



## **Cultural change could transform Ryanair's growth**

In 2013, after shareholder pressure Michael O'Leary, CEO Ryanair, proclaimed at their AGM that he was going to address their 'macho' culture and improve customer service. He did not set his sights on Southwest Airline's aim to 'be the world's most loved airline' but it was a start.

Many scoffed at O'Leary but early signals of improved customer service have already started. More business travellers are opting for Ryanair and the recent bumper results also show that improved service may be delivering.

CEOs find crafting the right culture for their company a daunting challenge. Most recognize it as important but it only becomes urgent, when warning signs of politics, silo mentality and strained relationships take hold.

Your culture answers the question "*what behaviours are expected or discouraged around here?*" Both existing employees and systems keep this culture in place.

Culture consists of what you are prepared to fight for. It is framed by what you as leader say and what you do; or reward and punish.

If you don't consciously create the culture you want, you will get one that doesn't work. New team members, often with different views and values have an impact on culture. Not better or worse – just different. Before you know it, your culture has started to change and conflict arises.

Culture experts say that a strong aligned culture delivers a 20% difference in performance. Just think of the impact a strong culture could have on your staff productivity, recruitment

and retention. Using Ryanair as the example, let's walk through a 5-step process that helps create culture:

1. Clarify founder culture to raise awareness
2. Document existing company culture to understand where you are now
3. Agree desired company culture to establish where you want to get to
4. Roll out desired company culture to raise awareness and desire for change
5. Embed desired company culture through action and reinforcement

### **1. Clarify founder culture to raise awareness**

When you ask most founders, they are pretty vague about the culture they have created. It feels too flaky a subject. Getting founders to define their culture and the behaviours they expect is a great starting point. In the early days a company's culture is a mirror of the founders' personality, whether that is autocratic, democratic or something else.

In the Ryanair case the 'macho' culture stems from O'Leary, so unless he changes behaviour, the culture will remain the same. However if he acts as a real agent of change, then great progress can be made.

### **2. Document existing company culture to understand where you are now**

The senior team is a key contributor to culture. They bring their own values, assumptions and experiences. A good step is to run a culture and behaviours workshop with the senior team. Make it practical, efficient and participative. It provides a reality check of the actual company values and behaviours.

Consider following this up with an online company culture survey and possibly staff focus groups. Pull together the outputs and build a clearer picture of the existing culture.

Let's assume that this approach was taken in Ryanair, I am sure it would identify observable behaviours to change if Ryanair wish to offer better service e.g. autocratic management, lack of motivation and staff turnover.

### **3. Agree desired company culture to establish where you want to get to**

Identify both the desired company culture, and the associated behaviours e.g. if you want to create a customer service culture, what key employee behaviours would you wish to see?

Pose questions like – what behaviours would we like to see more of, less of and what should we keep the same? Ask the team to share stories of the desired culture and stories of what they don't want.

The result should be a simple table – outlining what culture you desire and where you are today. Prioritize and include definitions of the key behaviours your company expects.

### **4. Roll out desired company culture to raise awareness and desire for change**

Implementation is where the rubber hits the road. The CEO must be in the driving seat and continuously communicate the agreed culture and desired behaviours. Consider running team workshops to further strengthen the message. Reinforce the culture through posters, online campaigns and a well-designed culture and behaviours guide.

The senior team also needs to grasp every opportunity to model the culture. They should highlight examples of the new behaviours in action and reward them. Imagine in Ryanair the extent of the roll out and communications programme.

There will naturally be some resistance to change. Try building support through securing early adopters. Find easy things to change and publicise the benefits.

### **5. Embed desired company culture through action and process**

To embed the new culture, bake it into processes like performance management, decision-making, recruitment, leadership and staff development. Ensure regular reviews and surveys assess how well the new culture and behaviours are being lived. Focus on areas that need special attention. Coach the CEO through the cultural change process.

If Michael O’Leary can improve the culture of Ryanair, you too can transform your culture with the right focused effort. The results might also be worth it!

### **Insight in Brief**

Culture change is a daunting prospect for CEOs of growth companies.

If you don’t consciously create the culture, one will emerge – and it may not be one you are happy with. Yet a strong culture can have a 20% plus impact on performance. Putting into place a process to build the culture you want can have a major effect on performance.

### **Insight in Action**

- There are 5 suggested steps to tackling a culture change process:
1. Clarify founder culture
  2. Clarify existing company culture
  3. Agree desired company culture
  4. Roll out desired company culture
  5. Embed desired company culture