

CULTURE AUDITS: A TOOL FOR CHANGE

A Step-by-Step Process to Analyze the Organization and Adapt to Change

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Not only has healthcare reform shaken up the delivery of care, it is rocking hospitals to their very foundations—their organizational cultures.¹ Today culture is viewed as the patterns of thoughts, feelings, behaviors, and symbols that recur throughout an organization. These patterns are reinforced by leader and employee behavior and even physical space and technology.

From the 1960s through the early 1980s the core goals, values, and assumptions that define organizational culture evolved slowly. Underlying assumptions of that era included the following:

- Hospitals compete independently and grow.
 - New technology is automatically acquired.
 - Physicians have autonomy.
 - Specialists are king.
 - Nurses are in chronic short supply.
 - Patients will come.
- Today managed care and managed competition

make these assumptions obsolete, forcing changes in behaviors and relationships—deep culture changes. Some organizations have changed quickly to transform themselves; others have not.² The culture audit is a critical tool for easing the transformation. The chief operational question is, How do we audit our organization—that is, analyze it and use the information as a starting point to assist change?

The literature describes five phases to a cultural audit and change that occurs in corporate cultures: (1) needs awareness, (2) diagnosis, (3) planning, (4) action, and (5) evaluation.³ This process (see **Box** is considered to be transferable to all types of healthcare organizations, from hospitals to academic health centers to physician practices.

PHASE I: NEEDS AWARENESS

Many factors can spark interest in a culture audit:

- The chief executive officer (CEO) or senior clinical managers desire a periodic checkup of the

Summary The culture audit, which has five phases—needs awareness, diagnosis, planning, action, and evaluation—is a critical tool for easing cultural transformation in healthcare organizations. The objective of the audit—usually conducted by outsiders—is to help leaders better understand the current culture and adapt the culture to enhance organizational performance.

Most leaders contract with an outsider to facilitate the needs exploration process, often with the guidelines of an advisory team of managers and staff.

During the diagnosis phase, the audit team chooses the data-gathering methods, collects and analyzes the data, and develops a model of the culture.

The third phase of the culture audit involves

planning interventions. Once leaders have a clear picture of their organization's culture, they must ascertain whether the culture will enhance or impede the changes demanded by healthcare reform and an increasingly competitive environment.

During the action phase, the culture begins to move toward its desired future. This transition generally requires change in all the organization's systems, including technology, structure, rewards, decision making, budgeting, and managing.

Finally, the organization assesses the impact of its culture on its performance. Using the original diagnosis as a baseline and the organization performance goals, the evaluation process maps the changing culture against the benchmark beginning and the goals.

organization as it enters a period of reform "white water."

- The organization faces a major structural change (e.g., downsizing, merger, the opening of satellite clinics).

- The organization is about to embrace an operational change (e.g., shift to managed care, computerization of multiple functions, debrucratizing).

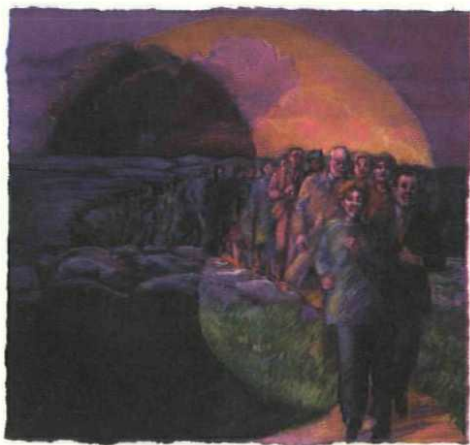
- The CEO senses that things are not what they should be (e.g., low morale, cost overruns, substandard clinical quality requirements).

Recognition of Need Once senior administrative and clinical managers acknowledge the need for information, they begin a dialogue about the pressures influencing the need for internal change. Even when leaders gain an understanding of the pressures and the need for change, they tend to be unclear about *how* to change.

Diagnosing an organization's culture cannot be done by insiders alone because they take the culture for granted. Furthermore, humans tend to seek order rather than change. In organizations that tendency translates into, "We've always done it this way." Most cultural characteristics become invisible to those who live with them day to day. Insiders are the repository of knowledge about a culture, but they typically cannot see it without the involvement of an outsider.

For example, in some cultures staff would never consider a different scheduling system for appointments if they perceived the current system to be efficient. In cultures that embrace change, such as hospitals that practice continuous quality improvement, the scheduling system would be monitored routinely as to its effectiveness from the patient's perspective.

Certain cultural characteristics (e.g., criteria for inclusion on key committees, openness to patient feedback, level of employee participation, type of physician-nurse interaction) often flow from the values and behavior of senior administrative and clinical leaders. Open discussion of core values and behaviors is unlikely in all but the most open and trusting cultures. At this point, most leaders contract with an outsider to facilitate the exploration process, often with the guidance of an advisory team of managers and staff.



