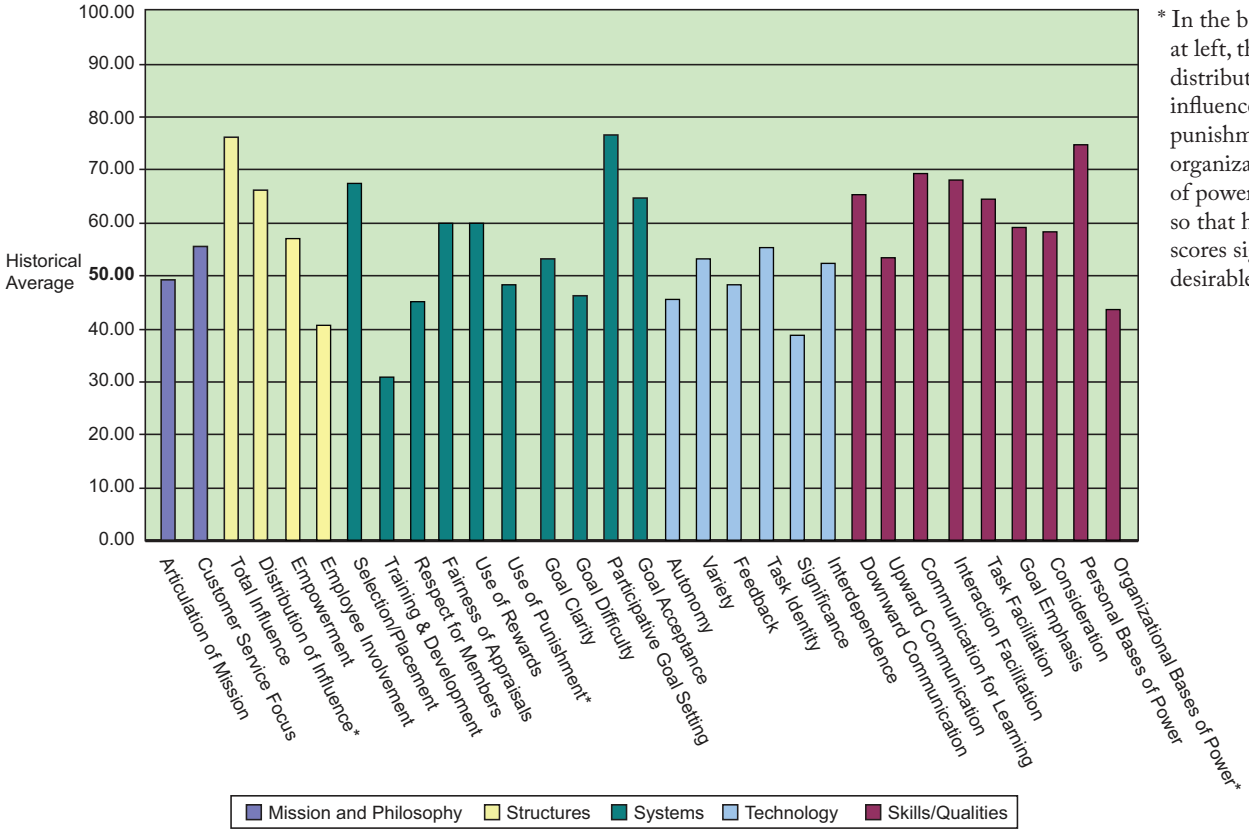
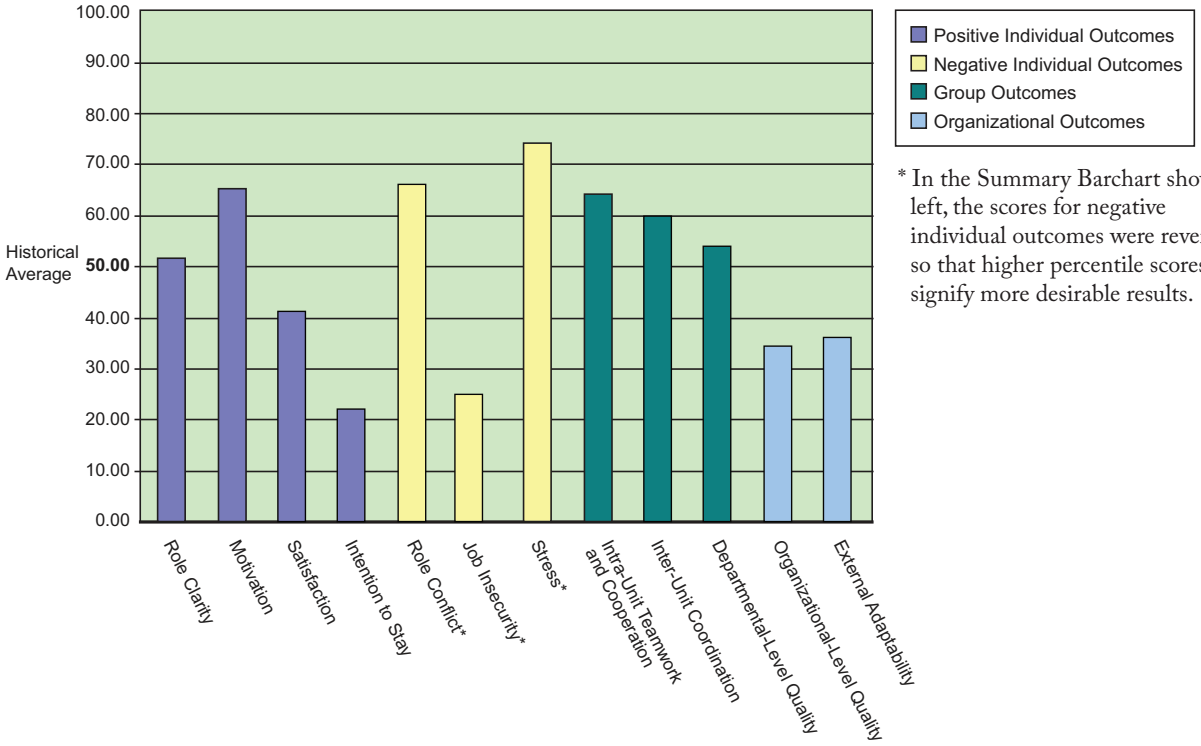
Figure 5: Pact Time 2 Summary Barchart of Causal Factors (Percentile Scores)



