

Culture and change

- Lynda Aiman-Smith
- Business Management Faculty
- PhD in Organizational Behavior and Technology Management from Purdue
- Research areas: Organizational culture and innovation

- Organizations are littered with the debris of yesterday's change programs.
- Meanwhile, new change programs continue to be introduced into organizations

Change Programs

Yesterday

- TQM
- Enterprise Resource Planning
- EEO
- Re-engineering
- Expert systems
- Restructuring
- EH&S initiatives
- Self-directed teams
- Lean manufacturing
- Organizational Development

Today

- Six Sigma
- Supply chain - value chain
- Diversity
- Process mapping
- Knowledge management
- Restructuring
- Environmental sustainability
- Innovation for Value
- Emotional Intelligence
- ERM

Research from Economist Intelligence Unit Highlighted these Issues

- Lack of alignment between risk management and current planning processes
- Lack of clearly defined roles,
- Issues with accountability,
- Problematic information flows;
- Cultural opposition
- Low recognition of benefits within the company.

[Enterprise risk management: Implementing new solutions
EIU published 16 May 2001. Survey of 200 Executives about ERM.]

Issues we've heard from you re ERM

- Getting real support from upper levels -- Influencing upward
- Creating common concepts across the organization -- rather than having disconnects
- Advising -- versus doing
- Biting off a chewable chunk – fear of doing anything until you can do the whole thing
- Fad vs important long term initiative
- *These are some – and I bet there are more!*

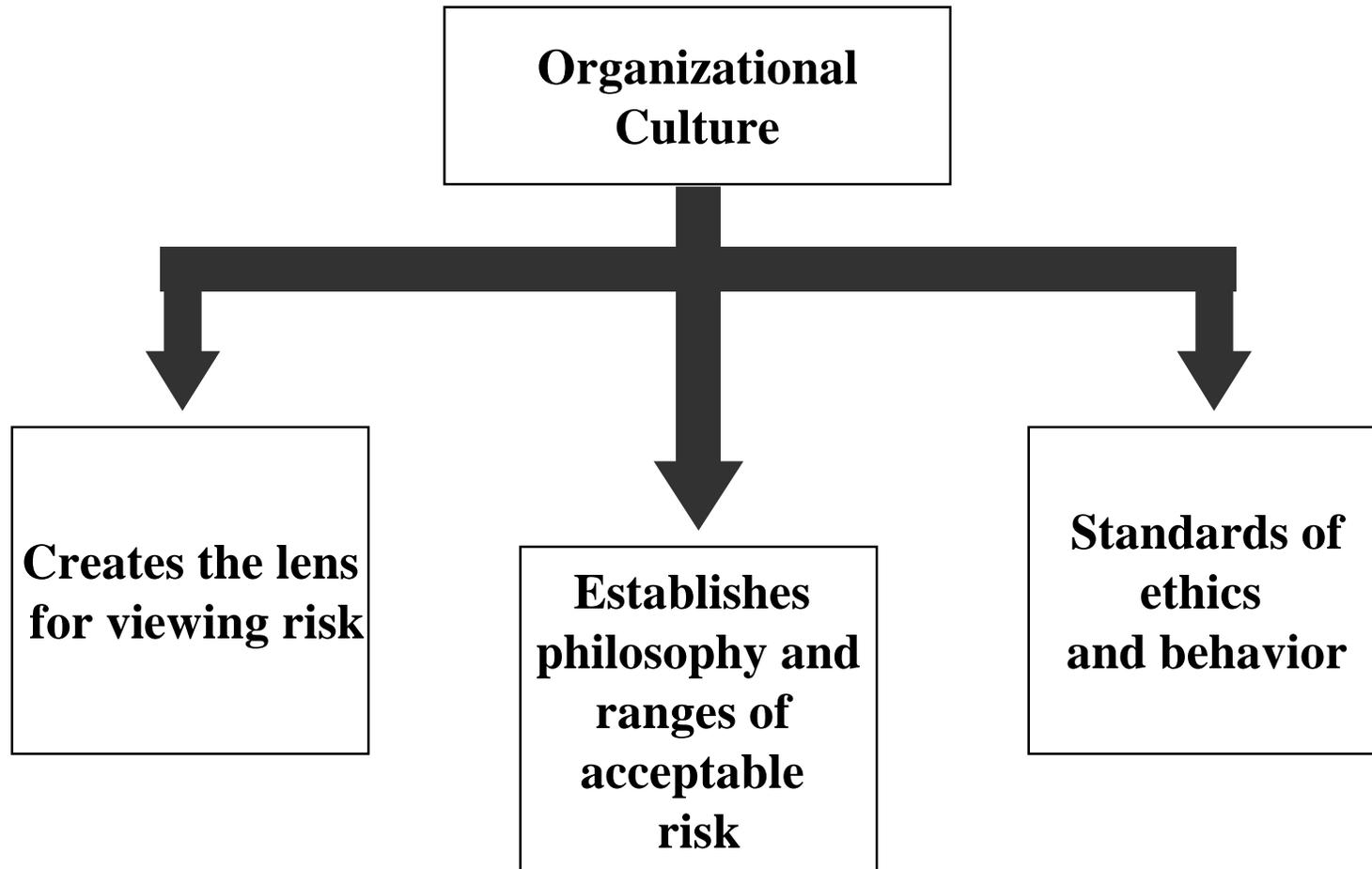
Change involves technology, structure and culture

