

EDGAR H. SCHEIN  
PETER A. SCHEIN



THE  
**CORPORATE CULTURE  
SURVIVAL GUIDE**

THIRD EDITION

WILEY





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*This third edition is dedicated to Mary Schein, Ed's wife of 52 years and Peter's mother, who passed away in 2008. Her spirit of creativity combined with her talent for clarity and precision with the written word have been with us throughout this process and she has deeply influenced the art and scholarship of all of her children and grandchildren.*





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## Preface

Culture is an intrinsically messy *divergent* concept that does not lend itself easily to clear definition and precise measurement. Culture highlights human diversity and generational changes and evolves as a concept with the changing historical *zeitgeist*, and thereby focuses us on all the contemporary problems of inclusion and exclusion. Culture forces us to think about open socio-technical systems, the reality of organizations as interconnected and interdependent sets of groups, constantly shifting projects, and the need to understand leadership itself as a culturally determined concept. The study of culture inevitably leads us to the dynamics of relationships and groups above and beyond the roles of individuals in organizational life.

There will likely always be significant efforts to try to simplify and shape culture, as convergent thinkers want to do: Can't we make culture malleable if we measure it, benchmark it, normalize it, and "improve" it? This book is about why such simplifications are neither desirable nor practical. Culture, change, and leadership are all interrelated and divergent, open systems and chaotic opaque systems, palpable and powerful yet difficult to hold and harness. Why else would this wonderfully complicated set of forces have needed a "survival guide" in the first place!

We two authors have teamed up on this new edition after working together for the past few years on *Organizational Culture and Leadership*, fifth edition (2017), and *Humble Leadership: The Power of Relationships, Openness, and Trust* (2018). In many respects, this new edition of the "survival guide" is a culmination of our work on the interwoven relationship of culture, leadership, and the increasing pace of organizational change.

After 35 years of writing books about organizational culture, we arrive at this point of departure for this book. It is a field of inquiry that is more divergent than ever, even though we might have hoped for a steady convergence of ideas and practices. Rather than lay out what to do and how to do it, our focus is on how we have made sense of what we have seen over these years of organizations' attempts to lead culture change. We provide some perspectives, but few prescriptions, analyze a variety of case examples to illustrate our points and to stimulate *your* thinking, and share a few analytical tools that have proven to be helpful in getting a handle on culture change. So, find sure footing, because culture is still a turbulent concept and culture *change* may best be thought of as an infinitely variable set of waves with unpredictable peaks and troughs.

### Who This Book Is For

We see culture change going on everywhere in organizations, from the executive suite calling for a new culture of teamwork to employee groups employing a variant of the Toyota production (Lean) system to find ways to improve their operations. You can find “culture champions” everywhere, you might find a job listing for a “culture manager,” and human resource departments through their organization development units are responding to the changing *zeitgeist* as they reposition themselves as “people operations” and “people analytics.” Whether through HR or OD, people-oriented teams often assume the responsibility of managing culture change. You HR and OD leaders, our primary audience for this work, may also be the first to caution your organizations that culture change is the responsibility of everyone, from the board to the CEO to the new hire.

We have suggested over the years that culture is fertilized in any work group by how that group is managed, by the daily behavior of leaders, by the incentive systems they create, by what they pay attention to and measure. So this book is also

for all managers and leaders. It is gratifying that after all these years of thinking and writing about culture there are this many people of all ages in organizations who will even self-describe as culture champions. There is a growing recognition that culture change leadership can happen anywhere in an organization, irrespective of title or role; all culture change really needs is commitment and energy. This is fairly new, more this century than last, and it's exciting and healthy. For this burgeoning force of culture champions, this book provides you some concepts, language, and tools.

Still, champions need to be careful not to trivialize how powerful, pervasive, coercive, and subversive the culture is that they experience, reinforce, and may seek to change. Culture does not tend to change on command from culture champions' quarterly initiatives to, for instance, increase engagement with "ropes courses" and beer bashes. Culture change leadership demands rigor and gravitas, far more than fun and games. How hard it is may vary by age and history of the organization, and less so by whether the "champion" is a C-level with culture in his or her title, or whether an HR or OD group has hired the best culture change consulting firm.

We hope, therefore, that this book helps culture champions, HR managers, OD leaders, executive leadership, and oversight boards who find themselves grounded and emboldened to take on the culture change leadership challenge. You are not alone, and we are all in it together.

