



Change, Culture, and What to Do If You're Not in Charge

Presented to ASQ 701
by Roger Olson, Partner
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Tonight's Agenda

- About Change
- About Culture, What it has to do with Change
- Change is Required, but You're Not the CEO

Think About It

Most companies will start some type of change initiative (ISO, Lean, Six Sigma, Malcom Baldrige, diversity, etc, etc) at least every couple years

Most change initiatives (over 80%) fail to meet expectations

Most companies with a history of failed change initiatives will start new ones without figuring out what went wrong before



Some Thoughts on Change



Winston Churchill on Change

“To improve is to change;
to be perfect is to
change often”

Most companies quality policy or value statement says something about “continuously improving”, yet the company culture does not support change.

Charles Darwin on Change

“It is **not the strongest** of
the species that survive,
nor the most intelligent,
but the one *most responsive to
change.*”

(Darwin *never* said anything about the survival of the fittest,
and it angered him that he was misquoted)



Mike Puckett on Change

Director of Operational Excellence
Prudential Real Estate and Relocation Services

“Change is inevitable.

**Do nothing, and it will be thrust upon
you, and all you will be able to do is
react**

**Anticipate it, and you can direct it to
your advantage.”**



Richard Beckhard on Change

(A founder of the field of Organizational Development)

**“People don’t resist change,
People resist *being changed.*”**



General Eric Shinseki,
Chief of Staff, U.S. Army

If you don't like change,
you're going to like
irrelevance even less

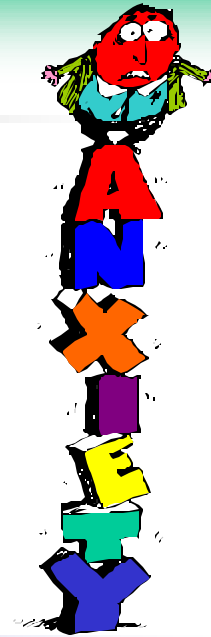
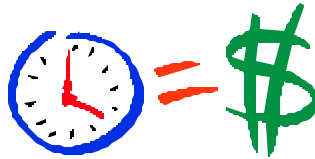
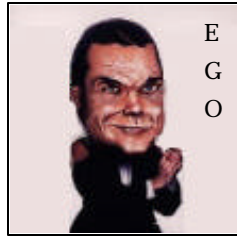


Combining these thoughts.....

If a company is going to survive
and succeed in business, it's
going to have to change!

Why is Change So Hard?

If we all know we need to improve, the question becomes: why don't we?



Resistance To Change

Resistance to Change: an emotional/behavioral response to real or imagined work change.

The leading reasons why people resist change are:

- An individual's predisposition toward change
- Surprise and fear of the unknown
- Climate of mistrust
- Fear of failure
- Loss of status and/or job security



Resistance to Change (cont)

Leading Reasons Why People Resist Change (cont):

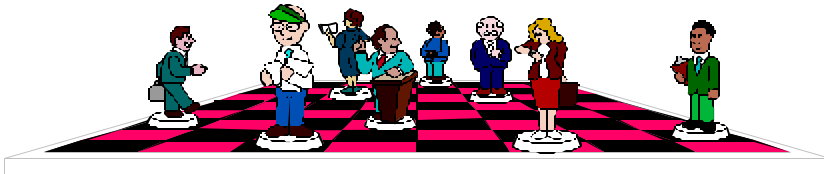
- Peer pressure
- Disruption of cultural traditions and/or group relationships
- Personality conflicts
- Lack of tact and/or poor timing
- Nonreinforcing reward systems



If your company has had trouble with making change work, the first place to look is your company culture.



About Culture



What is a Culture?

Culture is a way of describing how a group of people *live* together.

- Culture includes;
 - the foods you eat
 - clothes you wear
 - rules of behavior
 - ideals and values
 - communication and more.
- The culture is learned in everyday living.

What is a Workplace Culture?

Workplace culture is a way of describing how a group of people *work* together.

- Workplace culture includes;
 - ✓ clothes you wear
 - ✓ attitudes and rules of behavior
 - ✓ ideals, values and **beliefs**
 - ✓ communication and more.
- The culture is learned in everyday working.
- **If management doesn't create the desired culture, one will develop anyway.**

Workplace Ideals and Values

Whatever management rewards, management will get.