- Technology – communication processes, information, tools to get the work done
- Structure – project management, leaders, groups, champions, how resources get directed
- Culture – the ropes to know, ropes to skip, and the ropes to pull. Let's talk a bit about culture.

Organizational Culture

- Culture is the socially acquired and shared set of values, guiding beliefs, understandings, ways of thinking, and norms that members of an organization develop over time as they note and repeat what **WORKS** for them.
- Culture provides a sense of identity, enhances commitment, and clarifies and reinforces behavior

Organizational Culture sets the foundation



Dimensions of Organizational Culture

(based on previous research and lit)

- **Innovation**
 - **Detail orientation**
 - **Results orientation**
 - **People orientation**
 - **Team orientation**
 - **Dealing with Conflict**
 - **Openness to change**
 - **Time pacing**
 - **Decision making**
 - **Power distance**
 - **Empowerment**
- Schein notes that culture arises from experienced success, and has three levels
 - 1- Artifacts – things we see and hear
 - 2 - Values
 - Espoused: what members of an organization say they value
 - Enacted: reflected in the way individuals actually behave
 - 3- Assumptions - Deeply held beliefs that guide behavior

Culture is passed on by

- **Ceremonies and Rites (Rites of passage, enhancement, renewal, integration, conflict reduction)**
- **Rituals (Quarterly meetings)**
- **Stories (Ex: Tales of the first employees, how the company deals with crises)**
- **Language (example: what's the Dave number?)**
- **Symbols (Dress code, offices, perks)**
- **Heroes (Company role models)**
- **Myths (Stories aligned with culture, but not based on fact)**

Culture Scan

Put on an anthropologist's hat

- What do offices look like?
- How are people dressed?
- Where do they eat lunch?
- How would you characterize the people in the hall – formal or informal?
Laughing, or serious?
- What kinds of pictures, signs, jokes are on walls? Listen for particular language

Culture Scan

Ask questions, like:

- Tell me your creation story
- How do new people “learn the ropes” in the organization.
- What gets noticed (and rewarded)?
- Are some people on the “fast track,” and if so, how did they get there?
- What are some taboos -- things people should never do?

Issues we've heard re ERM initiatives

- Getting real support from upper levels -- Influencing upward
- Creating common concepts across the organization -- rather than having disconnects
- Advising -- versus doing
- Biting off a chewable chunk – fear of doing anything until you can do the whole thing
- Fad vs important long term initiative
- *And others that have occurred to you*

Now for something completely different -- Small group work

- Break into your groups
- Introduce yourselves – Part of the purpose of these roundtables is networking
- Discuss -- Share your issues and stories.
Given what you've heard so far, what aspect of your organizational culture most influences whether or not change initiatives succeed?
- **Choose one juicy issue/story to report back -- One person take 2 minutes to report for the group**

Crucial points –

- Resistance is rational
- All change is disruptive -- things will look worse before they get better
- Research results can help you understand and plan for change