## How This Book Is Organized

In **Part I** we tackle the divergence issue directly by sharing our point of view of how to think about culture in the modern VUCA (volatile, uncertain, complex, ambiguous) world. We introduce some definitions of what we mean by leadership, management, culture, and change, and show how they are always inextricably intertwined. We also introduce a new set of structural elements

for the analysis of a given culture that reflects more precisely the multiple technical and social tasks that all organizations need to manage. We highlight the growing importance of looking at subgroups and their subcultures as the key to understanding culture change. And we highlight the reality that all groups and organizations are embedded in larger groups and in national or occupational macrocultures.

**Part II** offers what the common content elements are of organizational cultures, wherever you find them. This provides a static snapshot and offers some analytic tools and lexicon to describe observed culture at a given point in time. We present culture first from a structural outside point of view and provide the relevant analytical categories that have worked well in culture analysis so far (Schein & Schein, 2017). We then discuss how culture is enacted, the practice of culture from the insider's point of view. And, finally, we tackle the difficult question of how the insider or outsider analyst can use surveys and typologies to aid or hinder the change process.

**Part III** moves to "culture and change dynamics." We review conceptual models of the change process and then illustrate with some cases where we have enough in-depth knowledge to presume to explain what we think happened in each case and to derive some lessons about change dynamics from them.

The appendix describes in detail how you might use analytical tools that may be helpful in capturing the diversity that organizational cultures confront us with.

At this point we suggest this first step in the journey: Put this book down and go into a busy common area at work, and take it all in. Leave your to-do list and "judging hat" behind and go watch, listen, feel. If what you encounter all makes sense, all lines up in an orderly flow, look again and if the answer remains "yup, makes sense, humming along like a well-oiled machine," go look somewhere else because the chances are the next place you look will not show such tidy linear integration, and when

you go back to that first place, it, too, may no longer look so finely tuned.

It's all about seeing, hearing, and feeling at a deep enough level that you can start to identify the incongruities and disconfirmations that this book is about. If you find a place inside that looks hopelessly chaotic and corrosive, you are not alone, and we hope you find solace and succor in this book. If you find something in between, lots of rattles but the wheels aren't falling off, the most common challenge for you is to start to see, hear, and feel what it is that might need to change.

What really needs to change is usually in the shadows. If it was obvious and tidy, you probably would not be reading this book.





# Acknowledgments

Work on culture change has really taken off in the past several decades so we would like to acknowledge first of all the many practitioners who have seen the importance of workplace culture as a place to launch the difficult process of redesigning and reinventing our organizations to make them both more effective and more human.

At the same time we would like to acknowledge the many change leaders who work from a more systemic organization development perspective to begin the more difficult process of identifying and then evolving the deep cultural assumptions that often stand in the way of the very things that the culture champions are trying to achieve—employee engagement, talent development and optimization, loyalty to project and organization, design thinking, and innovation.

All change efforts ultimately wrestle with the deep polarity that exists within the macroculture between total commitment to shareholder profit that assumes people to be controllable and expendable resources, and, at the other extreme, a more human model of organizations that assumes that even for-profit enterprises have multiple benevolent purposes in society.

Most importantly, we acknowledge the efforts of those leaders and change managers who work passionately to find ways of evolving cultures to meet both the economic and humanistic needs of today's and future organizations. Such future organizations will, of course, be influenced in unpredictable ways by the evolving values of future generations as to what work, careers, and life in organizations *should* be.



## About the Authors

**Edgar H. Schein** is Professor Emeritus of the Massachusetts Institute of Technology (MIT) Sloan School of Management. He was educated at the University of Chicago, Stanford University, and Harvard University, where he received his PhD in Social Psychology in 1952. He worked at the Walter Reed Institute of Research for four years and then joined MIT, where he taught until 2005. He has published extensively—*Organizational Psychology*, third edition (1980); *Career Dynamics* (1978); *Career Anchors*, fourth edition, with John Van Maanen (2013); *Process Consultation Revisited* (1999), an analysis of Digital Equipment Corp.'s rise and fall (*DEC Is Dead, Long Live DEC*, 2003); a cultural analysis of Singapore's economic miracle (*Strategic Pragmatism*, 1996), *The Corporate Culture Survival Guide*, second edition (2009); and *Organizational Culture and Leadership*, fifth edition, with Peter Schein (2017).

In 2009 he also published *Helping*, a book on the general theory and practice of giving and receiving help, followed in 2013 by *Humble Inquiry*, which explores why helping is so difficult in Western culture, and which won the 2013 business book of the year award from the Department of Leadership of the University of San Diego. He published *Humble Consulting* in 2016, which revises the whole model of how to consult and coach, and in 2018 published with his son Peter *Humble Leadership: The Power of Relationships, Openness, and Trust*, a 2018 Nautilus Book Awards silver medalist.

