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# CEO FORUM

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MasterCard is one of the world's largest financial services companies. Based in the US, the company employs 75 people locally and has reported global revenues of more than \$770 million for the quarter ended June 2005.

# Focus on culture change

Changing culture must start with behavioural changes in the leadership, argues Leigh Clapham

**M**ost CEOs recognise that a functional and constructive organisational culture has an important role to play in ensuring their organisations perform to their potential. Yet culture can be frustratingly elusive to define, measure and change. Leigh Clapham, General Manager and Senior Vice-President at MasterCard International, describes his approach that has led to significant market share growth locally over the past two years.

**CEO Forum:** *Could you describe how and why you targeted culture change as a management priority at MasterCard?*

**Leigh Clapham:** There was a recognition within the company that we needed to do something, as we were forever running second in our key markets and, in some cases, slowly losing market share. As we examined

the company, we felt our strategy and people were fine, so we really focused on culture almost by a process of elimination. We just felt our leadership and our execution could be much better, and culture was really at the heart of that.

Once we decided to focus on culture, we then needed to look at an approach that we thought would work for us. We eventually chose a consultancy – PCD – who employed tools from Human Synergistics International as part of a comprehensive change program, largely because the emphasis on measurement, behavioural change and systems alignment seemed both workable and achievable.

**CEO:** *What were the main elements of this approach to culture?*

**LC:** The approach basically divided leadership impact and behaviour into three categories. The first was constructive behaviours, which promoted achievement-focused, team-orientated behaviours that most

organisations, including our own, would want their managers to demonstrate. The second was passive-defensive behaviours, which often means avoiding personal responsibility and simply attempting to make everything rule-based. The third category dealt with aggressive-defensive styles typified by overly competitive, perfectionist and devil's-advocate-type behaviours, which can divert a lot of energy into unproductive conflict.

The basic idea was to measure the current profile of the organisation and its leaders, see where they were at, and then develop individual and team plans for changes in leadership impact. Then to move over time to a situation where there was more of the first category of behaviours and less of the other two. Our approach was to initially concentrate on changing the impact of the 14 top leaders in the company, as we felt that would give us the most organisational leverage. We have since extended the program to all their direct reports as well, which is a total of around 50 people in the organisation.

**CEOF:** *What did you find when you first measured the culture of your organisation?*

**LC:** Like a lot of organisations, we thought we were already fairly strong in the constructive behaviours, but in fact the measures showed our behaviours were too compliance-oriented. The effect of this type of behaviour, of course, is that it is often demotivating for those exposed to it, and even those doing it! It really can drain morale and energy from the organisation.

Another interesting thing was that when we compared the measures of the collective behaviour of the 14 key leaders with that of the organisation as a whole the measures were very congruent. That highlighted to us that leadership behaviours really do drive the culture of an organisation, for better or worse. The upside here was that if we could change the impact of our leaders we could reshape the culture of the organisation as a whole.

**CEOF:** *What were some examples of the types of behavioural changes you needed to make?*

**LC:** A lot of them were quite minor things, but the lesson for us was that a lot of quite simple behavioural changes can make a big difference. One thing that I changed, for instance, was spending more one-on-one time with my direct reports. The feedback I got was that, while I was working quite effectively with these colleagues in a group situation, I needed to spend more time with each individual as well. This was an easy change to make, and almost immediately began paying dividends.

**CEOF:** *What was the reaction of people to being confronted about their personal styles of management? I would imagine some people could become quite defensive.*

**LC:** You do see a sequence of reactions: from initial denial, through rationalisation and then acceptance. We were fairly fortunate in that we moved through to the acceptance phase fairly quickly, as we really wanted to get on with the actions needed to move the organisation forward.

We were also lucky that most of us were new to this type of program, so there wasn't the cynicism that apparently you can get in other situations. One thing that did help was the sharing of our personal impact profiles, a lot of which contained personally revealing information. This definitely helped us bond, and ensured that we did strongly embrace the program of change. We also shared a lot of the behavioural profiles with the organisation, all of which created a lot of

positive energy for the program. People were really impressed that we were being that open with them, and sharing that kind of information. There was a genuine sense of, 'Well, we haven't seen that kind of thing done here before.' That in itself created momentum for change.

**CEOF:** *Is there a danger these types of programs become overly prescriptive in terms of what is acceptable behaviour, and force everyone to conform to an overly narrow definition of what a good manager is?*

**LC:** I don't think so. A key part of my role is to be supportive of everyone's right to have their own personal style. At the same time, this program highlights the fact that leaders' behaviour does impact on the organisation as a whole, so it is our responsibility to understand what that impact is and make sure it is a positive one. In addition, when we asked our leaders how they would 'ideally' like to impact the organisation, everyone came up with a very constructive picture so the change imperative became hard to deny once we got the results.

**CEOF:** *What would be your advice to other CEOs looking to change their own organisation's culture?*

**LC:** The first thing is that you need an approach where you can measure your current culture and leadership impact and track changes over time. Second, use that understanding to build individual, team and company action plans, focusing on the achievable behavioural changes needed to get the culture to where you want it. Thirdly, you need to align the organisation's systems, structures and symbols to your ideal culture so that positive behavioural changes are supported and reinforced. Finally and most importantly, you need to implement this type of program with enormous energy. Our initial program was introduced over 18 months, and for the first few months of that we had weekly meetings to review our progress. So many of these programs start off with great ideas, but simply don't get implemented with the energy, passion and transparency they need to be successful. ●

**You need to implement this type of program with enormous energy**