* In the barchart shown at left, the scores for distribution of influence, use of punishment, and organizational bases of power were reversed so that higher percentile scores signify more desirable results.

Figure 6: Pact Time 2 Summary Barchart of Outcomes (Percentile Scores)



* In the Summary Barchart shown at left, the scores for negative individual outcomes were reversed so that higher percentile scores signify more desirable results.

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The OEI working group's list of action items was directly based on the causal factors that still needed improvement. The action items included implementing supervisor training focusing on feedback and communication; developing, publishing, and communicating specific strategies for each department within the organization; sending more communications to all staff worldwide; organizing team-building events; and building career paths and training plans for employees.

"All recommendations are actionable 'assignments' we've agreed to take on and can measure," Mood commented. "For example, one recommendation was to have a suggestion box on our intranet page so people can have more input. It's easy to measure because we either have or have not done it."

More obvious than the great strides Pact has made on the OEI levers for change is the shift in day-to-day behaviors. The increase in transparent communication and the implementation of standard processes and procedures has greatly improved the way Pact's employees interact and approach their work.

"The thing I see most is that we are getting away from a Defensive culture. People are more comfortable or more willing to approach problems and colleagues directly instead of gossiping and passively responding," observed Mood. "If there's a problem, they'll usually approach it head on rather than letting things fester or avoiding it entirely. People are more open in their conversations and are holding each other more accountable. We are much more communicative and open to input and we've gotten more organized and standardized. People feel better about an organization when there's a method to the madness."

Ihrig has seen Pact's culture change from an outside perspective, and he echoes Mood's enthusiasm about the significant progress the organization has made. "Today you have a group of people who are very committed to the process and owning their piece," he said. "My strategy has always been to equip the internal folks and not be reliant on the external knowledge, and that's definitely what we have at Pact. Now they bring me in when they need someone to be an outside voice or facilitate the process going forward. They have a set of internal players who are owning it, so our initial strategy is playing out."

COMMITTING TO LASTING CHANGE

Although Pact has already seen tremendous growth, its leaders know that there is still work ahead of them. They hope to maintain their momentum and further improve their training and development program, and they want their employees to be proud of the work they do. Overall, Viso and the Pact leadership team want to encourage their employees to take ownership of their futures while they inspire the people they help to do the same.

With support from Ihrig, the leadership team at Pact plans to re-test with the OCI once every other year and use the OEI once a year to keep moving their levers for change and outcomes in the right direction. Judging from the progress they've already made, Pact will be able to make an even greater impact on the lives of marginalized individuals throughout the world.

