Culture Change

The term "Culture Change" has been getting a lot of attention, recently. Unfortunately, as different groups have defined it for different purposes, the term has been becoming fuzzy at the same time that it has been becoming more popular. In this overview I have tried to sort out some of the basic relationships among the different varieties of culture change.

Organizational Culture Change

Let's start with Organizational Culture Change. This is, historically, the most common use of the term – at least in business circles. The basic idea is that organizations have cultures, and that, in some cases, it's desirable to try to change those cultures.

Let me give a well-known example. IT vendors tend to have one of three cultures:
Hardware vendors – focus on selling machines. They sell software to induce customers to buy more hardware, often setting up sales situations that limit the sales of the software, making it unprofitable.
Software vendors – focus on selling software. Sell software to make a profit, and make it available on all the more popular hardware platforms. Offer consulting, often at breakeven prices just to get people to buy software.
Consulting Services vendors -- Sell consulting services to make a profit. Give customers advice on how to mix and match software and hardware to get the best results.

I remember a friend who had run a good consulting company and was then hired by a software vendor to head their sales and consulting group. On his first call with the software vendor's CEO, a prospect asked my friend about a problem and he promptly recommended another company's software product. After the meeting the CEO was outraged. "We went there to sell our software, not X's software" he explained. "But our software wouldn't have solved the client's problem," my friend explained, "and it would have ultimately led to an unhappy client." There was a culture clash between these two guys that ultimately cost my friend his job. He was too imbued with the "problem solving culture" of consultancies, and not sufficiently supportive of the "software sales culture," of his new company.

A better example of organization culture change comes from IBM. In 1992 when Lou Gerstner was hired to be CEO, IBM's mainframe sales were plummeting, and most people inside and outside of IBM advised Gerstner to break up the company. In essence, most people thought IBM was a hardware culture and that its continuing focus on hardware was hurting both its software and its consulting groups. Gerstner spent his first months at the company talking with CEOs of leading customers of IBM, asking what they wanted from IBM. He concluded that companies did not want to buy hardware from one company and software from several other companies, and then run into problems and have all the vendors say the problem resulted from someone else's contribution to the mix. Gerstner decided that IBM was going to be a consulting company – that it would offer solutions to companies' problems, recommending whatever hardware and software was best, creating a solution, and then standing behind the complete package they delivered. It took him several years to turn IBM around, but today IBM is a consulting company that focuses on solutions, not on selling hardware or software, as such. Gerstner changed the IBM culture.

What Gerstner did, however, is not easy to accomplish. Another example was provided by *BusinessWeek* in its June 11, 2007 issue. The lead article was entitled: "3M's Innovation Crisis: How Six Sigma Almost Smothered Its Idea Culture." The article points out that 3M hired James McNerney as CEO in 2000. Their stock was down – it had stayed nearly flat during the go-go late Nineties -- and everyone seemed to agree that they were overstaffed. McNerney believed that Six Sigma and a focus on efficient processes could help 3M solve its problems. He introduced Six Sigma after laying off 11% of the workforce (8000 people). Thousands of 3M staffers were trained as Black Belts and many more received Green Belt training. The company embraced both DMAIC and Design for Six Sigma and began to improve its processes with a vengeance.

McNerney slashed capital expenditures by 22% from $980 million to $763 million in his first year and was down to $677 million by 2003. Operating margins went from 17% in 2001 to 23% in 2005. As a percentage of sales, capital expenditures dropped from 6.1% in 2001 to 3.7% in 2003. Profits under McNerney grew by 22% a year.

After four and a half years McNerney left 3M to become the new CEO of Boeing. His successor at 3M, George Buckley, heard lots of complaints about the Six Sigma program when he arrived, and immediately began dialing back the Six Sigma effort. The major complaint among the 3M people, cited in the *BusinessWeek* article, was that "innovation" was down. 3M has always been a company (a culture) that promoted innovation. It's where Thinsulate and Post-Its were invented. The company had historically prided itself on the fact that, at any one time, at least 33% of its products sales came from products released in the past five years. By the time McNerney left, the percentage of sales from the products released in the last five years was down to 25%. Those who complained suggest that Six Sigma is somehow incompatible with innovation.

One thing to keep in mind, as you consider this, is that McNerney held research and development funding constant – at about $1 billion a year -- from 2001 to 2005. If he had been willing to increase R&D each year, he might well have kept sales from new products at 33%, with or without Six Sigma. The *BusinessWeek* author didn't consider this possibility.

