



Human-Centered Organizations

An Inside-Out Approach
to Cultural Transformation

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The average age of S&P500 listed companies is just around 15 years compared to 75 years in the 1960s.

WHY EMBRACE "TRANSFORMATION"?

It is a known fact that **52% of the companies listed at Forbes 500 have disappeared since the year 2000 because they could not manage to maintain their strong positions over the recent years.** With the evolution of labor trends and economic targets, the average life cycle of companies dropped significantly, too. In the early 1960s, the average life cycle of S&P 500 listed companies was around 75 years whereas today the same list's average company age is around 15 years. It is worth noting we have no idea what that number will be in 2030!

The reality is that today's organizations were never designed to evolve proactively and sustainably. They were built for just-in-time discipline and efficiency, enforced through hierarchy and routinization, resulting in often short-term gains. As the context shifts, there has become a mismatch between the pace of change in the external environment and the speed of transformation at which most organizations can respond. If it were otherwise we wouldn't see so many incumbents struggling to intercept the future.

Change in the current era is inevitable. It is no longer a question whether continuous change exists or not in today's business environment – change is a constant. The question is whether one should intend to direct the forces of change (for example, initiating a number of change projects) or accept it as an external condition and try to shift the status quo – the way of working – in the company instead.

Understanding the significance of change, embracing the key forces such as digitalization, globalization and democratization and the increasing urge for challenging their status quo is essential for today's organizations' sustainable growth. In other words, how an organization intentionally challenges the way it does work will define the likelihood for its future successes.

This paper summarizes a collaborative historical research looking over a large number of qualitative and quantitative studies around design thinking with Harvard School of Business. It also represents empirical data through years of organizational development work in identifying key patterns for theories of change and culture.

Overlaying Change & Culture

In most organizations, change is regarded as an episodic interruption of the status quo, something initiated and very frequently, managed from the top.

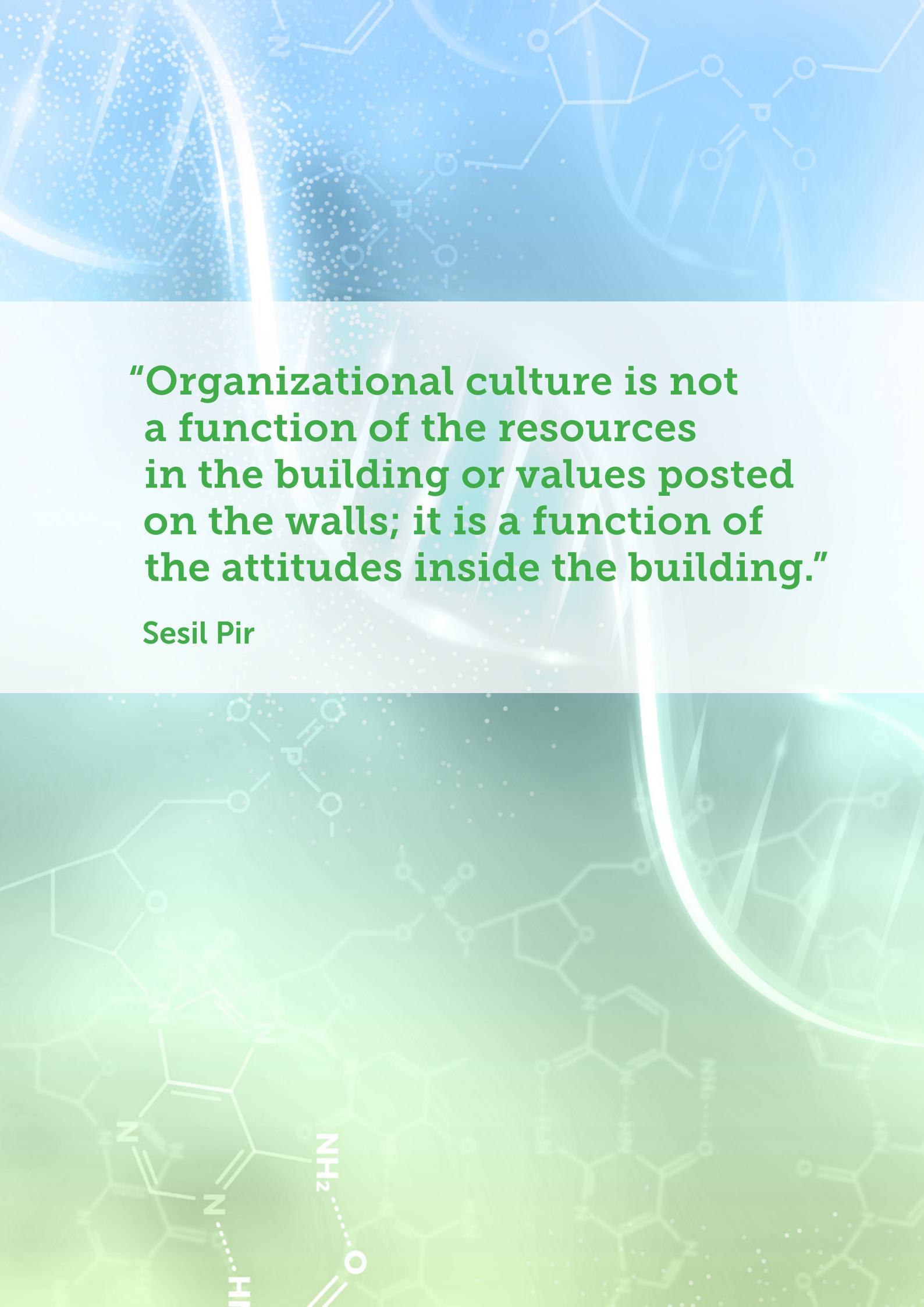
As many theorists and practitioners state, the outside-in view of change is indeed one of the root causes of huge failure rates reaching up to 70% in major change initiatives¹.