- Reward “yes men” and you will get obedience, but no creativity.
- Reward squeaky wheels, soon all the wheels will squeak.
- Reward those that would climb on the backs of others to reach the top, and you will have “politics” instead of production.

Workplace Beliefs that Make Change Difficult

- “We never follow through on anything we start”
- “Management lies”
- “There is no point in making improvements around here, someone else will always get the credit for it”
- “They keep telling me I am not paid to think”

Workplace Beliefs that Make Change Difficult

- “We’re too busy to work on making improvements. We have work to get out the door.”
- “Nothing changes around here.”
- “My ideas don’t count.”
- “We always quit before we are done.”



Culture is the Foundation


Without the right culture, all change initiatives will ultimately fail to some degree. It may appear they are successful in the short run, but in the long run, failure is guaranteed

Buy-in, cooperation and involvement of all employees are critical to success.

A “We”, not a us vs them, mentality is a critical part of a change friendly culture.



Culture eats strategy for breakfast.



Yet most companies
focus time and effort on
strategy, and ignore
culture



**Is Your Culture
Change-friendly?**



OR



Do You Have a Change-Friendly Culture?

When something goes wrong, does management

Look for who is to blame?

Mass Production Culture

OR

Focus on fixing the process, not the people.

Change-friendly Culture

Lean and ISO make problems visible so they can be fixed, when this happens, your people should be focused on fixing processes not dodging bullets.

Do You Have a Change-Friendly Culture?

When something goes right, does management

Raise the bar for next months numbers without investigating the cause?

Mass Production Culture

OR

Reward the team, discover the cause, and institutionalize the change.

Change-friendly Culture

You get what you reward. Finding out what caused the upswing and making it a permanent part of the process allows you to keep the gains you make.

Do You Have a Change-Friendly Culture?

Does management believe that employees;

Are all replaceable?

OR

Are the company's most valuable asset.

Mass Production Culture

Change-friendly Culture

Feeling valuable and knowing one can “make a difference” are some of the most powerful motivating forces for employees.

Do You Have a Change-Friendly Culture?

When an employee has a suggestion, is management's response

Ignore it, (or worse, steal it) “they're not paid to think.”

OR

Great! Let's give it a try.

Mass Production Culture

Change-friendly Culture

Toyota provides training, tools, and boundaries, then solicits and implements 95% of all employee ideas for improvement. Toyota employees average 75 ideas per year, the typical American employee; only one every other year.

Do You Have a Change-Friendly Culture?

When a plan or project is failing, does management

Cancel the project and cut the losses?

OR

Encourage the employees to learn from their mistakes and try again.


Mass Production Culture

Change-friendly Culture

Employees must know they will not lose their job simply because they tried and failed.

Remember.....

- Improvement requires change
- Change requires experimenting
 - There is no cookie cutter approach to change
 - No one gets it right the first time, every time!
- Experimenting means that sometimes we might not get the results we desired
- A change-friendly culture will use “failure” as an opportunity to learn and share



Enlightened trial and error
outperforms the planning of
flawless intellects.

Tom Kelly

Designer, Lunar Excursion Module



Can Workplace Culture Change?

- Cultures are not static, they are constantly changing.
- The leaders of an organization set the tone for the culture. (So constantly changing leaders makes for a confusing culture)
- Change requires a strong commitment and daily follow through on the part of top management.
- **When the leaders change their behavior and attitudes, the rest of the organization will follow.**



Barriers to Organizational Change



Cultural Barriers

Cultural values and beliefs

- What are the “official” company values and beliefs?
- What are the “real” employee values and beliefs?
- The bigger the gap between the “real” employee values and beliefs, and the values and beliefs needed to support the desired change, the bigger the challenge

Examples of “real” beliefs that will make change difficult

- “We never finish any programs around here. We always quit before we accomplish anything.”
- “As long as I am the only one who knows how to _____, my job is secure.”
- “All the rewards and recognition goes to those who suck up, not to those who make this company better.”

Social Barriers

Group solidarity or conflict among factions

- Department vs department blame game
- Profession vs profession blame game
- Management (the carpet people) vs workers blame game
- “You’re not one of us until you have been here (_____) years”
- Firefighters more valuable than problem preventers (who gets the recognition?)

Organizational Barriers

Threats to power and influence

- What is the real power structure?
- What is the real source of influence?
- Who currently with power, perceives the proposed change would cause them to lose power?