When you consider how McNerney turned 3M around, it's hard to argue that he didn't introduce some important changes at 3M. What those complaining are suggesting is that he altered (or under-funded) processes at 3M that generated new technologies and new products. Maybe he did, but that hardly justifies an article that goes a long way toward vilifying Six Sigma. Anyone who has had some experience with Six Sigma folks knows that some of them can come across as fanatics who think that everything should be done the Six Sigma way. Anyone whose had more than a little experience with Six Sigma folks knows that most of them are reasonable, conscientious people who would be quick to agree that there are places where Six Sigma works well and other areas where it doesn't work so well. Assuming no one wants to argue that 3M should have avoided McNerney and let its stock price stay where it was during the Nineties, then what we have is, in fact, an amazing Six Sigma success story, and perhaps some insight into one area in which Six Sigma doesn't do so well.

What we really have, however, is a story of a company with a strong culture – focused on innovation – that resisted someone who tried to introduce new ideas. For better or worse, the old culture, in spite of the success that McNerney clearly had in changing the company, resisted and ultimately overcame a new, process-focused culture that would have focused more on efficiency than on innovation. Major culture change is hard to introduce, and even harder to maintain over the longer term.

In the mid-Nineties, two strategy theorists, Michael Treacy and Fred Wiersema, generated a lot of discussion of the role of organizational culture with their book, *The Discipline of Market Leaders.*. Treacy and Wiersema suggest that there are three generic types of customers: 1) those whose primary value is high-performance products or services, 2) those whose primary value is personalized service, and 3) those who value low-priced products. Treacy and Wiersema argue in favor of strategic differentiation and assert that "no company can succeed today by trying to be all things to all people. It must instead find the unique value that it alone can deliver to a chosen market." The authors argue that companies can study their customers to determine what value proposition is most important to them. If they find that their customers are a mix of the three types, then the company needs to have the discipline to decide which group they most want to serve and focus their efforts accordingly. According to Treacy and Wiersema, the three value positions, or company cultures, that companies must choose between are:

Product Leadership. These companies focus on innovation and performance leadership. They strive to turn new technologies into breakthrough products and focus on product lifecycle management.
Customer Intimacy. These companies focus on specialized, personal service. They strive to become partners with their customers. They focus on customer relationship management.
Operational Excellence. These companies focus on having efficient operations in order to deliver the lowest-priced product or service to their customers. They focus on their supply chain and distribution systems in order to reduce the costs of their products or services.

In other words, just as one can conceive of three types of customers, one can also imagine three types of company cultures. A company culture dominated by technologists is likely to focus on innovation and on product leadership. A company culture dominated by marketing or sales people is more likely to focus on customer intimacy. A company culture dominated by financial people or by engineers is likely to focus on cutting costs and operational excellence.

IBM's Culture Transformation Model

IBM not only changed its culture under Lou Gerstner (CEO from 1992 to 2001) but also changed it again under Samuel Palmisano, the CEO who succeeded Gerstner. Palmisano and his team continued what Gerstner had begun by buying the consulting arm of PricewaterhouseCoopers – which added 30,000 globally distributed consultants to the IBM consulting group. Palmisano went on to decide that IBM needed to radically change how IBM distributed its workload to take advantage of lower labor costs in countries like India, Brazil and China. In 2004 IBM acquired Daksh, a leading Indian player in the Business Process Outsourcing (BPO). IBM followed this purchase by developing a new strategy for outsourcing, combining Daksh's ability to execute with IBM's ability to innovate with business technology, and began to promote Business Transformation Outsourcing (BTO). As IBM defined it, BTO was about hiring a firm to execute one of your existing processes, more or less as you had been executing it, usually on a short term contract. A BTO vendor, on the other hand, took over a major process, established metrics, and then proceeded to improve the process to achieve considerably improved performance over a term closer to 10 years. In other words, IBM avoided becoming just another commodity outsourcer by leveraging its ability to significantly improve business processes with the latest technology.

Equally important, IBM was determined not to simply locate an outsourcing organization in India to serve the US and Europe. IBM made a major push to acquire BTO contracts in India and other developing countries where, once again, it offered its technology and innovation capabilities, in conjunction with its ability to execute at a modest cost.

