Corporations and Culture: Why does this Matter?

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Agenda

- What is culture—getting beyond treating it with a shrug
- Why it matters,
  1. It’s tacit and taken for granted → lost opportunity or, at worst, a liability
  2. It directly effects knowledge-appropriation
  3. It determines strategic agility
- Three examples
  - Tesco plc
  - Ciba Geigy / Alza Collaboration
  - Nokia & Walt Disney Co
- Three quick and easy tools for Ethnographic Thinking
  - FSM: Flying Spaghetti Monster Observation Technique
  - Knowledge-Appropriation Framework
  - Framework for Assessing Strategic Agility through Corporate Language
What is Culture?

1. A tacit system of learned H.E.L.P.

H abits
E xpectations
L anguage
P erspective

Source: Julia Gluesing Doctoral Dissertation
What is Culture: Beneath the Iceberg?

“Visible” Artefacts

Values and Norms

Hidden Assumptions

differences in valuation

unexpected outcomes

positive windfall vs. negative result
Terry TESCO—The TESCO WAY

Led transformation of TESCO – Pile it High, Sell it Cheap

→ 300X Profit growth in 6 year period.

2002 Knighted

Biggest private sector employer in UK

Operating in 12 countries (6 in Asia)
From ‘Tesco Way’ To the ‘Essence of Tesco’

- UK sales fell by .5% in 2011
- Profit up 12.9% WW

Philip Clarke, CEO 2011-2014
‘Essence of TESCO’ Project

What’s going on in Asia that we can learn from?

David Potts, CEO Asia 2011
Insider Ethnography for Strategic Renewal

Learning from Outside-In

- Surface what’s taken-for-granted
- Compare & contrast w/ home context
- Meld Tesco’s values throughout its corporate footprint
Flying Spaghetti Monster Observation Technique

✓ What’s Familiar?
✓ What’s Surprising
✓ What do I want to learn More about?

Tesco’s Essence
1. Customer at the heart
2. Leadership DNA
3. Opportunity to get on
4. Teamwork and collaboration
5. Work environment
6. Embracing change
7. It’s my business
8. Operational efficiency
9. Trusted brand
10. Respect for facts and insights
2. Culture and Knowledge Appropriation

- "Quality" Japan, "Environment" Germany
- Cultural assumptions ("kaizen")
- R&D approach

- Standard Operating Practices
- Customer Service Manuals
- Consumer Behavior Reports

- Practices and skills
- Simple procedural routines

- Technical blueprints
- Patents
- Scientific formulas

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Explicit Knowledge
- Easy to move and share

Experiential Knowledge
- Can be shared, but only together

Endemic Knowledge
- Easier to move, but easily misunderstood

Existential Knowledge
- Impossible to move

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Complex

Simple

© Brannen, Doz, Santos 2007
Alza and Ciba Geigy

**EXPERIENTIAL**
- Accounting and Finance Skills
- Commercialized products
- Funds

**EXPLICIT**

**EXISTENTIAL**
- Creativity
- Vision for ADDS
- Informal Culture
- Entrepreneurial Spirit
- Research Process Knowledge
- Cross-functional collaboration capability