A leader's job isn't to design a change program and execute it through top-down stream, rather to create a platform that enables inside-out transcendence at an individual level and an inside-out transformation of the way work is handled.

Accepting continuous change as a constant, however, is a matter of culture for any organization. The only way to cope with an extensively changing volatility, uncertainty, change and ambiguity in the world, is for organizations to have a culture exhibiting adaptive, flexible, and collaborative structures. Learning agility should be accompanied by intentional unlearning and relearning individual and collective practices securing the robustness of the change platforms within the organization. This is where change literature and practices coincide with the concept of "culture" resulting in a need to further understand how crucial sustainable transformations may ward off the high rates of failures via creation of human-centered cultures.

Rethinking Culture & Its Elements

Culture is often defined as "behaviors, values and artifacts" inside an organization. Many corporations think of culture in terms of their structure, processes and/or rituals – practices that are either agreed or frowned upon, completely looking over the fact that people are at the center of an organization.



"Organizational culture is not a function of the resources in the building or values posted on the walls; it is a function of the attitudes inside the building."

Sesil Pir

Though culture is embedded in our day to day lives and can be encouraged or discouraged, it is important to delineate that formal practices are a result of a culture and not the culture itself. Some examples are structure or roles, organizational stories such as strategies, rituals such as celebrations or launches, language and physical arrangements, which often shape how people behave, relate or do their work but is not the culture itself.

An organization's culture, instead, is the quality of texture an organization takes while it self-organizes and grows in substance. It consists of the patterns of meaning and sense-making and links the rise of described manifestations such as behaviors, artifacts, customs, etc. together³.

Since culture is not innate, it must be acquired anew by each individual first and from there, transmitted to others and then to generations that follow. It must evolve along the way, too. It is this transmission of qualities at an individual and later team level, which ensures the continuity of culture in spite of the impermanence of the individual. These qualities have the ability to transport, reproduce, catalyze forming "social heritage." In that, culture is both continuous and cumulative.

If individual human beings are the core molecule of your culture (we call them "DNAs"), teams are your secondary and slightly bigger molecules of culture (we call them "RNAs") and culture is your 'metabolism.' Structurally, the two are nearly identical; they simply account for different functions. It is equally important to pay attention to the quality of teams as they have an amazing capability to be transporters of energy, reproducers and carriers of knowledge, amplifiers of impact and catalysts for evolution.