Organizational Barriers

Organizational structure

- Does your organizational structure inhibit or enhance communication? There can be no lasting meaningful change without effective communication
- How many employees understand your organizational structure?
- Is your organizational structure constantly changing?



Organizational Barriers

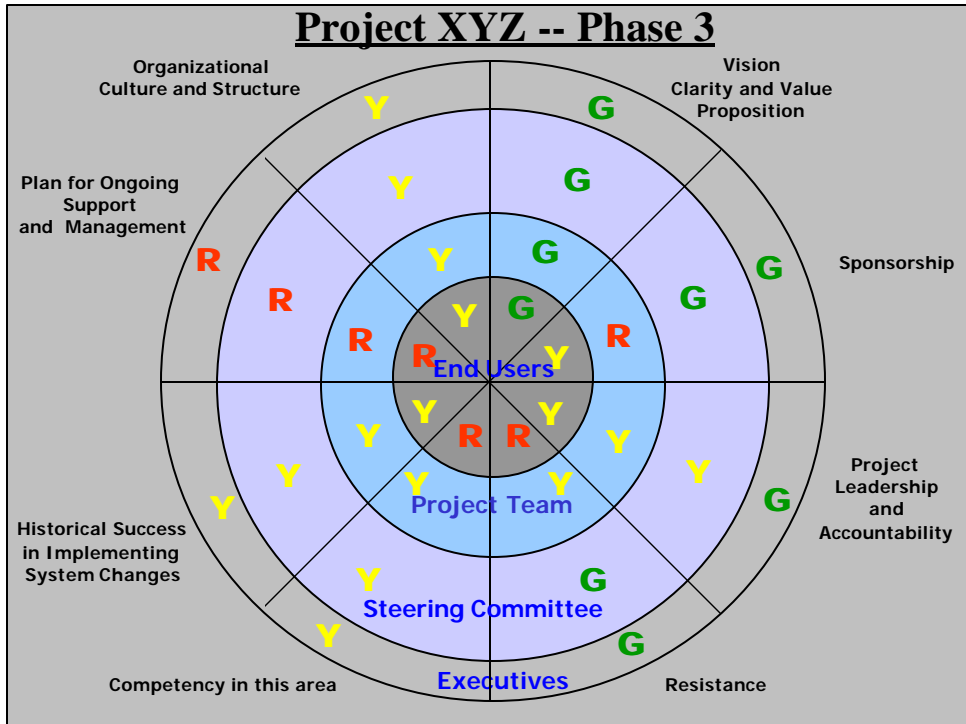
Leadership - behavior of top-level administration

- Lack of vision - no clear picture of what the future looks like (so why would anyone want to follow that person?)
- Lack of management commitment/support
 - “do what I say, not what I do” approach
 - management wants a benefit, but won’t take the time to understand what needs to be done to get it

Organizational Barriers

Climate for change

- Does the organization have a climate for change, or is it hostile to change?
- What is the organization’s history of effective change?
- Is senior management clearly committed to and supportive of the proposed change?
(Note: lip service does not count)



Stakeholder Awareness and Involvement Chart

AUDIENCE / STATUS	Unaware	Somewhat Aware	Understand / Aware	Willing / Committed	Actively Involved
End-Users		X	O		Z
Project-Team				X	O Z
Steering Committee				X	O Z
Executives		X	O	Z	
All Company	X	O	Z		

- X = Where They Are Today
- O = Where They Need to Be Today
- Z = Where They Need to Be By Rollout

Organizational Barriers

Technological barriers

- What equipment/technology will be needed for this change to be effective?
- What knowledge and skills will be needed for this change to be effective?

Psychological Barriers

Personal and Professional Identity

- Are the organizational levels, or professional groups who perceive a loss if the change is effective?
 - Example: managers typically feel threatened by lean because of pushing down decision making
- This needs to be anticipated and addressed early on

What Does Change Require?

