

Road Map for the Path to Strategic Culture Change

Change Is Not Optional. Many of today's organizations face the ultimate choice—change or die. Few organizations are prepared for the magnitude of change that will be required of them if they are to survive and thrive in the next 20 years. Fewer still understand the nature of the change.

Most of today's organizations were built to conform to the classical 20th century factory model, not based on the 21st century need for customization, flexibility, speed and responsiveness. Driven by the ongoing information-age revolution, the nature of change itself has changed. No longer is incremental change good enough. Rapid and dramatic change is the order of the day. Not simply constant change, but a need for an ever accelerating rate of change. To survive and thrive organizations must remodel themselves for an environment of constant, transformational change. Under the new conditions, companies that do not innovate will evaporate. Organizations have no choice but to take giant leaps from the old realities to new ones. But how do they make the leap to this new reality?

Creating the Imperative for Culture Change. It is not enough to hear the organization proclaim that the new ways will be more productive and more successful. They must also understand that the old ways will no longer lead to even marginal success; in fact, the old ways are counter to success and the people who persist in the old ways will find themselves with no place in the evolving organization. Critical to a successful culture change is developing a compelling imperative for change that engages and enrolls the members of the organization. It must be potent enough to signal to the organization that this is not business as usual or another program of the month but a complete overhaul of the way we do business. And, actions must speak louder than words for this to send a signal that indeed it is time for significant change.

“What will it look like?” — Leading from the Old to the New. Culture change efforts must be comprehensive and systemic. The organization’s leaders need to be driving the transformation from the “FROM” state to the “TO” state vision of the new culture.

CULTURE-CHANGE TRENDS

Many organizations are finding the old policies, rules and procedures no longer work, and they have to change to a new way of doing business.

From:

- Industrial Revolution Model
- Slow/Resistant to change
- Rigid hierarchy
- Command and Control Leadership
- Top-down information flow on a need-to-know basis
- Individual efforts rewarded
- Internal competition
- Turf/silos
- Peoples seen as replaceable cogs and primarily as a cost
- Variety of viewpoints seen as disruptive

To:

- Information and Customer Model
 - Adaptable to ever accelerating change
 - Flexible Structures
 - Leader as Enabler/Facilitator and everyone takes leadership
 - Two-way information flow
 - Teamwork rewarded
 - Status Quo is the competition
 - Collaboration across, down, up organization
 - People seen as critical asset and non-renewal resources
 - Diversity of perspectives and experience essential for success
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An organization-wide culture-change effort requires a new set of leadership capabilities and characteristics. Fundamental to such change are leaders who hold a vision of the need for a new way of doing business and can create an environment that supports this new way of doing business. Such leaders and managers have to be willing to take risks and try new things, must be adaptable, curious, act with integrity, learn rapidly, and be able to engage with people from an increasingly wide range of cultures and identity groups.

This systemic level of organization-wide culture

change cannot be undertaken lightly – and for all too many people it may appear at first as “another program of the month” or a reactive approach to serious organizational and business challenges. A culture change effort requires a comprehensive systemic approach over a period of years. It is not a quick fix. It requires committed leadership, strategy, execution, follow through and an informed workforce: constant communication and interactions with the people of the organization.

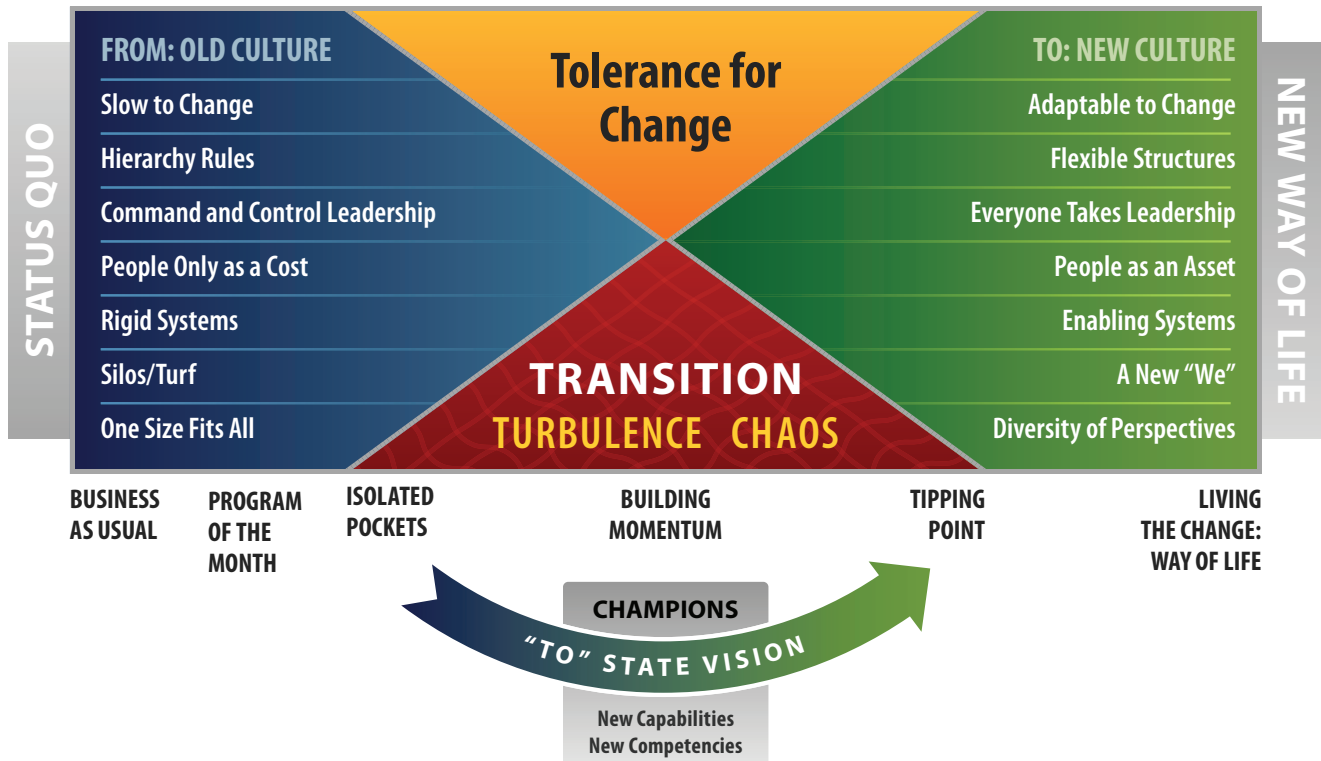
Developmental Stages of Culture Change. As in any process of learning, there are developmental stages through which the people of an organization, individually and collectively, must pass as they resist, learn, accept, practice and live the new culture (or leave).

