

The United Federation or the Mafia?

In theory, CRO partnerships should work perfectly well. But many do not. One reason that there is so much debate about this topic is that it's difficult to assess why they don't. But there is some helpful thinking about this, which emphasises four key elements of a business partnership that need to be addressed in order to make it work really well – Strategic leadership, effective cross-company teamwork, relationship skills on both sides, and perhaps the most difficult to measure – cultural compatibility. How can you tell if this is a problem? This article might help.

Christine is an outsourcing manager for ABC Pharmaceuticals. Three months ago they contracted CheckTrial to manage a Phase IIb and Phase III study in Europe. CheckTrial's track record was perfect and the contract / deliverables were agreed happily by both parties, with open negotiations on both sides. Now there are signs that not everything is working well. Delays are creeping in; things that seem common-sense to Christine and her colleagues, such as when to escalate issues, and which minor decisions need to be taken quickly, seem not to be understood by CheckTrial's staff. All through the negotiations, CheckTrial seemed almost a mirror of ABC; many of their staff had worked in the pharma business previously. They are open, keen and communicative. They are based in the same area of the country as ABC are. Have they prioritised work for other clients? Have they put lower-performing staff onto the ABC account? There is no evidence of that. It's a mystery as to why it's happening and despite promises from CheckTrial's Account Manager, things don't seem to be improving. There is only one thing that Christine can be certain of: ABC clinical managers are complaining to her and asking why she recommended CheckTrial in the first place, and what she's going to do about it now?



In fact, there is a slight 'cultural mismatch' between ABC and CheckTrial. But it's difficult to see. These things are often invisible, but they have an inexorable effect on relationships.

How Can We Explain Cultural Differences?

This topic is wrapped in all sorts of sociological jargon. Let's try to disperse this by making analogies that the theorists may be uncomfortable with, but we think make the point!

Since the dawn of time, our societies have been evolving ways to interact with each other. Humans since the Stone Age have built commonly understood principles of authority, exchange and what's OK/what's not OK, in order to survive and prosper. As new styles have developed we haven't completely lost the older ones, and we can exhibit aspects of at least five different sets of behaviour in varying situations. But in general, most people will adopt the ways of doing things that they sense around them – it's like a 'cultural DNA'. We can classify these ways of thinking about the world into several key types, which are illustrated below. Each has 'healthy' and 'unhealthy' effects.

It's natural to want to 'fit' people from different countries and ethnic groups into these categories and to an extent that can be done. But what is less well recognised is that organisations such as companies, government bodies, even sports teams, can have a prevailing cultural type. In some cases, even separate bits of large organisations can have different types. *And it's when there is a mismatch – when you fit naturally into one and a partner company is another – that you will almost always have problems.*



What cultures might organisations adopt?



Extreme Example -
The Mafia

The Tribe

One of the earliest cultures to evolve, this emphasises loyalty and belonging. Protection and benefits for the tribe, family or clan, and enmity (sometimes violent) for those outside it. It's strongly based on rituals, frequently racism, and respect for elders. Relationships are far more important than rules or laws. These tribes exist today in our society, but keep themselves anonymous and exclusive. Some highly exclusive societies do perform good works, but many do not. This is not a tenable attitude for organisations that interact with the general public, and in corporate life this way of doing things has largely been eradicated by modern needs.



Extreme Example -
The Tudors

The Empire

We still refer today to 'empire-building' as a negative trait in companies. Influential individuals compete for power – personal control of as many people, resources and territory as possible. Rules and processes are there, but are interpreted by each player for their own benefits. It's necessary to 'court' the powerful leaders, who may at one time be generous and at another be capricious and unpredictable.

In corporate life we may see this culture represented in the stereotyped fiefdoms of hospital consultants, and of course in party politics. We may also see it in entrepreneurially-driven businesses. It can be enormously dynamic, and tends to work well at the start, but runs into trouble eventually.



Extreme Example -
The Civil Service

The Bureaucracy

This was the triumph of developments in the 17th and 18th centuries, in overcoming the organisations' reliance on the favour of monarchs. Absolute power is not allowed. Obedience to rules is vital, processes must be followed. In particular, the rules exist separately from those in charge. Rules evolve and change slowly and methodically. You always know where you are, and how you progress, because there is a hierarchical organisation chart. The higher you are on this chart, the more authority you have. You have a clearly defined job and you don't step outside of it. Who and where you are is more important than how expert you are.

The military has run this way for a century and still does well with it today. Nearly every corporation has a hierarchical model at its core. At its best it's fair, careful and protective. At its worst it can be risk-averse, stifle creativity and block essential change.

But we must not overlook that fact that a trust in this way of doing things still beats in the hearts of millions of people worldwide.



Extreme Example -
1980's
Government

The Market

Scientific and technological progress, and the inexorable rise of bank-led economies, go hand-in-hand with a culture that values achievement over anything else. Law and rules are important, but not so important that they get in the way of keeping the customer satisfied. Fascination is with leaders rather than managers – people who can break the rules to achieve great things, yet take people along with them. Youth or class is no impediment to progression. You are paid for your performance – what you do not how much time you've served.