He is the 2009 recipient of the Distinguished Scholar-Practitioner Award of the Academy of Management, the 2012 recipient of the Life Time Achievement Award from the International Leadership Association, the 2015 Lifetime Achievement Award in Organization Development from the International OD

Network, and has an Honorary Doctorate from the IEDC Bled School of Management in Slovenia.

**Peter A. Schein** is the co-founder and COO of OCLI.org in Menlo Park, California. He provides counsel to senior management on organizational development challenges facing private and public sector entities worldwide. He is a co-author with his father, Edgar, of *Humble Leadership* (2018) and a contributing author to the fifth edition of Edgar's *Organizational Culture and Leadership* (2017).

Peter's work draws on 30 years of industry experience in marketing and corporate development at technology pioneers including Apple, SGI, Sun Microsystems, and numerous internet start-ups. Through these experiences developing strategies for organic and inorganic growth, Peter brought a keen focus on the underlying organizational development challenges that growth engenders in innovation-driven enterprises.

Peter was educated at Stanford University (BA, Social Anthropology, Honors and Distinction), Northwestern University (Kellogg MBA, Marketing and Information Management), and the USC Marshall School of Business (HCEO Certificate, 2017). With his father, he is pursuing various new projects through their Organizational Culture and Leadership Institute (OCLI.org).

## Part One

# *Defining Culture Change Leadership*

This book is intended to be both theoretically valid and practically useful. To accomplish both, we have divided the chapters into three parts and an appendix.

Part I suggests some basic definitions and spells out the core concepts of what we mean by culture, change, and leadership. We provide a dynamic generative metaphor for culture and show how leadership, culture, and change are part of one dynamic, living, evolving system. This is a new dynamic model not previously described and therefore we recommend some reflection time and encourage readers to discuss and improve upon the metaphor; it's generative.

For those of you who want to dive right in to the examples and stories, you may want to skip ahead to the examples at the end of Chapter 2, and see how Chapters 7, 8, and 9 in Part III illustrate the new model with longer descriptions of change processes.

And, if you have a burning need to take action for yourself or your company, we offer the appendix to review four tools that may, at the pace you choose, nudge you into your own culture change leadership.



## Chapter One

# A New Metaphor for Culture Change Leadership

The world of work and organizations has changed dramatically in the last several decades since the first *Corporate Culture Survival Guide* was published. What we mean by “leading,” by “changing” something, and by “culture” have evolved into complex, dynamic, systemic concepts that are completely intertwined with each other.

If we don’t take these more complex concepts and their interconnection seriously, we will continue to have change programs that either fail completely or fail to deliver what they promised. Starting with “leadership,” we’ve seen significant movement from “command and control” variants to “transformational leadership,” “distributed leadership,” “servant leadership,” and, in our own thinking, to a broader concept of *humble leadership* (Schein & Schein, 2018).

The concept of “change” has evolved from a predominant assumption that successful change is a series of steps launched at the top of the organization and cascaded down through the echelons in a linear and programmatic manner. That model is still very much with us, but it has begun to compete with a growing number of “bottom-up” or “innovation happens everywhere” change models.

Historically prevalent change models, largely based on Kurt Lewin’s “unfreezing, changing, refreezing” are being displaced by the growing recognition that we are living in a VUCA world of volatility, uncertainty, complexity, and ambiguity in which change is continuous, whether we like it or not (Johansen, 2017).

And what about “culture”? This concept’s very ambiguity allows us to project onto it whatever is the most salient organizational theme of the day. The most common projection has been to see culture, alternatively called “climate,” as the feel of the workplace, which engenders a focus on “employee engagement” and various spirited tactics to get the company on the “Best Places to Work” lists.

We have to take such popular notions of culture seriously because they drive many of the current change programs, but we also have to make a strong argument that if we don’t make an effort to show what culture is really all about, we will not be helping organizations achieve some of their most important goals.

A more refined and complex concept of culture results from the changes in the nature of the work that defines many modern organizations. New forms of work have created new kinds of organizations, which, in turn, have revealed cultural issues that are new and different. Ultimately, leading culture change must be seen as an intertwined complex dance of iterative, inclusive, adaptive, nonlinear steps in 360 degrees, top-down, bottom-up, and edge to edge. Culture is not a function, a result, a lever, an outcome, a tool. Culture is the multifaceted learned structure and practice of the people who lead and people who follow, people who work together and build a history that shapes the future. A myth we should abandon is that culture is “something” that can be easily built, managed, and manipulated by leaders and “champions” to create “positive change” over the course of a sprint, hackathon, quarterly initiative, or even annual planning cycle.