Culture is also a human system (Table 1) of interrelated and interdependent habit patterns or responses. It does not only depend on individuals; individuals depend on it, too.

The Human System

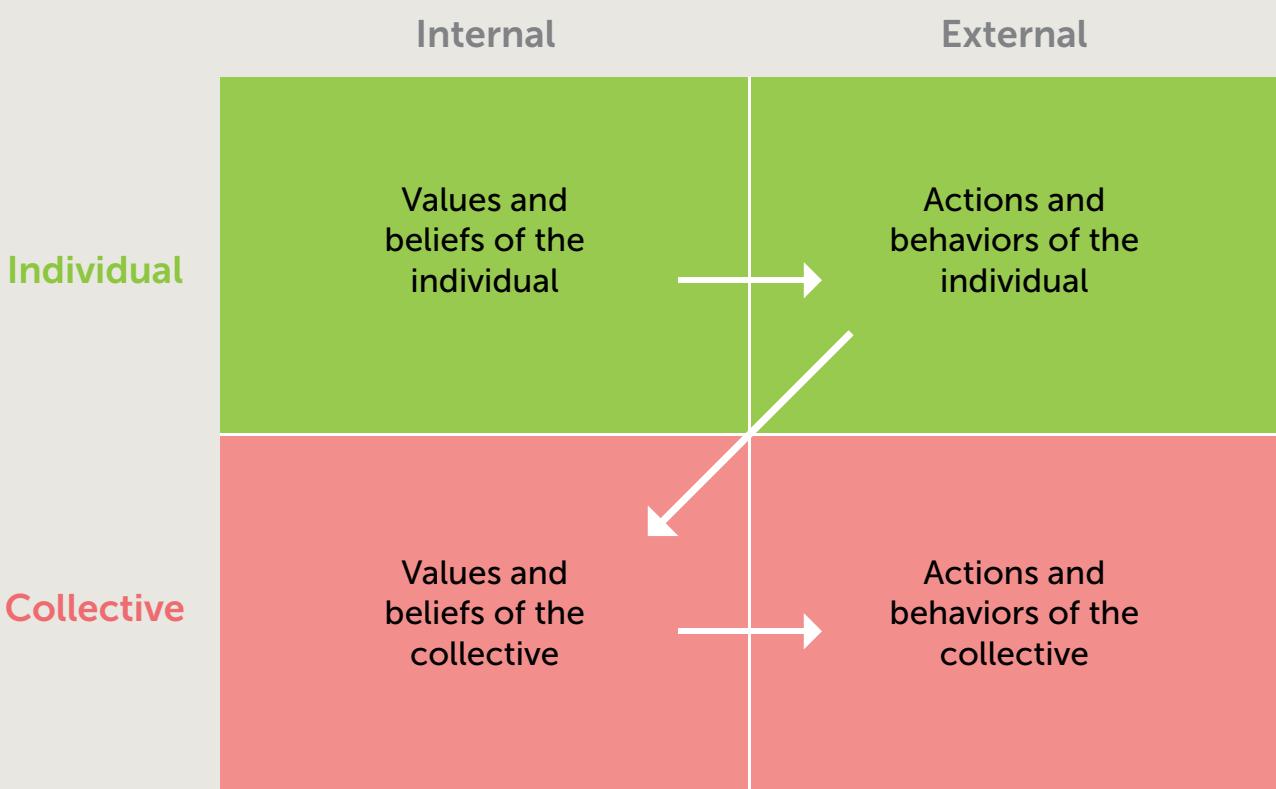


TABLE 1. THE HUMAN SYSTEM

An individual is never a free agent with respect to his/her culture. This is precisely why we observe at times inside a culture that gives people agency that provides the “right” environment, ordinary people do extraordinary things. Inside another culture, the “wrong” one, if you will, extraordinary people do ordinary things.