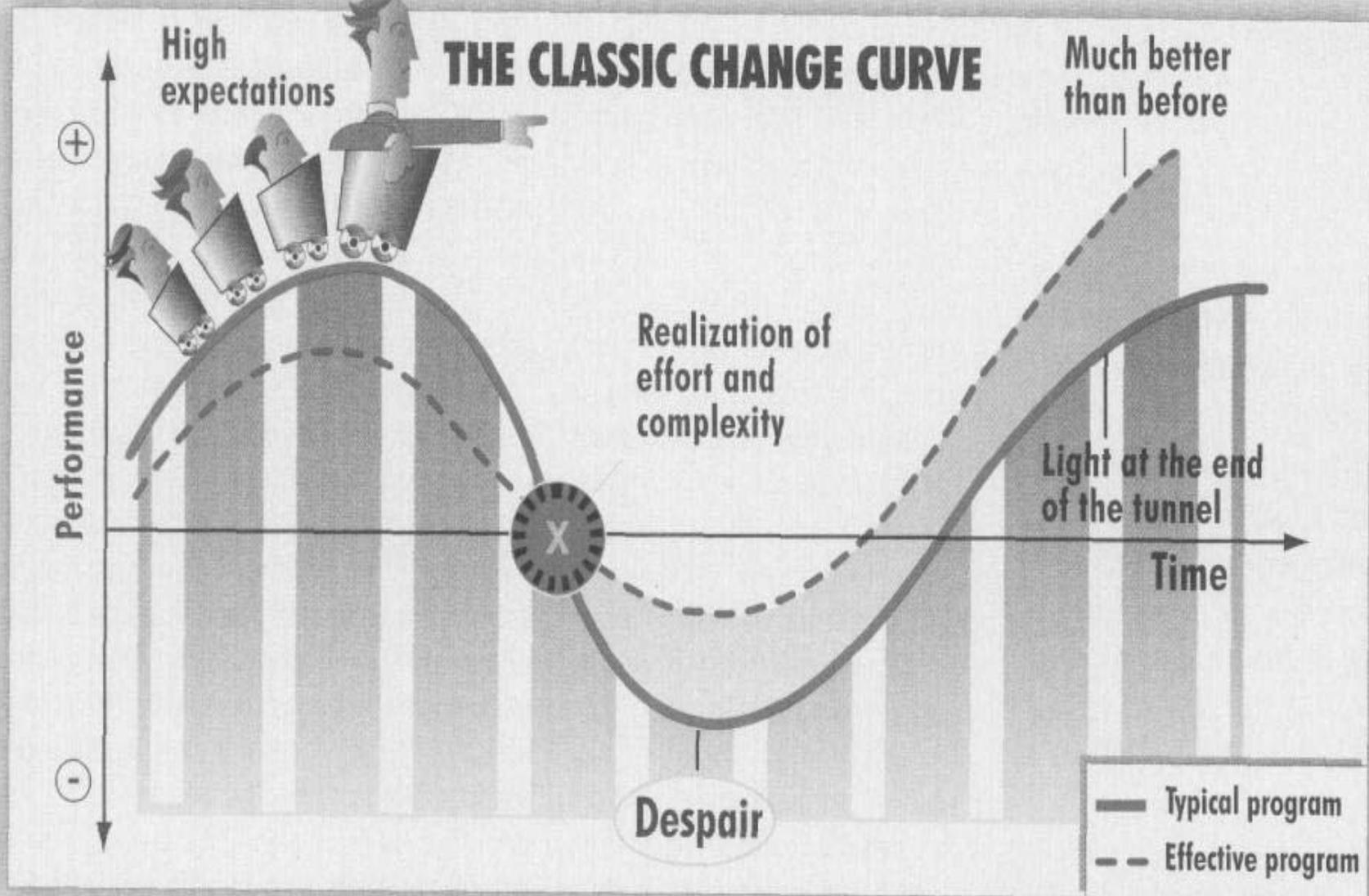
Resistance is rational

- For every change proposed or achieved, someone loses something
- People are already overloaded, and change initiatives add to their work
- Data show that at least half of change initiatives stall, some data show as much as 70% achieve less than they hope – so no surprise people are resistant

[Hammer, M. & Champy, J. (1994). Reengineering the corporation: A manifesto for business revolution. NY: Harper Business]

Change is disruptive -- things will look worse before they get better

- Unrealistically high expectations at the outset of a program lead to a relatively deep valley of despair when change does not come as quickly or as easily as anticipated.
- And, change NEVER comes quickly or easily!
- It is important you understand and empathize with peoples' experiences and concerns.
- It is imperative you understand the organizational culture



Factors for SUCCESS in change initiatives

- High level backing -- Visible support from high-level sponsor(s) throughout the project.
- Clarity -- People understood what they had to do in order to make the change work.
- Resources -- The effort was adequately staffed and funded.
- Structure -- Dedicated, capable project team with a strong project manager.
- Priority focus -- Other organizational priorities didn't get in the way.
- KISM -- The project was kept small and manageable – broken into “chunks”
- Progress feedback -- Progress toward the goals was tracked and publicized.