In 2009 IBM had its seventh consecutive year of double-digit earnings per share, in spite of the world economic downturn. IBM achieved this for several reasons but, high among them was IBM's ability to grow and prosper in emerging markets that have been relatively unaffected by the slowdown in the more developed areas of the world.

What does IBM conclude from its experience? IBM suggests a transformation or organizational culture change model made up of six key steps or elements.

1. Start a movement -- transformation requires the active engagement of employees.

2. Establish clear transformation governance. The initial energy of a new initiative fades, and the effort ultimately succeeds only if there is a clear structure in place to see that goals are accomplished.

3. Transformation requires a data-driven discussion. It's important to gather volumes of data and then to analyze it to track what is working and where there are problems.

4. Radically simplify business process. IBM focused on eliminating, standardizing and automating work, with a special focus on eliminating complexities that impede integration efforts.

5. Invest in transformative innovation. New technologies, new platforms, new approaches can't solve every problem but they can accelerate your processes and enable your people.

6. Embody creative leadership. IBM surveys suggested that the number one leadership quality needed for successive transformations was creativity – which IBM went on to associate with "broader and deeper thinking of systems and patterns, the ability to handle uncertainty with optimism and enthusiasm, more openness to a multitude of cultural differences, meaningful collaboration, and a spirit of restless reinvention." This may sound like fuzzy stuff, but IBM proceeded to pioneer classes in these leadership skills.

A recent BPO study named IBM's Daksh group the best managed BPO group. IBM's financial results amply demonstrate the success of its efforts. In essence, over the course of Gestner's and Palmisano's tenure, IBM went from a company that predominated in computer hardware sales to an organization that makes most of its money selling consulting services. At the same time it transformed itself from an international organization with most of its employees in the US to a global company with its employees spread throughout the world. Moreover, it has shifted its sources of income so that it is able to prosper even when the US and Europe is in recession.

Several studies have shown that an organization is more likely to make the jump to excellence by undertaking a major transformation than by doing a large number of small projects. On the other hand, everyone knows that you can do lots of little projects and not do too much damage, while you can really mess up big time with a major transformation project. One bets the company on a culture change. If one gets it right and pulls it off, the company emerges as a leader with a significant competitive advantage that can last for several years. If one gets it wrong, on the other hand, the company can get mired in failure and chaos, at a minimum, and, in the worst case, can go bankrupt. A large number of major culture transition efforts fail.

That brings us back to leadership. Senior executives need to decide how much effort they are willing to put into a radical effort to change a company. Then they need to plan the effort carefully and manage the initiative with the right mix of drive and caution. Culture transformation is business process work on steroids. It requires a whole series of major business process changes to make a successful transformation, but more important it requires a leadership team that can organize and execute the changes that are required to drive and support the changes. Transformation may not be right for your organization. On the other hand, the organizations that make the great products and dominate the future are undoubtedly going to be transforming their cultures in the near future.

Change Management – Culture Change for Projects

Just as IBM prefers to speak of organizational culture change as organizational transformation, many people prefer to speak of change, within the context of a specific process redesign effort, as Change Management. Some think of it as a set of techniques that process redesign people use, while others think of it as tightly integrated with project management.

Everyone who works with organizations to improve processes knows that process change involves two rather different elements. First there is the analysis of the process, the generation of possible changes, and the creation of the resources needed to support a new process. Second, there is the creation of the acceptance of change – the politics, the motivation, and the day-to-day work that creates an environment in which significant change can occur.

In a sense they are two sides of the same coin – significant change can't occur without a good plan and support materials and it won't occur unless the people who execute and manage the process are willing to implement and support the plan and use the materials.

Many change management practitioners date the serious study of change management to the publication of *Leading Change*, a book published by Harvard professor John P. Kotter, in 1996. Kotter's first discussion of change was a 1994 *Harvard Business Review* article "Leading Change: Why Transformation Efforts Fail" but the book provides a much more comprehensive discussion of Kotter's ideas. Kotter defined transformation efforts as: Business Process Reengineering, Restructuring, Quality Programs, Mergers and Acquisitions, Strategic Changes and Cultural Changes. In 1996, Kotter's studies of a large number of companies over the course of several years suggested that only 30% of the change programs that were undertaken actually succeeded. A survey of 3,199 executives, worldwide, by McKinsey, in 2008, suggested that only one transformation effort in three succeeds. Thus, although we now have a growing consensus about what is involved in successful change, it has yet to be put into practice in many organizations.