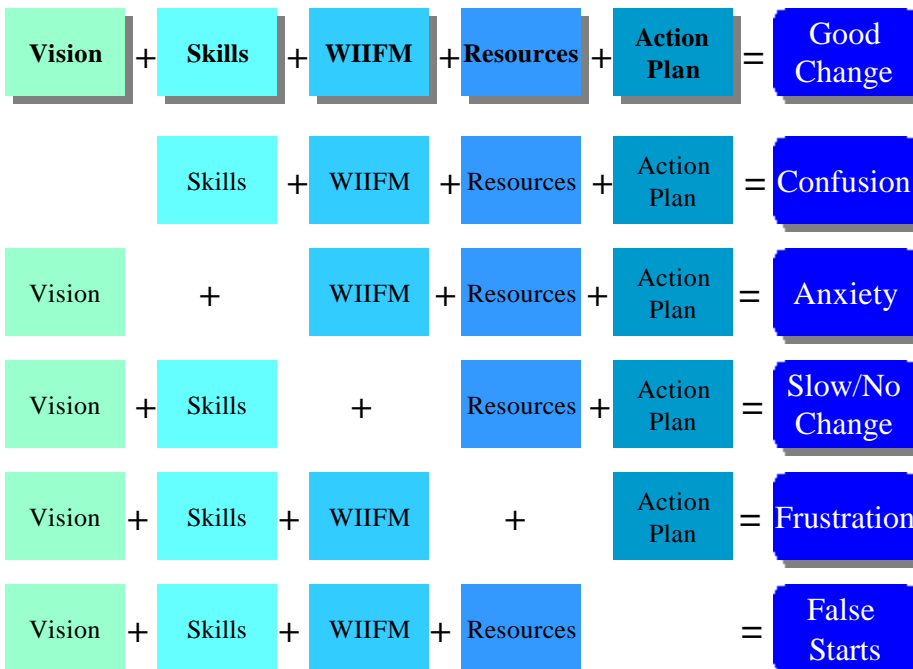
Vision - Where are we going?

Skills - The knowledge (tools) to get the job done

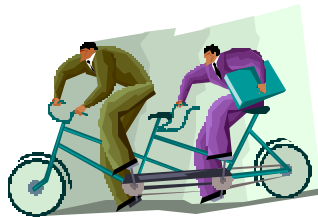
WIIFM - Why should the employees care?

Resources - The time and equipment to get the job done

Action Plan - The detailed how-to to get from here to there



What to Do If You're Not in Charge



Stockdale Paradox

Retain faith that you will prevail in the end, regardless of the difficulties.

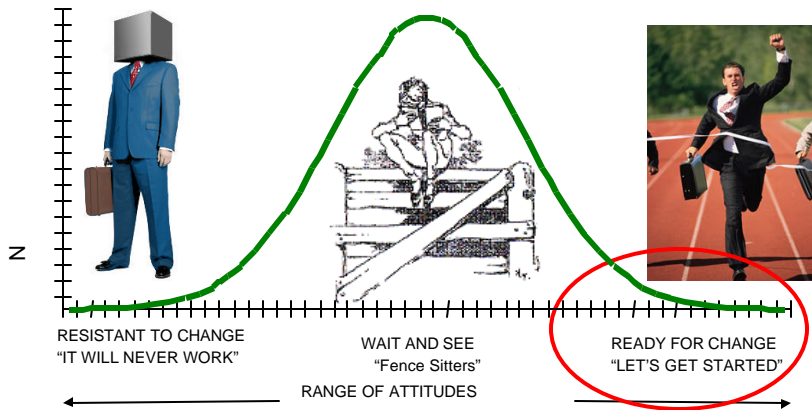
And at the same time:

Confront the most brutal facts of your current reality, whatever they might be.

Admiral James Stockdale was the highest ranking officer in what was known as the Hanoi Hilton prisoner of war camp during the Vietnam War. He developed the reputation of unbreakable character and was personally responsible for the survival of many men who would have otherwise perished without his strong influence.

Admiral Stockdale mentioned after the war that he didn't agree with optimism from his men. He said that an optimist would say "we will be out by Christmas" without any basis and would therefore continuously be disappointed. He instead developed what is known as The Stockdale Paradox.

Change: In the beginning...