**ENDEMIC**
- Project management processes
- How to bring new pharmaceutical products to markets

**WHAT CIBA-GEIGY HAD TO OFFER**

**WHAT ALZA HAD TO OFFER**
## Knowledge Appropriation Framework

<table>
<thead>
<tr>
<th>KNOWLEDGE TYPE</th>
<th>EXPLICIT</th>
<th>EXPERIENTIAL</th>
<th>ENDEMIC</th>
<th>EXISTENTIAL</th>
</tr>
</thead>
</table>
| LEARNING TYPE  | “Take a Picture”  
Direct Transfer  
“Copy-Exact”  
See and Read | “Jump into the Shoes”  
Experiential Learning  
Learn-by-Practicing,  
Experiencing | “See through the Eyes”  
Situated Localized Learning  
Learn-by-Studying in Context | “Creep into the Mind”  
Deep Socialization  
Learn-by-Being |
| METAPHOR       | Outsourcing Software Code | BMW in the Alps | Engineering Standards | Guanxi in China |
| KNOWLEDGE APPROPRIATION METHOD | - Digital/ Modular Blocks  
- Internet/ Intranet  
- Remote Collaboration Tools  
- Same Languages, Coding System and Specifications  
- Virtual Teams | - (One time) Experience of Originating Context  
- Co-practice/ observe in Context  
- Replicate Context  
- Expert/apprentice Pairing (two-in-a-box) | - Co-located Architecture Definition  
- Common Architectures (System “Scaffolding”)  
- Careful/ thorough Documentation  
- Simulation Tools  
- Common Training  
- HR Management  
- Compatibility  
- Joint Problem Solving | - Ongoing Dialogue  
- Joint mixed Teams  
- Co-location of Core Teams  
- Common Experiment/ Learning Spaces  
- Effort to understand respective Contexts  
- Use “Objects” as a Knowledge Carriers |
3. Culture and Language

- A system of signification used to convey meaning in a given cultural context.

- In a given environment, language is a shorthand by which a community of people facilitate action.

- Language sets a course, determines an architecture that can either block or enhance strategic discourse across contexts.
The Language of Walt Disney Co.

- Language-rich, context-poor strategizing
  - Conceptual/theoretical representations
  - Modelling of reality, ability to be playful
  - Conscious thought experiments
  - Risk of distance between reality and its representation
  - Language as a tool for leadership (IBM) rhetoric of strategy
  - How descriptive of context and reality is the language?
  - Does language become a barrier to learning, innovation and adaptation (Cisco? easyGroup?)
  - Huge risk of language limiting perception, language as blinder. Beware of Blind Action!
The Language of Nokia

- Context-rich, language-poor strategizing
  - Shared substantive understanding, often tacit puzzle in the head
    - Grown in/with the business, sense of history, timing…
    - Constant on-going, immersed strategizing, intuitive processes
    - Sense making and framing rooted in intimate experience of situations
    - “Collective entrepreneur”, shared meanings, interpretations, emotions
    - Adaptive evolving problem-solving.
    - Underlying knowledge base is not codified, collectively known, and changes only incrementally? Innovation regimes and business models are not really challenged? (SAP? Accenture?)
    - Run a huge risk of not being able to communicate outside of own context. Beware of being Lost in Translation!
ORGANIZATIONAL LANGUAGE AND STRATEGIC AGILITY

**TRAPPED IN OWN JARGON**
- Locally agile
- Constrained by business domain
  Ex: Nokia
  Risk: Paralysis

**DOOMED FROM THE START**
- Conceptually flawed
- Contextually blind
  Ex: Webvan

**LOST IN TRANSLATION**
- Conceptually rich
- Misinterpretations
- Errors of Commission
  Ex: Disney, easyGroup
  Risk: Blind action

**EFFECTIVE STRATEGIES**
- Aware of context/able to conceptualize
  Ex: Amazon.com
  Potential for clear action

- **Hi**
- **Lo**
- **Hi**
- **Lo**

**Contextual Specificity**

**Strategic Agility**
Improving Contextual Awareness and Conceptual Richness

Contextual Dependency

- Bring in outsiders to help you explicate your context and competencies
- Linguistically deconstruct your business model
- Dive into other contexts and experience language limitations
- Make use of partly overlapping outsiders as linguistic translators and bridgers

Effective strategies: Strategically Agile (Across contexts)

- Hire or make use of people fluent in the language(s) of receiving contexts
- Surface taken-for-granted meanings of corporate language
- Co-opt each other’s language
- Understand customer’s experience in their own terms
- Make use of bicultural bridges fluent in each other’s context
## Ethnographic Thinking

### Operationalization

<table>
<thead>
<tr>
<th>Context</th>
<th>Task</th>
<th>Team</th>
<th>Industry</th>
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</thead>
<tbody>
<tr>
<td><strong>Content</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contextual Complexity</td>
<td>Seeing the forest as well as the trees</td>
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<tr>
<td>Perceptual Acuity</td>
<td>Noticing details that others take for granted</td>
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<tr>
<td>Reflexivity</td>
<td>Constant comparative reflection between insider and outsider contexts</td>
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THANK YOU!

Questions and Discussion