

Cultural Rules

“Totals to 216,¹” she said. “As a whole, that set represents our culture.”

A youngish middle-aged professional, she looks me straight in the eye and asks earnestly, “Any questions?”

I am incredulous. We sit on the sofa during the break between two sessions of executive education on organizational culture. The company’s Chief Learning Officer had asked this woman to talk with me, to explain the cultural initiative she recently led for the company, a large consumer financial services firm with over 100,000 employees. She was in charge of Human Resources, having been hired away from a senior position in a management consulting firm. No doubt she was very well paid.

The initiative was the company’s attempt to describe and communicate the organizational culture that the management team had agreed upon and wanted to instill in the organization. The 216? That was the number of cultural rules or principles that had been articulated and written out. In an effort led by my conversation partner, the company had started with six general values, and then for each of those derived six more specific principles, and then for each of those they had specified six more concrete cultural rules: $6 \times 6 \times 6 = 216$.

My incredulity stems from what the initiative’s outcome reflects: a patent misunderstanding of what culture is and how it works. No one would ever expect a person, let alone tens of thousands of them, many of them mid- to low-level clerical staff, to commit 216 rules to memory. With that many rules, you would need to write them down, as this company did. Even then, you could not reasonably expect people to recall the full set, they surely would need to be reviewed, referenced and looked up on a regular basis.

So, you’ve got rules here in this company, 216 of them in this case, but you do not have cultural rules in my view. A culture rule is a guide to action---prescriptive or proscriptive---that a person has internalized, meaning they have made it their own, an action they regard as the right or appropriate things to do in a given context. For example, not asking the boss an uncomfortable question in public may be a culture rule in some organizations. So was the practice of getting “buy-in” for a project before proceeding to ask for funding at the information technology powerhouse DEC (Digital Equipment Company) in the 1980s. By contrast, a sign saying, “No Smoking” or “No Parking” is just a rule, nothing necessarily cultural about it.

Cultural rules need to be general and abstract. By being general and abstract, cultural rules are generative---many more concrete ideas about appropriate action can be derived consistently from a culture rule. For example, the online shoe retailer Zappos has a cultural dictum of

¹ To be totally honest, the specific number is beyond recall. I actually think it was higher. The conversation is paraphrased and the gist of is accurate.

delivering “WOW through customer service.” In practice, that leads call center-based customer service representatives to do such things as chatting about a customer’s personal life, referring a customer to other competitor retailers, and spending as much time on the phone with a customer as warranted (including for hours in some cases). It also led Zappos to evaluate the performance of call center representatives on the basis of customer satisfaction while spurning the industry norm of minimizing time per call.

Cultural rules need to be instantly accessible, ideas that come when you need them to tell you what to do, an unexpected situation or problem, and there is no time to look them up in a rule book. Besides, no matter how big, the rule book would always be incomplete. And, there may very well be other conflicting rules in the book but no meta-rule telling you which one should dominate. No, cultural rules invoke the use what psychologists call “automatic cognition,” an almost automated response to a situation. Cultural rules are committed to memory, maybe even beyond memory—they are so ingrained that there is no active thinking. The alternative, deliberative cognition, involves active reasoning and judgment.

The beauty of a cultural rule for coordination within an organization is that when several people know and hold the same rule, they will behave more-or-less similarly in any given relevant context. This concerted action occurs without any boss being consulted, giving an explicit directive, or monitoring the work. The culturally driven organization operates somewhat autonomously.

What if the situation or problem is unexpected? The situational derived response of an encultured employee encountering an unexpected problem will be fairly similar to that of any other encultured employee. If the culture is aligned with the firm’s strategy, the response will be consistent with the strategy. In this way, culture drives execution of the strategy. Because the response flows naturally from the internalized cultural beliefs, it can happen quickly, even spontaneously, no gets time wasted looking through a big book of rules or trying to run it by the boss. Everyone knows they are doing the right thing.

A vivid example of a cultural rule comes from Mary Barra, CEO at General Motors (GM). Before she became CEO, she spent time as Vice President of Global Human Resources (HR), even though she was trained as an electrical engineer. Upon appointment in HR, she asked her team what were the burning issues that they were dealing with at the moment. They replied, “the dress code.” Not knowing herself exactly what the dress code was, she asked for a copy. The staff gave her a ten-page single-spaced document filled with all kinds of contingent do’s and don’t’s. She read through it, put it down softly, looked up at the team and said, “From now on, the dress code at GM consists of two---and only two—words: Dress appropriately,” That’s a cultural rule. It is still the dress code at GM today.

By Glenn R. Carroll
January 21, 2021