

Cisco systems uses
its culture for
competitive
advantage



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What are the observable artifacts, espoused values, and basic assumptions associated with Cisco's culture? Explain.

Observable artifacts are the visible elements in a culture. They can be anything such as architecture and physical surroundings, company products and technologies, styles such as clothing, art, or publications, visual and organizational structures and processes, a company's published values and/or mission statements, and any myths, stories or rituals about the company. Artifacts can be recognized by people that are not part of the company's culture. An outsider might easily see these artifacts, but might not be able to fully understand why these artifacts have been established. To understand artifacts, company outsiders can look at the espoused values in the culture.

Espoused values are the things that a company says it values, such as ethical practices. These are different from enacted values, which are things that are actually carried out. Espoused values are what rally a company's employees. They can be a company's strategies, goals and philosophies, and are values that are normally espoused by the leading figures of a culture. Values sought by company leaders should be supported by some general and shared assumptions about how a company should be run, or how employees should be managed.

Basic assumptions are implied or taken for granted beliefs, thoughts and feelings. They are underlying, often unconscious determinants of an organization's thought processes, attitudes, and actions. A pattern of shared basic assumptions that a company has learned as it solved problems of

external adaptation and internal integration that has worked well enough to be considered valid can then be taught to new employees as the correct way to think, perceive, and feel in relation to those problems. Assumptions reflect the shared values within a specific company culture. These values are not often well-defined, and may often not be openly visible to the members of the company. Assumptions and espoused values are may not be related, and the espoused values may not at all be rooted in the actual values of the culture. This may cause great problems, where the differences between espoused and actual values may create frustrations, lack of morale and inefficiency, and could therefore spell trouble for a company.

Use the competing values framework to diagnose Cisco's culture. To what extent does it possess characteristics associated with a clan, adhocracy, market, and hierarchical cultures?

After the 2001 downturn, Cisco CEO John Chambers changed Cisco from a top-down organization to one that encourages collaboration and teamwork at all levels. Chambers grouped executives into cross-functional teams by combining managers in sales with leaders in engineering hoping that this would lead to faster decision making. Accepting this change took three years, but as Cisco entered new lines of business, they were able to put together deals a lot more quickly, so the end result was that faster decision making came out of the company restructuring. (Kreitner, Robert & Kinicki, Angelo, Organizational Behavior, 2010.)

The company culture changed from a hierarchical one, where control is the driving force and the focus is internal, into an adhocracy culture that values

adaptability and flexibility and has an external focus. Cisco also possesses traits of a market culture, whose focus is also external but is driven by a strong desire to deliver results and accomplish goals.

Cisco mainly possesses characteristics that are present in both market and adhocracy cultures. The adhocracy culture has even greater independence and flexibility than the clan culture, which is necessary in a rapidly changing business climate. Leaders in an adhocracy are visionary, innovative entrepreneurs who take calculated risks to make significant gains. This type of culture values innovation, creativity, entrepreneurship, and adaptability. Companies that succeed within the adhocracy model are those that are able to change direction with little warning, rely on individual risk taking, and exist in a very dynamic environment. Market cultures are also external or outward looking, are particularly driven by results and are often very competitive. Leaders in market cultures are often hard-driving competitors who seek always to deliver the goods. Both these types of cultures are present at Cisco because they encourage employees to think outside the box and experiment with new ways of getting things done.

Cisco also possesses a few traits of both clan and hierarchical cultures. Clan organizations have less focus on structure and control and favor flexibility. Their employees are driven by shared goals, outputs and outcomes instead of strict rules and procedures.

The hierarchical culture values efficiency, reliability, and fast production. In the for-profit world, companies that succeed with this culture are those with a stable product offering, and in which a complex set of rules has eliminated

the need for staff creativity and input. According to the Competing Values Framework, the hierarchy model results from value being placed on stability and an internal focus.

Begin by looking up Cisco's Mission or Vision statement on the company's website. Now answer the following question: To what extent is the culture type you identified in question 2 consistent with the accomplishment of this mission or vision? Explain.

Cisco's Mission Statement is to transform the customer experience, and to shape the future of the Internet by creating unprecedented value and opportunity for our customers, employees, investors, and ecosystem partners. Cisco's Vision Statement is: Changing the Way We Work, Live, Play, and Learn.