Kotter suggested an Eight-Stage process for Creating a Major Change, which is illustrated in Figure 1, which is adopted from his original HBR article and used in his book.

1. Establish a Sense of Urgency

- Examine the market and competitive realities
- Identify and discuss crises, potential crises and major opportunities

2. Create a Guiding Coalition

- Put together a group with enough power to lead the change
- Get the group to work together as a team

3. Develop a Vision and Strategy

- Create a vision to help direct the change effort
- Develop strategies to achieve the vision

4. Communicate the Change Vision

- Use every vehicle possible to constantly communicate the new vision and strategies
- Have the guiding coalition role model the behavior expected of employees

5. Empower Broad-Based Action

- Get rid of obstacles
- Change systems or structures that undermine the change vision
- Encourage risk taking and nontraditional ideas, activities, and actions

6. Generate Short-Term Wins

- Plan for visible improvements in performance (quick wins)
- Create those wins
- Visibly recognize and reward people who make the wins possible

7. Consolidate Gains and Produce More Change

- Use increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision
- Hire, promote, and develop people who can implement the change vision
- Reinvigorate the process with new projects, themes, and change agents

8. Anchor the New Approaches in the Culture

- Create better performance through customer- and Productivity-oriented behavior, more and better leadership, and more effective management
- Articulate the connections between the new behaviors and organizational success
- Develop means to ensure leadership development and succession

After John P Kotter "Why Transformation Efforts Fail" *HBR* Mar-April 1995.

Figure 1. Kotter's Eight-Stage Process for Creating Major Change.

To emphasize the importance of each of the steps in the change process, Kotter also creates a list of Critical Mistakes, which are the reverse of the steps in his process, and which he documents in his studies of companies that undertook major transformation efforts and failed. The Critical Mistakes list includes the following:

- An adequate sense of urgency was not established

- No powerful guiding coalition was established
- There was no clear, guiding vision
- The vision was not communicated
- Obstacles to the vision were not removed
- There were no systematic effort to create short term wins
- Victory was declared too soon
- Changes were not anchored in the corporate culture

Kotter goes on to say that "There are still more mistakes that people make, but these eight are the big ones. In reality, even successful change efforts are messy and full of surprises. But just as a relatively simple vision is needed to guide people through a major change, so a vision of the change process can reduce the error rate. And fewer errors can spell the difference between success and failure."

Leading Change considers each of the steps in the eight-step model. Along the way Kotter provides an interesting discussion of the difference between Management and Leadership, the relationship between vision, strategy, plans and budgets, the reasons some cultures are rigid and over-managed, the sources of complacency and resistance to change, the importance of quick wins, the barriers to and importance of employee empowerment, and the relationship between learning, leadership and the capacity to succeed in the future.

In the years since Kotter first described the change process in the mid-Nineties, dozens of books have been written on each aspect or step that Kotter advocated. Others have developed similar methodologies to help organizations work through the change process. One example is Prosci, which advocates a two pronged approach. One prong focuses on individuals, who need to be prepared to deal with change. To structure this effort, Prosci defines the ADKAR model:

Awareness of the need for change
Desire to participate and support the change
Knowledge of how to change
Ability to implement requires skills and behaviors
Reinforcement to sustain the change

The other prong of the Prosci approach focuses on a three-phase organization change process which is described in the following outline:

Phase 1. Prepare for change
Define your change management strategy
Prepare your change management team
Develop your sponsorship model

Phase 2. Managing change
Develop change management plans
Take action and implement plans

Phase 3. Reinforcing change
Collect and analyze feedback
Diagnose gaps and manage resistance
Implement corrective actions and celebrate successes

As we mentioned earlier, even a casual search on “Change Management” on Amazon or Google will provide any reader with a vast literature on this rapidly expanding body of research and knowledge.

The key thing, for the business process practitioner is to think how change management and the more analytic elements of process redesign can be combined. Clearly many of the elements discussed by Kotter and others should be included in the job description of any project manager who attempts a process redesign. A coalition of executives needs to be created and sold a vision and a sense of urgency. That coalition needs to go beyond granting approval and become involved in actively supporting the change effort and clearing away the obstacles to its success. Similarly, redesign plans ought to incorporate quick-wins, and include plans to communicate both the vision and successes to everyone in the organization. Employees need to be empowered and they need to be taught and encouraged to become part of the change effort. The data shows that major change efforts – and for our purposes, here, let’s just say major process redesign projects -- usually fail. Anything we can do to assure that a redesign project is more likely to succeed should be carefully considered.