The behavior of leaders and group members based on various values they bring to a new group gradually becomes a shared property of that group and will shape its identity, the way it structures itself, the processes it adopts to get its work done, and the norms it evolves to make life comfortable for its members. Organizational cultures comprise all of these elements of *substrate* in which work happens.

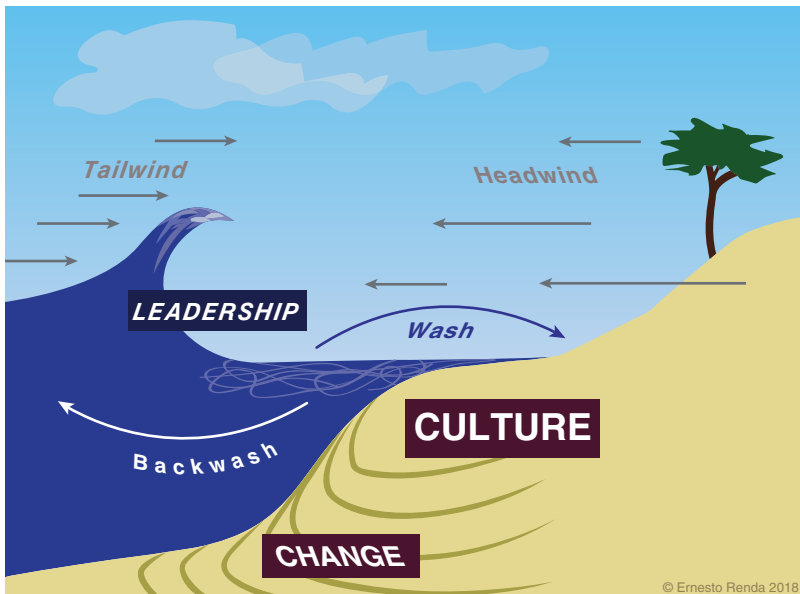


Culture contains observed behavior, the rituals and rites that the group chooses to adopt, the espoused values the group chooses to promulgate, the learning and adaptive structures and processes the group evolves, the deep and taken-for-granted assumptions that give meaning to the daily behavior, and, in the end, culture even contains what the group defines as leadership.

### The Beach as a Generative Metaphor

Picture yourself standing on a beach, watching from the side as waves crest and break on a gently sloping beach. Now, take a symbolic leap with us. The water, the ocean, can symbolize the ebb and flow of human initiatives interacting with the sediment of past interactions, which is **culture** symbolized by the sandy beach. If we think of culture *change* as human intentions to make things better, we can think of *tailwinds* blowing from the ocean

Figure 1.1 The Beach as Culture Change Leadership  
Generative Metaphor



Source: Artwork by Ernesto Renda, 2018

to the shore as the forces toward change, and we can think of *headwinds* as blowing away from the shore toward the ocean, perhaps “resisting” the pressure to change, and their various effects are the natural and technological forces that compel and constrain human action.

When one is dealing with abstract ambiguous changing concepts, such as leading, change, and culture, no analogy or metaphor will really clarify all the complexity. As such, we need a metaphor that captures at least the dynamic positive energy of the concept. The dynamics of the beach with the forces of the water and the wind can serve that function for us.

**Leadership** can be visualized of as a wave or a set of waves. Wave energy traverses the deeper water as a swell, a gentle movement propelled by some existing or historical force (wind, tide, etc.). As the swell approaches a beach, the normal flow is disrupted, and the wave begins to crest. The wave starting to crest is how we will visualize leadership acting with an intent to create change. The wave cresting is the wave being led by a new combination of forces. The white froth or spray can be thought of as the leader or the leading edge of change.

**Change** is the outcome of the *swash* of the crested wave on the beach, the impact of the leader’s drive for change impacting the organization, and the *backwash* that then feeds the energy of subsequent cresting waves. The patterns of movement adapt to the forces of the water, the sand/shore and the wind or other atmospheric conditions. The water filling back into the wave, restoring its energy (continuing change) is in a constant feedback loop with the repeatedly cresting wave (sustained leadership). As you study the waves, the feedback and iteration between the leadership crest and resulting change is a *flow*, not a linear cause and effect. The continuous flow, with each crest swash and backwash perhaps looking much the same as the last, will nevertheless have new impacts on the sand or shore, even if it takes many iterations.