Sim Gellman

CULTURAL TRANSFORMATION

Development of the Audit Objective The objective of the audit—usually conducted by outsiders—is to help leaders better understand the current culture and adapt the culture to enhance organizational performance. Leaders must articulate clear performance goals at the outset so progress can be measured and monitored. A plan to facilitate the process and to gain knowledge about the

methods used in culture audits—the gathering and analyzing of data—is needed.

PHASE II: CULTURAL DIAGNOSIS—THE CULTURE PROBE

During the diagnosis phase the audit team chooses the data-gathering methods, collects and analyzes the data, and develops a model of the culture.

Data-gathering and Analysis Depending on the audit purpose, time constraints, and available resources, different types of data-collection techniques (e.g., interviews, surveys, focus groups) can be used. This step can take as little as two weeks or as long as several months. Regardless of the techniques used, asking the right questions, following the clues and cues, and learning quickly are critical to arriving at a description of the culture. The data-acquisition methods we most often employ involve observation, interviewing, group processes, and review of organizational documents.

Participant observation is an approach aimed at making sense of the actions and reactions of organizational members. With this technique, the culture analyst not only participates in organizational situations, but also observes the activities, people, and physical aspects of the situation (e.g., staff meetings, utilization of computer systems, quality improvement team activities).⁴ The goal is to become familiar enough with the organization to intuitively understand how members would react to various situa-

CULTURE AUDIT PROCESSES

Phase I: Needs Awareness

- Recognize need
- Develop audit objectives

Phase II: Cultural Diagnosis—The Culture Probe

- Gather and analyze data
- Develop a model
- Give feedback on model

Phase III: Planning for Change

- Analyze fit
- Define the desired future
- Choose the interventions

Phase IV: Action

Phase V: Evaluation

tions such as a new proposal from a managed care company, a joint venture with another hospital, or a change in billing.

With *observant participation* the analysts pay particular attention to their own interactions with the organization, since these can indicate how staff react to new ideas and changes generated, for example, by healthcare reform.

If all data must be collected within a few days, the team may conduct *individual and group interviews*. Interviewing is central to the culture audit because it provides the most first-hand information in the shortest period of time. Who is interviewed and what topics are covered are critical. In healthcare, speaking with a representative sample of physicians is often a significant challenge.

A quick and efficient way to gather data is to engage in specific *structured group activities* such as norm census or responsibility charting. The norm census identifies the norms and values that influence behavior (e.g., "cost containment is not relevant to patient care"; "quality indicators are junk").⁵ Responsibility charting identifies tasks that need to be performed, the individuals or groups that need to be involved, and the type of participation each group should have in each task area. Responsibility charting can help determine changes in roles and responsibilities when quality improvement and cost-containment councils are established or when satellite clinics are opened. Both quality improvement and cost-containment initiatives bring new duties and roles and challenge prevailing assumptions about life in the organization.

It is always helpful to review *archival data*. Internal documents (including company reports, memoranda, letters, videotapes) as well as external documents (articles from trade journals, business periodicals, and newspapers) provide a variety of perspectives about the organization's mission, structure, systems, tasks, and personnel. Sometimes outside organizations test cultural values by examining official records such as minutes. For example, the Joint Commission on the Accreditation of Health Care Organizations reviews meeting agendas and minutes. If a hospital avows a commitment to and investment in quality improvement, then the num-

The final description of the culture sometimes comes as a surprise.

ber of times quality initiatives appear on meeting agendas and the nature of the discussion about quality signify to the team the actual value of quality in the culture.

Development of a Model Data gathering and content analysis are an iterative process. Themes and relationships among themes lead to understanding the culture.⁶ Neither themes nor their relationships are necessarily obvious to organiza-

tional members, since themes are embedded in people's daily lives and they often take them for granted.⁷ For example, participant observation and interviews may demonstrate that staff groups have varying reactions to the introduction and use of new technology. Differing attitudes toward patient care can also become apparent. Developing detailed descriptions of these themes and then exploring their relationship to one another may indicate, for example, a pattern of conflict or cooperation with physicians. By identifying, describing, analyzing, and connecting the major themes in a network, culture analysts can build a model of the organization's culture.

Model Feedback After identifying themes and patterns, the team shares a model of the culture with organizational members for their reaction. Because a model should describe an organization from the members' perspective, it is important to have them validate the model. If the advisory team finds physician-hospital conflict, for example, does that finding spark recognition among members?

During the data-collection step, team members should reveal themes and pieces of the model to organizational members. Their comments frequently lead to the collection of additional data or prompt reanalysis of the data. For this reason, the final description of the culture sometimes comes as a surprise. On one level members may not have perceived their organization in the way stated, but the description often still matches their own experience. Because of the interactive and iterative nature of data collection and analysis, the resulting model is usually an accurate reflection of the culture.