This is the primary reason why 21st century organizations are struggling for their existence in spite of large investments – because they don’t understand how to think of their organizational structure, roles, networks and routines in the context of culture transformation.

We believe the way to create sustainable and agile organizations requires not only transformation of business processes but also existing cultures into ‘human-centered organizations’ that can offer holistic employee experiences and nurture creation of authentic cultures based on inclusion, innovation and integration.

HUMAN-CENTERED ORGANIZATIONS

In order to transform existing cultures into human-centered organizations, companies need to clearly understand the key distinctions between future and traditional organizations and the interplay between individual and collective action.

As the nature of business models transform in response to labor and market conditions, the needs and structures of organizations are changing in parallel. We find, for example, conventional type of top-down hierarchical organizations is in desperate need of redesign. In order to let individuals, discover their full and hidden potential and for organizations to expand their capabilities, there is a need to rethink cultural formations.

We strongly believe centering "humans" at the core of an organizational context and designing for their intrinsic and extrinsic needs for meaningful life experiences are key to reforming agility in an organizational foundation.

There is an expansive new body of evidence spanning psychology, neuroscience and even economics revealing that as a species our default mode is not one of self-centeredness. We are equally wired to connect and care to take part in greater purpose. When we are able to connect, our physiology improves for the better. When our physiology improves, our emotional state improves and with the right conditions, our spiritual state improves as a result. In a holistic state of authenticity and serenity, we become better geared towards collaboration and creativity. From there, our productivity flourishes.

Therefore, our culture transformation efforts (Table 2) start with individuals in role similar to starting with a single DNA from biological point of view. We look to understand the current mindsets of individuals and from there, engage in a number of activities that enable behavior shift. Then, we work to redefine and transform these behaviors in a way that they can be grouped in several shapes and forms like RNAs. This is done so any team (RNA) composed of several roles/individuals (DNA) will inherently exhibit the same biological/cultural code as well as the interdependent nature of culture (metabolism) in the end.

This flow from individuals to teams, and then to whole organization is how we believe we can challenge conventional approaches to cultural change and why we prefer to follow "inside-out" view. An inside-out of culture evolution is one starting with the individual focusing on mindset and from there, trying to drive first individual behavior shift and then collective.