'Process re-engineering' – removing elements from a business that don't add value, sits in this culture.

The benefits of this culture are clear – agility, profit and removal of all sorts of nonsense. The downsides are the excesses of capitalism and a lack of care for vulnerable individuals.

In our lifetime, mismatches between this market-oriented philosophy and the earlier, bureaucratic one have generated endless conflict, which still rages today. Even within an organisation we may find a senior management cadre driven by the values of strategy, goals, economic realities and customer benefit, mixed with a workforce that is largely more comfortable with hierarchy, fairness, order and certainty.



Extreme Example -
Schools

The Commune

This culture has grown along with the market-oriented one. It is often not a complete description of how an organisation would work, but represents a very strong pocket within it. It is often found where types of jobs are seen as vocations and deeply caring, but not always.

The noblest action in a commune is self-sacrifice for the benefit of others. To reward this, this type of culture avoids any form of discrimination between its members. Hence, performance-related pay is resisted doggedly; firing someone is only possible after protracted processes, and then frequently avoided at the last.

This culture is difficult to distinguish from the bureaucracy, but perhaps it is in its absence of class and prejudice, which marks traditional bureaucracies' manager selection processes.



Extreme Example -
The Federation

The Network

One of the features of the above ways of thinking and behaving is that within them they feel legitimate and all of the others are assumed to be 'wrong'. But this culture is the first that acknowledges their differences and tries to integrate them, or at least facilitate them working together. It has been discussed for many years, and people have worked tirelessly to make it a reality, with some success, but a lot of pain on the way.

The most obvious example is 'matrix management' – which blends goal-oriented ('market') thinking into command-oriented ('bureaucratic') structures, with project managers to guide everything along. The difficulties are caused time and time again by the most natural of human behaviours: people just don't do what they are told. They revert to the ways of doing things that seem natural for their cultural heritage.

Yet this way of working is gradually assuming its place in organisations that are really serious about it.

Should you pay attention to all this?

Sometimes just looking at the extreme models above is enough to let people like Christine, in our earlier example, sense the differences between the two organisations that are causing problems.

But often there won't be so marked a difference and more subtle measures are needed. These can be subtle indicators and perhaps too easy to dismiss by impatient managers keen to conclude negotiations. Or of course rejected as 'psychobabble'.

But there is a lot of money, time and quality at stake in CRO partnerships, and it would be sensible to make sure it's likely to be spent wisely. The best approach is not to use words like 'culture', 'bureaucracy' and so on. It may be fun to have a

conversation within your trusted team where you describe another organisation as 'the Mafia', but you may not want to do this within the company at large! Instead look at 'ways that they do things compared to the way that we work'. It sounds more practical and it is.

Of course, if there is a mismatch, and there is nothing you can do about it, what is the point? Should we reject deals with companies that don't match our culture? Not at all. These differences can cause problems but they are usually slight. The simple act of raising peoples' understanding of likely pitfalls is enough for the various players to adapt accordingly. These are simple, cheap strategies that can prevent huge problems down the line.

Diagnosing Which Culture You're Dealing With

As we have said, the subtle difference between players means that some expert help is usually required to diagnose them. But with some interviews, some quick questionnaires or other tools, or perhaps observation of some meetings, a useful assessment can be produced, and a 'risk assessment' for the partnership. Often, one team session with appropriate facilitation is enough to flag up what to be careful of. What you may hear is some of the cultural 'buzz words'. This is what they mean in the context of our example of ABC Pharma and CheckTrial:

'Group vs. Individual'

Do people express exactly what they think? Or do they tend to espouse the views of the company, whatever the situation? If ABC is fairly individually-oriented, their staff may feel that CheckTrial's people are covering up any problems that arise and not being honest. For CheckTrial it feels simply like being loyal.

'Power distance'

To what extent do people accept that senior people have much more authority? ABC may well be experimenting with pushing decisions down to the lowest level (as many companies are) but CheckTrial may have a more rigid hierarchy, and most everything needs to go 'up the line' – decisions will be slower.

'Affective vs. Neutral'

When something really works well, why don't they seem pleased? For some, expressing emotions at work is a natural thing, and for others it doesn't feel right. CheckTrial peoples' reticence may be assumed to be doubt, lack of agreement or enthusiasm. For CheckTrial, it's just being businesslike.

'Rules vs. Relationships'

How much do people stick to processes? We know many that can't be deviated from, but where there is room for manoeuvre, how do people operate? For example, many people in ABC may feel that decisions are made before a decision-making meeting even starts. In CheckTrial perhaps it's more formal, but the ABC way of working may seem haphazard and unpredictable.

'Uncertainty avoidance'

How comfortable are people with risk-taking? CheckTrial may well think that ABC are 'winging it' with a brand new strategy, and retreat into even more of a cautious style – making it seem that they are delaying things even more. Yet ABC may well be on course for FDA 'breakthrough' status.

'Achieved vs. Ascribed'

How much do we trust someone's track record? In ABC, it may seem that people that fit into certain stereotypes get the promotions, irrespective of their performance. Sometimes to get on, you have to move out. But in CheckTrial there may be more of a genuine meritocracy.

References

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