To provide Cisco customers and sales teams with accurate and timely information about our internal deployments of leading Cisco products and services, resulting business benefits and best IT practices, in order to help others succeed, shorten sales cycles and to improve our customer satisfaction.'

Company's mission is to enable people to make powerful connections- whether in business, education, philanthropy, or creativity.

Cisco Systems also strove to deliver a wide range of new products, expand its offerings through internal and external efforts, enhance customer support, and increase its presence around the world.

Cisco Culture

At Cisco we believe community belongs to everyone and connecting and collaborating with others is a key element of our culture. Making the world a smaller place through technology and using it to enhance life experiences is something we take seriously. While market transitions evolve and change over time, the components of our culture remain consistent. For these are our core values, the basis of all we do – and the spirit in which we do it – and are embraced with the intention of customer success and positively contributing to the world and others. Cisco employees are committed to giving back. Volunteering is a huge part of our culture, and the numbers speak for themselves: Since 2001, Cisco employees have logged more than one million (1, 128, 970) volunteer hours – a number which continues to increase year over year.

From Cisco's web site – Cisco is an equal opportunity employer with a commitment to diversity. All individuals, regardless of personal characteristics, are encouraged to apply.

Our Employees: We develop programs and policies to support our employees' work-life integration, and provide a stimulating and inclusive work environment to foster their development.

What techniques for changing organizational culture has Cisco used to form its culture? Discuss.

If company leaders can succeed in changing the basic assumptions of a given culture, they may be able to improve the effectiveness of the company. This is known as a cultural change process, where basic

assumptions are changed to fit the desired espoused values and artifacts of a company. Leadership is the origin of a company's beliefs and values. If what a leader proposes works and continues to work, it will become a shared assumption.

Culture frequently echoes the prevailing management style. Since managers tend to hire people just like themselves, the established organizational culture is reinforced by new hires. When people in an organization realize and recognize that their current organizational culture needs to transform to support the organization's success and progress, change can occur. But change is not pretty or easy.

Cisco encourages teamwork when analyzing a problem and looking for a solution but once that is found the company switches to a "command-and-control" mode, and "that's when we're telling the managers and leaders, turn off the collaboration and turn on execution," according to Pond. That formula is being deployed in Cisco's engineering group which was previously led by Charlie Giancarlo, but is now run by a team of VPs.

The Cisco employees who will succeed at the company will be the ones who thrive at being moved to different business functions - IT, finance, customer service, manufacturing - and can work on any cross-functional projects. They won't be paid for their current skills but instead be paid for their leadership abilities and willingness to learn new things.

Would you like to work at Cisco? Explain your rationale.

Working at Cisco would be a great opportunity because they are a high-

technology firm that is benefiting from rapid growth. They have developed a
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niche, where it promotes innovation by providing an environment conducive to attracting and retaining knowledge workers; the company's core competency is, in fact, the technology and people it develops and acquires. Cisco has a value system that emphasizes partnerships and win-win outcomes-for shareholders, customers, employees, and firms with which they contract. Their compensation system is designed to align the incentives of the workforce with those of the shareholders and customers. They recruit and select individuals that are attracted and can contribute to this culture and to the shared vision of "transforming" industry through their products and technologies. The fantastic growth and profitability of the company reinforces its culture, keeps turnover very low by industry standards, and has produced a large number of very wealthy employees.

The firm contracts out many of the manufacturing and service activities that older industrial firms would have done in house, allowing Cisco to retain its focus on knowledge workers and the acquisition of new technologies. It uses independent contractors and temporaries to buffer the uncertainty of demand and to cope with peaks and valleys in the projects associated with product development and delivery. The company is frustrated with the laws governing these employees, because it has had to reclassify some valued independent contractors who want to retain that status as temporaries.

Human resources strategies are both very important to this firm and highly integrated with its core competitive strategy, the acquisition of new firms, technologies, and people. Its compensation and reward strategies and the culture the company has built are also critical to maintaining the

environment needed to attract the types of workers who will allow the firm to
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stay on the cutting edge of changing technologies and markets in its industry. Its social contract therefore focuses on providing a financially and psychologically rewarding place to work.