Transformation

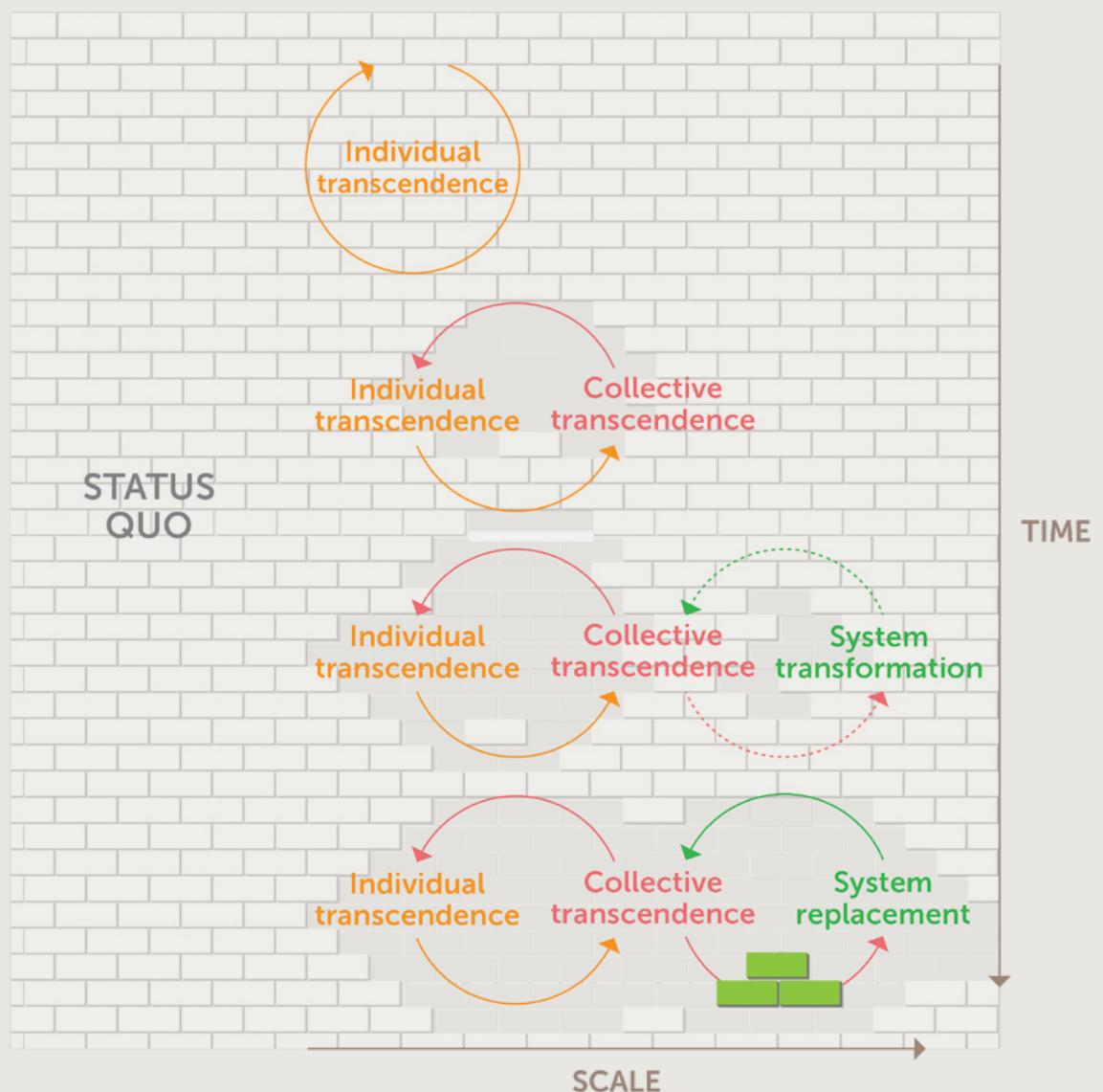


TABLE 2. INDIVIDUAL TO SYSTEM CHANGE MODEL

Conventional Approach to Inside-out Culture Transformation

The majority of the traditional 'culture change' initiatives follow Lewin-Schein's Model of three stages: First, there is the "unfreezing" of beliefs inside an organization through critical events; second, there is initiation of "change" through top-down role-modeling, setting new behaviors; third, there is "refreezing" the organization as a whole to lock in a new culture.

Though pragmatized by many experts and consulting firms, and elegantly reframed in a narrative by in-house specialists, very few initiatives actually drive the evolution intended and very few do it while enabling an individual or collective growth.

This is not because corporations or their executives are not capable to manage cultural change; it is more likely because of the lack of awareness and understanding that culture and change as a total picture needs investment of time, focus, attention and proper resources.

Indeed, one of the biggest challenges' organizations face today is a culture that has been led astray. Recognize having a set of values printed and posted on a wall is not the same as having an aspiring culture. A culture is initiated⁵ when and only when we are willing to take responsibility for our way of '**being**' individually – how we show up and express self – and from there, care equally about the quality of our '**relating**' – how we relate to self and others – and '**doing**' – how we work individually and collectively.

A big, catchy phrase to a transformation journey may pique interest; however, if people do not understand how they are invited to "be" – to show up differently, to "relate" or to "do" – work differently, they will never internalize your jargon or espoused values². Without maintaining "sense of ownership" at an individual and team level, resistance and lack of commitment will not be a big surprise, leading to another disappointing failure at the company level.