There is a natural order and progression to these developmental stages. Just as a child must crawl before it walks, then runs, then borrows the family car, an organization cannot expect to jump directly from the old state to the new state.

This model provides a framework that can be

valuable for identifying and understanding the need for different leadership strategies at different developmental stages: (a) what to expect at each stage, (b) what to communicate to the organization, (c) what behaviors and attitudes are required of the leaders, and (d) what organization-wide actions and structural changes are needed.

Road Map for Strategic Culture Change: From “Status Quo” to “New Way of Life”



Business as Usual – The Status Quo

The organization actively pursues and maintains the norms and values of the current culture and approach to business. They are explicitly written into the rules, practices and procedures. The organization may in fact be resistant to change and/or rigidly upholding the past as the key to success for the future. People are hired who fit the mold of the past. Challenges to the current way of doing business are explained away and individuals are blamed for their lack of understanding. People with new and different ideas are not wanted and are explicitly required to leave and/or are isolated or marginalized. The goal is to maintain the status quo – even if the organization talks about the need for change. Managers are rewarded for delivering results as they have always done it in the past, and most people would describe the organizational culture as conflict- and risk-adverse.

Program of the Month

There is more talk of change as the organization begins to move down the path; however the rules protecting and perpetuating the norms and values of the culture are still required for success. While there is some discussion of the need for change, people who think or act differently are clearly not valued or supported. New programs and initiatives are rolled out, and individuals participate without any real follow up, impact or change in organizational requirements and behaviors. Many individuals learn how to say the “right” new words, but the old behaviors continue to prevail and be rewarded. People see proposed change efforts as a

succession of “Programs of the Month” – and hold their breaths as each new initiative rolls past. There is no broad-based understanding of an imperative for change.

Isolated Pockets of Change

As the organization proceeds down the path to strategic culture change there begins to be a few isolated pockets of the organization that are beginning to embrace change. The organization in this phase sees culture change as separate from the business and “nice to do” rather than mission critical. The organization tolerates different approaches in pockets, but has no or little commitment to organization-wide implementation. The champions of change often will undertake culture change efforts in their own divisions but this is seen as highly risky. If they are successful, their actions may be rewarded. However, if for some reason their “experiment” fails, they pay a major price. Change is piecemeal: a new policy here, a special arrangement there. There are signs and inklings of the need for change – but much of it has to happen clandestinely. Individuals are still expected to perform in the “old ways” but can also create some new ways of doing business as an experimental out-of-the-box idea. Individuals who are champions of the new ways of doing business are often defined as outside the organization norm – mavericks. These Champions spend a lot of their energy trying to convince the organization of the need for change, which tends to make their task even more difficult. Sometimes, the organization at some level knows that actions are needed,

however it does not yet feel safe in moving the entire enterprise in that direction. It hedges its bets.

Building Momentum

At this phase of the roadmap there is a growing understanding that there is a need for significant change. As the organization works to create and build greater momentum for that change a clearer organizational imperative of the need to change and an articulated vision of the future —driven by the business plan – has been established. It is at this point that the organization and its leaders recognize and internalize that the organization cannot achieve its goals, direction and mission with the current culture and processes. The organization begins to see the success of the isolated pockets and begins to implement many of those successful practices throughout the organization. This is a key transition point: the old rules and processes no longer work, but the new rules, requirements and rewards have not all been established.