Any serious business process change effort ought to include a conscious and well planned change management effort. Every business process manager ought to understand that he or she in involved in undertaking change and prepare him or herself accordingly. The tools for change management may not be as hard edged as a modeling notation, a statistical evaluation of a task measure, or a Lean value stream analysis, but they are reasonably well defined and they are too important not to master and employ as you plan and execute a process change effort.

The essence of Change Management, as described by both Kotter and Prosci, is that humans resist change, and focus on their own priorities. A message that describes the business advantages of a change may not be heard by employees, who, when they hear the words “major change,” are primarily concerned with what the change will mean for how they work or whether they will continue to have a job. Thus, most Change Management methodologies focus on describing stakeholders, identifying the concerns of different stakeholders, and creating messages and ongoing programs that will enlist the support of the various stakeholders.

BPM and Change Management

Business Process Management, as we conceive it, includes a number of efforts that involve major change, or gradual change, or that involve the day-to-day management of work. Change management is most associated with large process redesign projects, and enterprise work, like shifting the organization to a process-focus, installing a process management system, or training lots of supervisors to be support continuous process improvement.

BPTrends Associates
Business Process Redesign Methodology

John Kotter's Eight-Stage Process for Creating Major Change	Phase 1 Understand	Phase 2 Analyze	Phase 3 Redesign	Phase 4 Implement	Phase 5 Roll Out	Day-to-Day Management of New Process
1. Establish a Sense of Urgency - Examine the market and competitive realities - Identify and discuss crises, potential crises and major opportunities						
2. Create a Guiding Coalition - Put together a group with enough power to lead the change - Get the group to work together as a team						
3. Develop a Vision and Strategy - Create a vision to help direct the change effort - Develop strategies to achieve the vision						
4. Communicate the Change Vision - Use every vehicle possible to constantly communicate the new vision and strategies - Have the guiding coalition role model the behavior expected of employees						
5. Empower Broad-Based Action - Get rid of obstacles - Change systems or structures that undermine the change vision - Encourage risk taking and nontraditional ideas, activities, and actions						
6. Generate Short-Term Wins - Plan for visible improvements in performance (quick wins) - Create those wins - Visibly recognize and reward people who make the wins possible						
7. Consolidate Gains and Produce More Change - Use increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision - Hire, promote, and develop people who can implement the change vision - Reinvigorate the process with new projects, themes, and change agents						
8. Anchor the New Approaches in the Culture - Create better performance through customer- and Productivity-oriented behavior, more and better leadership, and more effective management - Articulate the connections between the new behaviors and organizational success - Develop means to ensure leadership development and succession						

BPTrends covers Stages 1-6 in every BP Redesign Project

BPTrends recommends that organizations install a Day-to-Day Process Management system that includes continuous improvement and other elements to continue to support the changed process

John Kotter's methodology is drawn from his HBR article "Why Transformation Efforts Fail" *HBR* Mar-April 1995.

Figure 2. How a Change Management methodology can be implemented within a Business Process Redesign methodology.

Most process methodologies already include elements drawn from change management methodologies, but it is often useful to explain the two independently to process practitioners. Thus, BPTrends – as an example -- uses the above figure to remind those who use the process redesign methodology of the way in which we integrate change management practices into our overall methodology. The BPTrends redesign methodology, itself, is structured as a project – and has phases that are common to project management methodologies, including planning, analysis, design, and implementation. In each of these phases, we use change management techniques. Figure 2 shows which of the techniques suggested by John Kotter's methodology are employed in each phase.

Notice the right hand column in Figure 2. In essence, the first five columns describe steps in an analysis and redesign project. The sixth column describes activities undertaken by the process manager when the process is actually implemented in the workplace. Thus, during analysis, one identifies a need for employees to embrace new attitudes and practices. A managerial program is then developed to provide the supervisor of the workgroup with skills and practices that he or she can use to support the new performance. As the new process is rolled out, the supervisor begins a human performance change effort to support the desired performance on the part of employees undertaking specific activities.