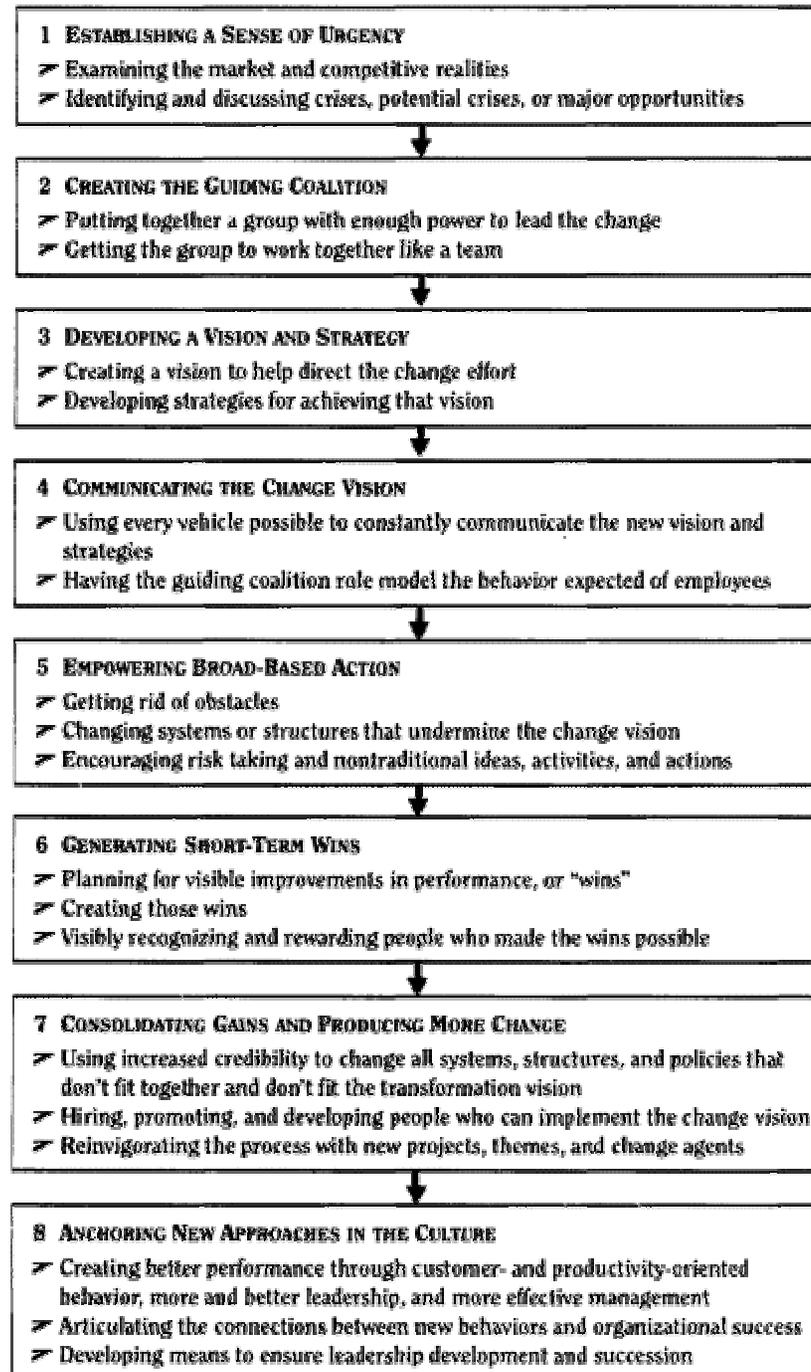
Factors associated with FAILURE

- Inconsistent backing -- Key executives or other powers did not support the change effort, but were more concerned with other issues.
- The “Huh?” factor -- Goals seemed vague.
- The second “Huh?” factor -- There didn’t seem to be a plan. No one seemed to be in charge.
- The third “Huh?” factor -- People didn’t understand the reasons for change and how they could benefit.
- Culture inconsistency -- The change clashed with the way things “are done” in the organization
- Resources-- diverted to other priorities.
- Schedule --unrealistic; frequent schedule changes.

Important Levers in Understanding and Influencing Culture

- What's important -- What leaders pay attention to
- Acting under fire -- How leaders react to crises
- Role models -- How important people behave
- Reinforcements – How rewards get allocated
- Discipline – how people get fired

An 8 stage process
from Kotter, J.
"Why Transformation
Efforts Fail,"
Harvard Business Review
(1995).



So in summary

- Answer all the why, who, what questions as part of understanding why any changes could take place
- Understand and speak the “culture language” to an organization as part of the change
- Make sure factors for success are in place
- Use Kotter’s “8 phase” process
- I am giving you with notes and short annotated bibliography
- Call / email lynda_aiman-smith@ncsu.edu if you want further information