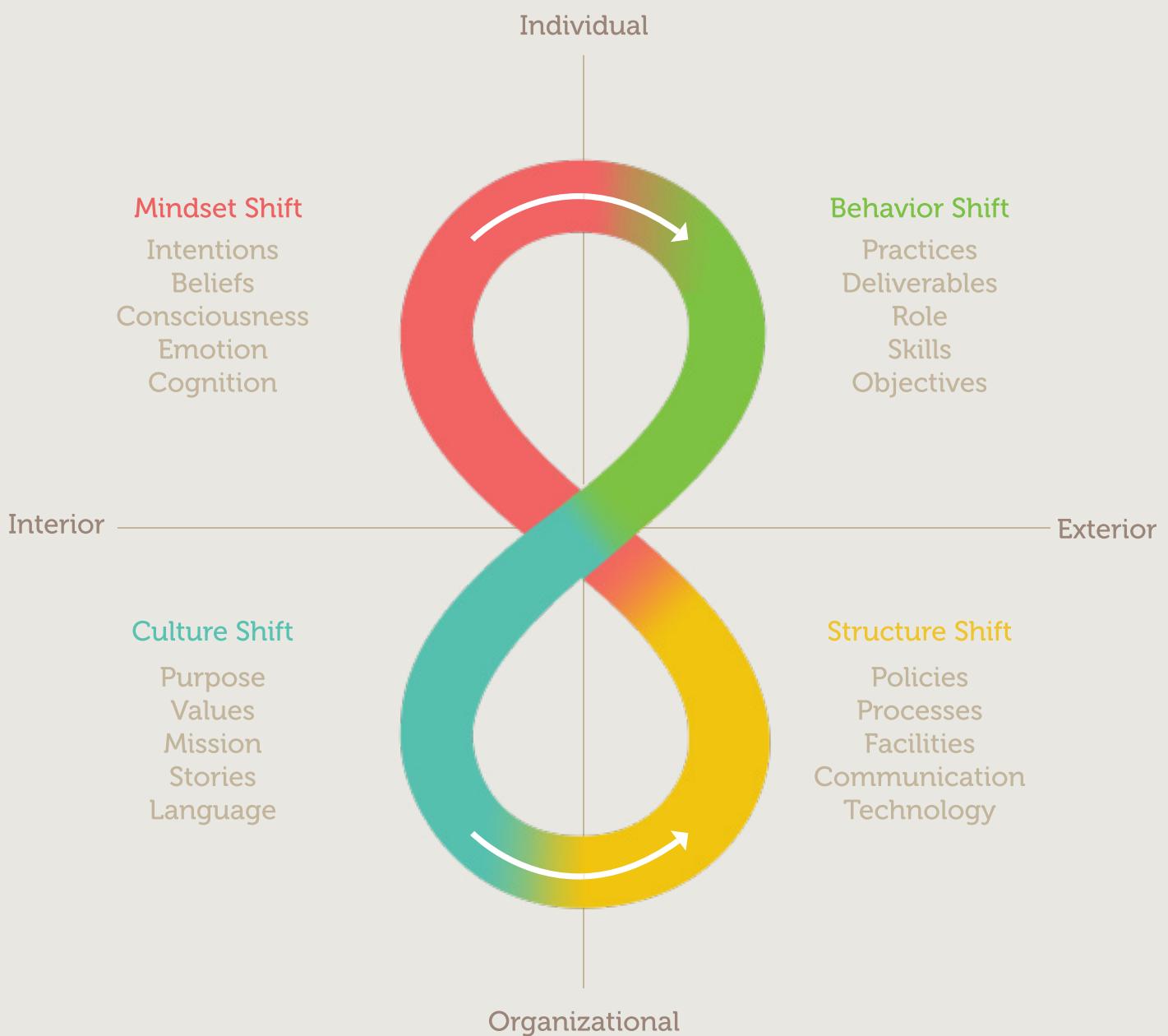


TABLE 3. INSIDE-OUT CULTURE TRANSFORMATION

OUR PROCESS

The Depth of Inside-Out Culture Transformation

We have a unique 6-step approach to the way we lead culture transformation processes:

Scanning the metabolism

- 1.** Constructing a competency model to achieve alignment on priorities

Building capacity with DNAs

- 2.** Preparing individual development plans and/or cohort learning & development plans to secure leadership quality exhibiting into the culture

Building capacity with RNAs

- 3.** Designing a "culture change roadmap" to facilitate team-wide activities

Rebuilding organizational capabilities

- 4.** Drawing talent maps and processes to guide the organization towards the right people