In a recent press release from Prosci Inc. that discusses a recent survey they did on change management and successful implementations, they include this statement: "It's not uncommon for reinforcement activities to receive minimal attention during a change project. After all, it seems the bulk of the work is finished once we get to go-live," says Michelle Haggerty, Prosci Strategic Director of Training. "But without reinforcement mechanisms in place, there's a risk that the change will not be sustained. Organizations that planned for reinforcement were over 27% more likely to achieve desired outcomes." In other words, Prosci also suggests that there is change that one does in conjunction with process redesign projects, and then there is other change efforts that are associated with the implementation of the new process – to assure that new attitudes and skills are, in fact, manifested over the longer term.

Culture Change as the Reinforcement of Human Performance

Just as Prosci emphasizes data that suggests reinforcement mechanisms are powerful in implementing new performance, IBM made the same point in their Transformation model. Recall their step 2:

2. Establish clear transformation governance. The initial energy of a new initiative fades, and the effort ultimately succeeds only if there is a clear structure in place to see that goals are accomplished.

The early books on culture change emphasized large scale culture change. As companies have struggled with major changes, and tried to implement process change projects, however, most who have succeeded have understood the value of what IBM discovered and highlighted in its second point. You need an ongoing, company-wide, day-to-day structure in place to see that your goals for change are achieved.

This point was made much earlier by Geary Rummler in his book, *Improving Performance*, in 1990, and has been consistently supported by those involved in the International Society for Performance Improvement (ISPI) ever since. Rummler always emphasized two different aspects of business process change:

What activities needed to be done? To answer this question the analyst needed to examine the work, identify and order tasks, assure that performers had the hardware and software tools required, and were properly trained to do the work.
How will the performance be maintained? To answer this question the analyst needed to study the assumptions the employees made and the consequences that followed their performance.

Most psychologists would say there were two elements in maintaining performance. There is the attitude of the employee, derived from assumptions about the nature of the work, and there are the consequences of specific types of performance.

Thus, a manager at 3M might believe that the role of a 3M manager was to promote the development and adoption of new products. Presumably this manager had been told about how important innovation was to 3M when he or she was hired, years ago, and had heard people talk about its importance ever since. When that manager was suddenly asked to learn about Six Sigma, and to spend time focused on redesigning processes – time that he or she might otherwise have spent encouraging product innovation – the manager might well feel that his job was being redefined, and resent the change. The manager might well feel that he had spent years learning how to encourage innovation and was good at it, while he knew little about process analysis, and didn't want to try and fail.

Whatever the assumptions being made, the consequences that follow performance, over the long term, are most important. If one performs in a particular way and receives praise, and, later, a nice bonus, one is likely to repeat the performance if one can. Similarly, if one performs in a particular way and receives no notice, and, later no raise, one is less likely to repeat the performance. More complex, if one is asked to do both X and Y, receives praise and a reward after doing X, but gets nothing after doing Y, or worse still, complaints, one is likely to do X in the future and avoid doing Y. Maintaining performance involves assuring that the employee understands he is to do Y, and then assuring that he or she gets praise for doing Y, and is not asked to do something that competes with Y, for which he is more elaborately rewarded.

Rummler described a number of performance situations in which supervisors were in a position to communicate expectations and reward desired performance. Thus, when he thought of improving a business process, he thought the analyst should look at both the work to be done, and at the supervisor who manages the activity. His basic model is like the one shown in Figure 3.