Although organizational members participate in the data gathering and are therefore familiar with many of the themes emerging from the cul-

ture audit, systematically sharing the model with organizational members provides a structured opportunity for the organization to begin examining its core values and behaviors. When merger with a nearby competing hospital seems to be a strategic opportunity, the long tradition of enmity and fierce competition must be addressed. To be successful, core values and behaviors must change.

The result of a culture audit is a diagnosis, a shared sense of the healthcare organization's culture and knowledge of the starting point in a process of change.

PHASE III: PLANNING FOR CHANGE

The third phase of culture analysis and change involves planning interventions. Once leaders have a clear picture of their organization's culture, they must ascertain whether the culture will enhance or impede the changes demanded by healthcare reform and an increasingly competitive environment. With the growing demands for cost containment, quality, and consolidation, many healthcare organizations are, as Peters and Waterman⁸ would say, "in search of excellence," but excellence delivered by an organizational form different from their current form. The most successful organizations (i.e., those with high productivity, strong bottom lines, and high quality of working life) have a number of cultural characteristics in common, here adapted to apply to healthcare:

- The leader has a clear and simple vision—to provide high-quality products and services as defined by the patient/customer and the purchaser/customer.
- The leader is willing to change all structures and systems to support his or her vision (building an integrated health system, merging).
- The healthcare organization has a strong customer focus, looking at both internal and external customers (patients, physicians, and corporate managers).
- The leaders are fully committed to employee empowerment and push decision making, authority, and responsibility to the level of action (to clinical teams).
- Training is done with everyone at all levels to

Diagnosing strengths and weaknesses provides a blueprint for change.

ensure continuous learning and improvement.

If the goal is to improve organizational performance in terms of both cost and quality, then how can an understanding of an organization's culture be used to plan this improvement? Using culture to diagnose an organization's strengths and weaknesses provides a blueprint for changing actions.

Fit Analysis

Fit analysis consists of going back to the organizational themes and the relationships among the themes. Working closely with the advisory team, analysts compare the cultural themes with other organizational characteristics (e.g., vision, strategy, structure, systems, tasks) to identify areas of congruence and conflict. For example, how will opening satellite clinics affect patient care and billing systems? Will the structures and values of a clinic be different from the host hospital culture? How do hospital staff feel about how HMOs work to reduce admissions? How might an emphasis on primary care affect a specialty practice?

Data comparing cultural themes with other organizational characteristics help identify functional and dysfunctional behavior (i.e., behavior that enhances or impedes organizational performance).

Defining the Desired Future Having analyzed the fit between the organization's culture and other characteristics, leaders must determine which characteristics should be adapted to the organization's culture and which aspects of the culture should be modified to fit specific organizational characteristics. For example, some national policy reforms lead to additional bureaucracy, detailed reporting of quality-of-care data, and layers of committee review of clinical actions. To remain dynamic and competitive, the organization must decide how to resist or modify these external pressures for change and anticipate how these pressures will alter organizational characteristics. The organization must clearly define its desired future and move aggressively to create the culture and the operational characteristics.

Choosing the Interventions After generating options, leaders must choose appropriate changes and interventions to create a better fit between the

organization's current culture and its desired future. For example, hospital leaders must consider how to forge collaborative partnerships with physicians and what services to offer as part of the care continuum. One option is to buy physician practices. Matching the culture audit against the change pressures from the environment provides some insights on how to proceed with adaptive action.

PHASE IV: ACTION

In this phase, the culture begins to move toward its desired future. This transition generally requires change in all the organization's systems, including technology, structure, rewards, decision making, budgeting, and managing.⁹ For example, recognizing that quality will be a competitive issue in the years ahead requires first a review of how the culture values quality assessment and improvement. After building strong cultural support, the organization may need to create internal quality report cards, form a quality council and improvement teams, and benchmark with other organizations.

PHASE V: EVALUATION

The final steps of the culture analysis and change process involve assessing the impact of the organization's culture on its performance. Using the original diagnosis as a baseline and the organizational performance goals articulated earlier, the evaluation process maps the changing culture against the benchmark beginning and the goals. What changes are visible to key members of the organization? Are cultural changes visible at each level of the organization? The evaluation has dual purposes: (1) to assist in development, a formative purpose, and (2) to assess where the culture change activities have had an impact, in essence a summative review of the progress of change. A senior executive team, with outside support, conducts the evaluation process, which can use a variety of data collection techniques such as surveys, personal interviews, focus groups, and official records analysis. When the evaluation is conducted during the early phases of culture change, it is

Transition

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more formative—contributing feedback on the change process. After several years, the evaluation process becomes more judgmental, asking: Was the culture change successful?

FUTURE OF CULTURE AUDITS

The actual work of culture analysis and change is dynamic and nonlinear. In the second half of the 1990s, we need to see more organiza-

tions' processes and how these processes play out. We need further research on what methods and data collection processes are both practical and effective. Documentation of the benefits of culture audits and subsequent change will aid transformational leaders as they strive to produce the highest quality of care with shrinking resources. □

NOTES

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