Flushing the metabolism

- 5.** Conducting architecture reviews to unleash energy and stop mutations at an experience level

Stabilizing through support

- 6.** Integrating the approach to tie into people empowerment practices

As the science of intrinsic and extrinsic motivation validates for us the sustainable energy to break mental, physical, emotional and psychological habits requires mostly activation from within, in order to penetrate and support sustainable transcendence, we define and address the needs across the following factors*:

A. Empower competencies	B. Key drivers of culture	C. Model of social architecture
Behavior	Values	Roles
Mindset	Emotions	Networks
Attributes	Assumptions	Routines

Finally, to enrich our approach and to decode the necessary shift, we focus in on the following layers in order to enable shift in the desired behaviors:

Individual

How does an individual show up?

Team layer

How are team activities organized?

Organization layer

How does the larger network act as an enabler?

Leadership

How are the leadership routines accessible and growth focused?

Benefits

Our inside-out culture transformation approach aims to bring not only a sense of ownership but also a significant level of commitment across the organization.

Starting with a scan of whole metabolism to define the individual and cohort learning development activities to expand capacity and capability and from there, with the structuring and support of re-design, we make sure individuals, teams and organization at large experience the value of being seen, heard, cared for and valued for their unique contribution throughout and beyond the transformation.

Through the process, we embed the optimum mix of theory, scientific evidence and practice into the work to bring about:

- Employee awareness and self-esteem
- Employee alignment and buy-in on brand value
- Agility to change and adaptiveness
- New rules of engagement
- Organizational flexibility
- Power of values and emotional alignment
- Enhanced trust and safety amongst stakeholders
- Human-centered leadership attributes
- Better meaning and inspiration formation
- Coherence to organizational strategy and operating model

CONCLUSION



A transformation comes to an end.

Once the set of aspired attributes, mindsets and behaviors have been trained, and adopted by the employees of the organization, and once the organizational benefits are realized, the work of transformation is considered complete.

Yet, culture is something that needs constant care and sustainability⁴. Organizations are living organisms and will evolve organically without the necessary care. To keep a culture of heart, there needs to be on-going intentionality and focus.

Finally, organizations have unique cultures. It is critical to understand that "one size does not fit all." Each organization needs its own culture and it needs to be a reflection of what is uniquely of value to them.

There is no single great culture.

What makes any organizational culture great is why and how it optimizes the capability and capacity of its humans. This is how a culture can serve as a brand enabling each individual to self-select the organization they want to work for and this is also how a culture can demonstrate differentiated value to its organizations' consumers, shareholders, and constituents.

Today, companies need adaptive and flexible organizations in order to cope up with the hyper-competitive business environment. Tomorrow they will require this agility even more to face future challenges and related uncertainty.

We believe that adaptability can only be achieved via authentic, competent, engaged, motivated and inspired human force exhibiting the same cultural pattern throughout the whole organization.

We visualize work environments free of asymmetry of power and free of apathy, allowing people the necessary space to remain connected to their humanity and dignity so they can effectively bring their whole selves to work to unleash full potential.

We invite organizations to consider culture as part of their future of work strategies, invest consciously and tactfully to correlate it with sustained performance and to celebrate as often as possible to grow its emotions.

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ABOUT SESIL PIR CONSULTING

SESL PIR Consulting GmbH is a boutique firm passionate about creating fulfilling experiences for every member of the global workforce. Since founded in 2015, it has been serving organizations of all sizes across a variety of sectors and disciplines and collecting stellar references, challenging the status quo of work and workplaces. We are proud to share that its growth has not gone unnoticed – its founder, Sesil Pir, has been recognized in 2017 as one of the EU 40 Young Leaders Under 40 and in 2018 as one of the 101 Employee Engagement influencers worldwide. To compliment on our scope, the company has established a non-profit sub-entity (Whirling Chief) and has been sponsoring valued collaborations with top academic and research institutions around the world in the focus areas of leadership, employee experience and the future of work.