Need to focus on, and support this group
(typically 10-15% of the employees)

Successfully Leading Change

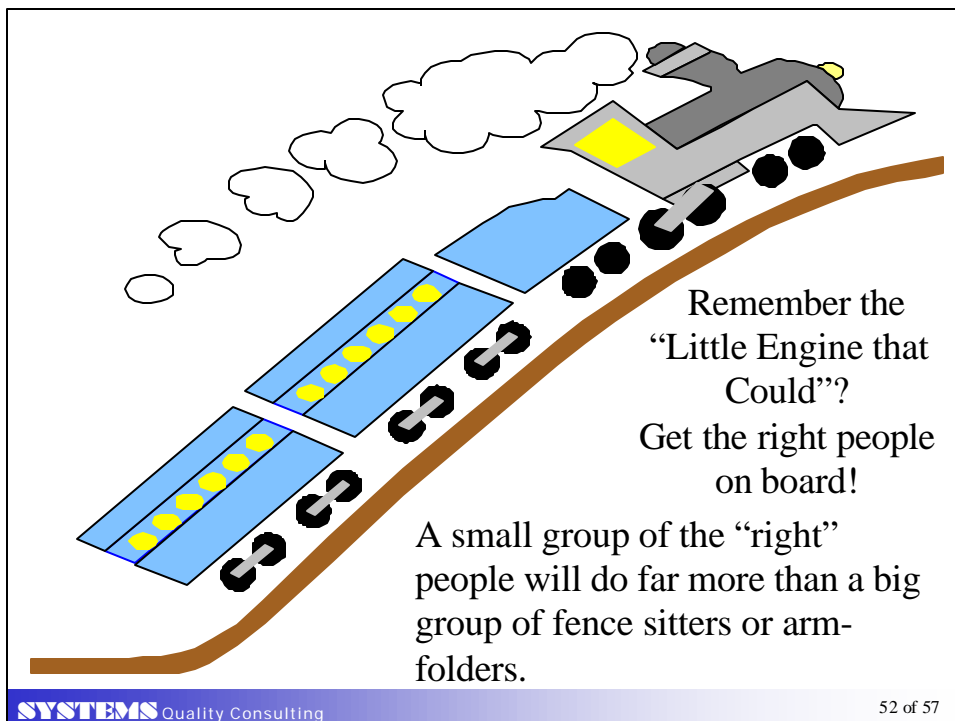
- Adopt and Foster a "Sense of Urgency"
- Learning/Unlearning
 - Get rid of the things that are no longer viable
- Encourage an "Open Environment"
 - Every improvement is welcome
- Champions, Mavericks, "Angry Eagles"
- Top 3 priorities:
 - (1) Communication,
 - (2) Communication,
 - (3) Communication



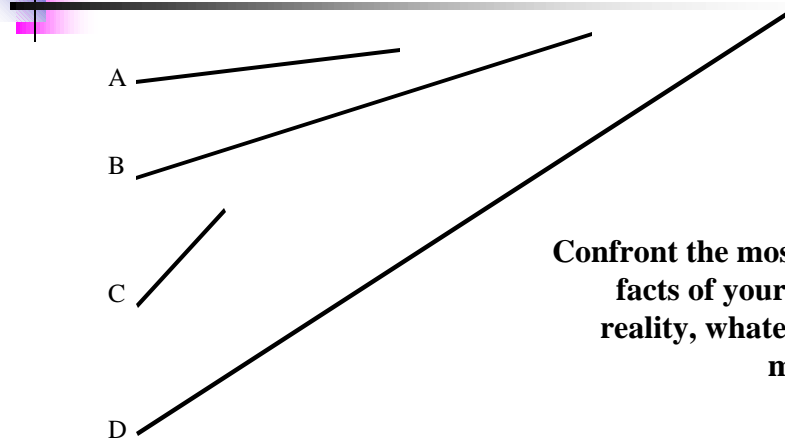
People Dimension Lessons

- Communicate
 - vision / objectives / strategy / benefits / implications
 - Confirm organization wide understanding and commitment
- Manage expectations / expect barriers to change
 - good / bad / cynics / resisters
- Involve people (eg in solutions development)
 - do it **with** them **not to** them - **BUT** anticipate the future
- Prepare thoroughly (eg business process mapping)
 - people want to know how change affects them
- Address cultural issues
 - behavioural change needs to be LED and CHAMPIONED

People dimension - essential to success, but not easy



Think of Change as Climbing a Hill....



**Confront the most brutal
facts of your current
reality, whatever they
might be.**

Before you climb, you need to know how long and steep the hill is.



Is it really smooth sailing?

What's In The Way?



Do you really know how **big** it is?

Do you know
what's lurking
below the
surface?





Questions



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