"The better we can do as an organization, the more positive impact we can have on our beneficiaries," said Mood. "When we make improvements in our systems, professional development, and culture, we make ourselves better, wiser, and more accessible. It makes our results much better."

According to Ihrig, Pact has all the right pieces in place to continue making a meaningful, lasting transformation. "Culture change is a process. There's no magic wand—it's a series of intentional questions being asked and actionable steps that are being implemented," he said. "You have to be ready for the hard work. Pact was ready—they felt the tension and knew there had to be a paradigm shift. If you do the work right, some amazing breakthrough results can happen like you see at Pact."

For more information about Pact, visit http://www.pactworld.org. To learn more about Edge Global Advisors, go to http://www.TheEdgeWay.com.

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About the Circumplex and Culture

Human Synergistics International's Circumplex provides a way to "see" what drives the behavior and performance of individual contributors, leaders, work teams and, in short, the entire organization. It illustrates the factors underlying effectiveness in terms of 12 styles of thinking and behaving. Some styles lead to adaptability and sustainability; some do not. Regardless of their impact, they all describe what's expected, explain what's happening inside the organization, and provide a direction for change and development.

Effective groups and organizations show STRONGER tendencies along the **Constructive styles.**

12
Members are expected to gain enjoyment from their work and produce high-quality products/services

1
Members are expected to be supportive, constructive, and open to influence in their dealings with each other

2
Members are expected to be friendly, open, and sensitive to the satisfaction of the work group

3
Members are expected to agree with, gain the approval of, and be liked by others

4
Members are expected to conform, follow the rules, and make a good impression

5
Members are expected to do what they are told and clear all decisions with superiors

6
Members are expected to shift responsibilities to others and avoid being blamed for mistakes

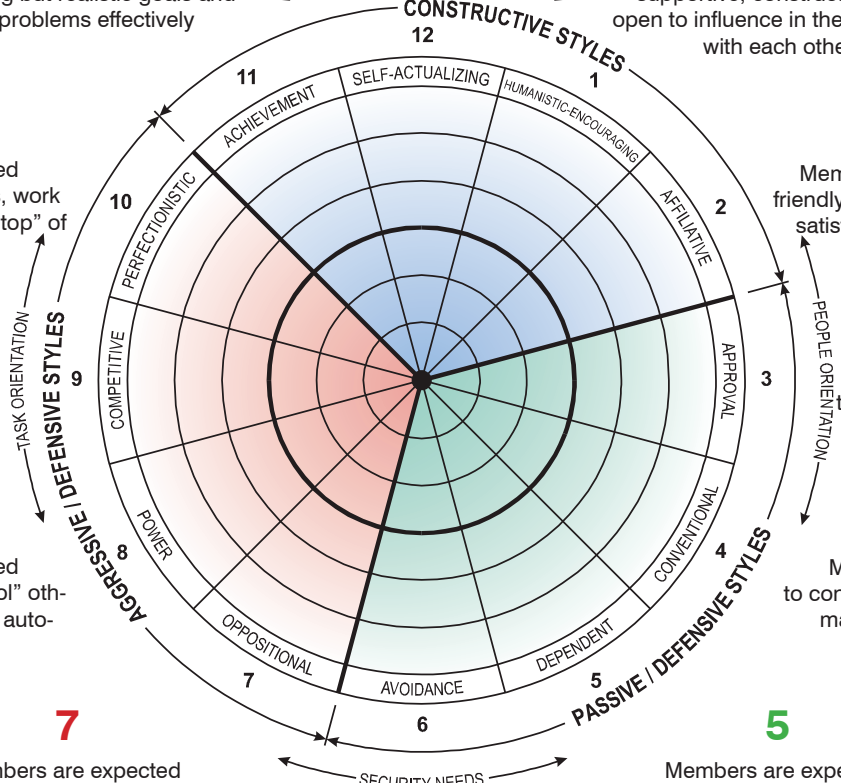
7
Members are expected to gain status and influence by being critical and constantly challenging one another

8
Members are expected to take charge and "control" others, and make decisions autocratically

9
Members are expected to operate in a "win-lose" framework and work against their peers to be noticed

10
Members are expected to avoid making mistakes, work long hours, and keep "on top" of everything

11
Members are expected to set challenging but realistic goals and solve problems effectively



Effective groups and organizations show WEAKER tendencies along the **Aggressive/Defensive styles.**

Effective groups and organizations show WEAKER tendencies along the **Passive/Defensive styles.**

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