The transition period feels fragile and chaotic. For many people who have been a part of the old culture and want to go back to the “good old days” the change feels as if things are moving too fast; other individuals who are steeped in the old culture might be looking in the rear view mirror and reflecting on how far things have come and how different the organization is from what it used to be. For those individuals who are eager for the new culture and new way of doing business it feels as if change is moving much too slowly – that change has not happened fast enough – as they look ahead

through the windshield their measure is how much further the organization must go to achieve a new way of doing business. These perspectives are often at odds with each other and create great instability as the level of commitment of the organization and its leaders to real change is still unclear. Complaints and conflicts may actually increase as people feel freer to express their ideas and speak up about what they need if they are to do their best work. During these unsettled times, many people may question the importance of the culture change. This is a stage at which many organizations engaged in culture-change work get stuck, want to turn back, or scale back the effort. It is the stage at which leaders of both the “old” culture and the “new” culture factions are most at risk. And yet, if successfully managed this stage provides the momentum and positioning for real change to begin to take root. The key work in this stage is for leaders to be clear in setting new expectations and goals and working steadfastly informed by the new vision.

The Tipping Point

At this stage, there is no longer a question of the Organizational Imperative for the new culture. The people of the organization understand it and have begun in some areas of the organization to internalize it as critical for business success. People are seen as assets that need to be protected, developed and invested wisely. Complaints and conflicts about undesirable and unacceptable “old culture” behaviors are still on the increase as more people feel the safety offered by the new culture and are willing to speak up. The full range of new

leadership skills, organizational competencies and day-to-day behaviors are still being learned and developed to support the culture change and the new organizational direction. New management and human resource systems enable people to do their best work; engagement of the workforce is seen as critical to infuse new ideas and thinking; flexible work processes enable the organization to be nimble and respond to changes in the marketplace. People are hired and developed with the new organizational competencies and capabilities in mind. A new level of accountability and performance is expected of people. Those who are not willing to change are nurtured out of the organization or developed to align better with the organizational needs. At this point the organization is reaching a tipping point for change (Gladwell, 2000) in that there is a critical mass of individuals who support the change and exhibit the necessary behaviors required of the new culture. Those individuals who are still hoping for the return of the “good old days” become more and more outliers and are getting critical feedback of the requirement to change their behaviors and/or are nurtured out of the organization. There is a sense at this stage that there is no turning back and people see daily examples of the commitment of leaders to the new culture and the payoff in performance that the new culture supports.

Living the Change: A Way of Life

At this stage the new culture is a way of life. And given the need for continuous improvement it now has the capabilities to adapt to change –

knowing that this stage is not one that is static. The competencies and capabilities needed for success have dramatically changed and the organization has restructured not only its business but its relationship with the people of the organization. The organization aggressively seeks out, includes and capitalizes on the full range of perspectives, opinions and skills offered by its people. It is committed to and geared for constant change, continuous improvement, and a search for 360-degree vision. People have a sense of belonging, and feel recognized and appreciated for their contributions. Individuals and teams identify with and freely offer more of their discretionary energy to the organizational mission and goals. The new culture becomes so much a way of life that it appears seamless as it enables individuals and teams to come together in new ways so they deliver greater results.

The Old Ways Die Hard. The progression from Industrial-era Status Quo to a people-centered Work Culture as a new way of life is a long-term developmental process. Unlike the human developmental process, however, there is no inevitability in the progression for organizations. Left to their own devices, children will grow up. An organization, on the other hand, will tend to remain the same for as long as it can.

When an organization undertakes an effort to change its culture there will be resistance every step of the way. Every aspect of change, every incidence of conflict, every moment of learning-curve awkwardness will be fodder for comment.

Leaders will have to be prepared to weather the doubts and criticisms, and to be cheer-leaders for the continuing effort.

Publicly recognizing and rewarding those who successfully demonstrate new-culture behaviors will help counteract the critics. Leaders must remain highly visible and committed to the culture-change effort, especially during the times of awkwardness and conflict. The major challenge facing the leaders of organizations committed to culture change is creating a sustainable strategy, and then sustaining the effort.

On a global scale, change is inevitable. At the organizational level, change is a matter of survival – those that do not or cannot change will be replaced by new organizations built on newer models. To reshape a current organization and position it for the future's waves of change will require the conscious, sustained effort of committed, visionary leaders who are willing to take risks and able to navigate through the turbulence while hanging in there for the long haul and a workforce willing to take an exciting and challenging ride that can have high payoff for all.

REFERENCES AND NOTES

Note: The Roadmap to Culture Change is based on KJCG's work in leveraging diversity and inclusion and specifically -Judith H. Katz and Frederick A. Miller, "Cultural Diversity as a Developmental Process: The Path from a Monocultural Club to Inclusive Organization". In W. Pfeiffer (Ed.) 1995 Annual. San Diego, CA: Pfeiffer and Co, 267-281.

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