

# Managing Culture Change

Competition, labour mobility and legislative changes are important drivers for transformational change in both businesses and public sector organisations. In major transformations, managers traditionally will focus their attention on devising the best strategic and tactical plans. However, success demands that managers must also have an intimate understanding of the human side of change management, i.e. the alignment of the company's culture, values, people and behaviours. Plans themselves do not capture value. Value is realised only through the sustained, collective actions of the many employees who are responsible for designing, executing, and living with the changed environment.



Long-term structural transformation has four characteristics: **Scope**, the change affects all or most of the organisation; **Magnitude**, it involves significant alterations of the status quo; **Duration**, it lasts for months, if not years; and **Strategic Importance**.

Companies will reap the rewards only when change occurs at the level of the individual employee. Leadership teams that fail to plan for the human side of change often find themselves wondering why their change programmes have failed.

No single transformation methodology fits every organisation but there are practices, tools and techniques that can be adapted to a variety of situations. The following guiding principles for change management provides a systematic, comprehensive structure to help executives to understand what to expect, how to manage their own personal change and how to engage the entire organisation in the process.

**Address the “human side” systematically.** Any significant transformation creates “people issues.” A formal approach for managing change, beginning with the leadership team and then engaging key stakeholders and leaders, should be developed early and adapted often as change moves through the organisation. This demands as much data collection and analysis, planning and implementation discipline as does a redesign of strategy, systems or processes. The change-management approach should be fully integrated into program design and decision making, both informing and enabling strategic direction. It should be based on a realistic assessment of the organisation's history, readiness and capacity to change.

**Start at the top.** Change is unsettling for people at all levels of an organisation and all eyes will turn to the CEO and the leadership team for strength, support and direction. The executive team needs to understand that, although its public face may be one of unity, it, too, is composed of individuals who are going through stressful times and need to be supported. Executive teams that work well together are best positioned for success. They are aligned and committed to the direction of change, understand the culture and behaviours the changes intend to introduce and can model those changes themselves.

**Involve every layer.** As transformation programs progress from defining strategy and setting targets to design and implementation, they affect different levels of the organisation. Change efforts must include plans for identifying leaders throughout the company and pushing responsibility for design and implementation down, so that change “cascades” through the organisation. At each layer of the organisation, the leaders who are identified and trained must be aligned to the company’s vision, equipped to execute their specific mission, and motivated to make change happen.

**Make the formal case.** People will rightly question to what extent change is needed, whether the company is headed in the right direction and whether they want to commit personally to making change happen. They will look to the leadership for answers. There are three steps for developing the case: (1) confront reality and articulate a convincing need for change; (2) demonstrate faith that the company has a viable future and the leadership to get there; (3) provide a road map to guide behaviour and decision making. Leaders must then customise this message for various internal audiences, describing the pending change in terms that matter to the individuals.

**Create ownership.** Leaders of large change programs must over perform during the transformation and create a critical mass among the work force in favour of change. This demands ownership by leaders willing to accept responsibility for making change happen in all of the areas they influence or control. Ownership is often best created by involving people in identifying problems and crafting solutions. It is reinforced by incentives and rewards, both tangible, e.g. financial compensation, or psychological, i.e. camaraderie and a sense of shared destiny.

**Communicate the message.** Change leaders often mistakenly believe that others understand the issues, feel the need to change, and see the new direction as clearly as they do. The best change programs reinforce core messages through regular, timely advice that is both inspirational and practicable. Communications flow in from the bottom and out from the top, and are targeted to provide employees the right information at the right time and to solicit their input and feedback. Often this will require over-communication through multiple, redundant channels.

**Assess the cultural landscape.** Successful change programs pick up speed and intensity as they cascade down, making it critically important that leaders understand and account for culture and behaviours at each level of the organisation. Companies often make the mistake of assessing culture either too late or not at all. Thorough cultural diagnostics can assess organisational readiness to change, bring major problems to the surface, identify conflicts and define factors that can recognise and influence sources of leadership and resistance. These diagnostics identify the core values, beliefs, behaviours and perceptions that must be taken into account for successful change to occur. They serve as the common baseline for designing essential change elements, such as the new corporate vision, and building the infrastructure and programs needed to drive change.



**Address culture explicitly.** Once the culture is understood, it should be addressed as thoroughly as any other area in a change program. Leaders should be explicit about the culture and underlying behaviours that will best support the new way of doing business, and find opportunities to model and reward those behaviours. This requires developing a baseline, defining an explicit end-state or desired culture, and devising detailed plans to make the transition.

**Prepare for the unexpected.** No change program goes completely according to plan. People react in unexpected ways; areas of anticipated resistance fall away; and the external environment shifts. Effectively managing change requires continual reassessment of its impact and the organisation's willingness and ability to adopt the next wave of transformation. Change leaders can make the adjustments necessary to maintain momentum and drive results if they are fed by real field information and supported by information and solid decision-making processes.

**Speak to people individually.** Change is both an institutional journey and a very personal one. Individuals (or teams of individuals) need to know how their work will change, what is expected of them during and after the change program, how they will be measured, and what success or failure will mean for them and those around them. Team leaders should be as honest and explicit as possible. People will react to what they see and hear around them, and need to be involved in the change process. Highly visible rewards, such as promotion, recognition and bonuses, should be provided as dramatic reinforcement for embracing change. Sanction or removal of people standing in the way of change will reinforce the institution's commitment.

If you would like to learn more about managing change, email [Peter.Siviter@4-consulting.com](mailto:Peter.Siviter@4-consulting.com) or [Ralph.Leishman@4-consulting.com](mailto:Ralph.Leishman@4-consulting.com).