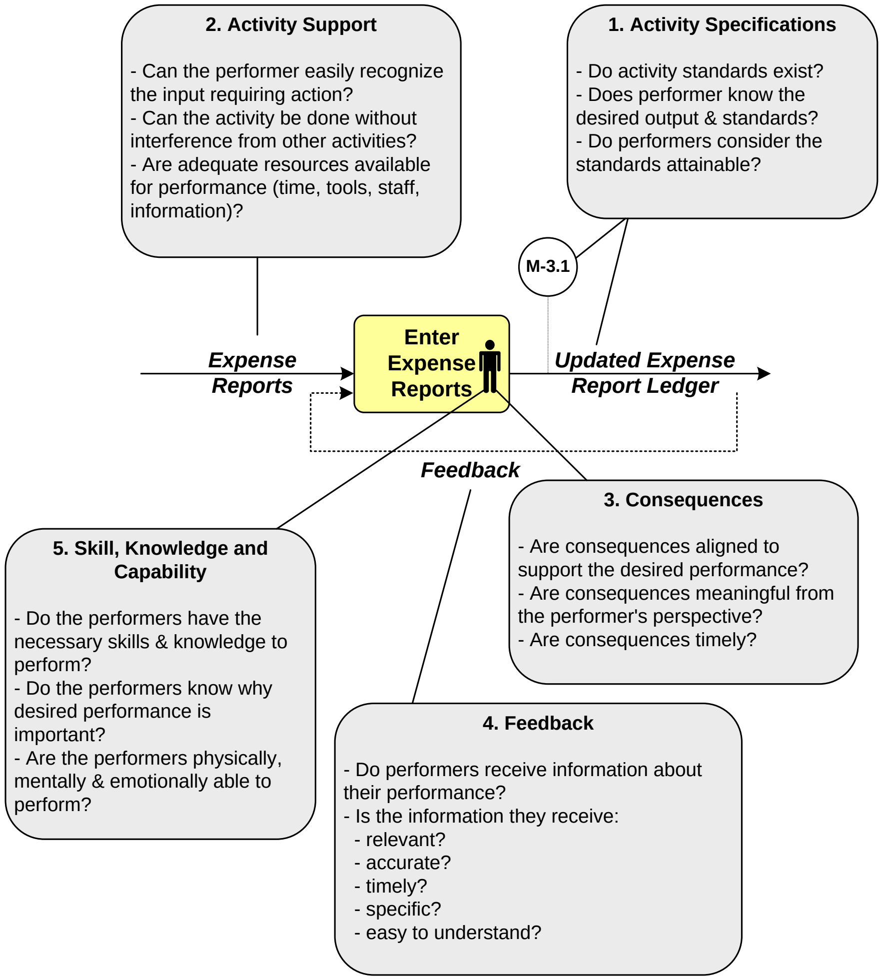

Figure 3. The Rummler Human Performance Change Model

Obviously to implement this approach, one needs to not only have employees with the ability to perform activities, but you need supervisors who are trained to monitor and equipped to administer appropriate consequences on an on-going basis. Some organizations supplement the work of the supervisor with formal incentive systems that provide specific rewards for particular efforts, but, overall, it's probably best to rely primarily on subtler reinforcements – words spoken by the supervisor that let the employee know that he is performing as desired, charts that show who is doing it right, and so forth.

It's easy to imagine that Lou Gerstner used every positive consequence he could think of to promote culture change at IBM. I'm sure he worked hard to communicate the path he had selected for IBM, and talked up the positive results he expected from the pursuit of that path. I'm sure much was made of every improvement in IBM's consulting income. I'm sure he also praised managers who met his goals for shifting from a hardware focus to a consulting focus, talked up the achievements of certain managers at meetings, asked managers who "got it" to mentor some who were lagging, arranged for status events for those that led the way, and for bonuses for those who achieved the desired goals. Perhaps he even laid off the occasional manager who talked down the initiative or resisted a bit too much.

Small scale culture change – which Rummler always called Human Performance Change, is a program that is often integrated in process change projects, but can just as well be pursued independently in support of a major transformation project. It involves four elements:

1. Establish activities or tasks that you want to maintain or promote.

2. Determine how to monitor or measure activity or task performance and install a measurement system.

3. Define goals, attitudes or assumptions that support the desired activities and tasks.

4. Train supervisors or managers to (1) communicate and support the desired goals, attitudes and assumptions, and (2) to reinforce the desired activities and task as they are performed. This may involve training supervisors to provide verbal feedback for on-target responses, or it may involve the use of more specific rewards, ranging from baseball tickets to cash incentives.

The BPTrends Mini Survey on Culture Change

We have started running mini-polls on the BPTrends website. In February, we asked which of four options best described a reader's interest in BPM and Culture Change. Only 32 people responded to our poll, so we can hardly draw any definitive conclusions from that, but let's at least consider what our 32 respondents said (See Figure 4.)

As you can see, the four options we provided range "no effort at this time" to three possibilities, scaling from small changes (where supervisors work to change specific employee behaviors) to mid-size and large changes. Five say their organizations aren't involved in culture change at this time, which means that 27 are involved, one way or another. Of those, 9 are focused on how to gain acceptance for major business process changes. 11 said their organizations were focused on how process and line managers can facilitate the acceptance of major changes. Seven (7) said they were focused on how activity managers can facilitate the acceptance of changes to work flow processes among employees.

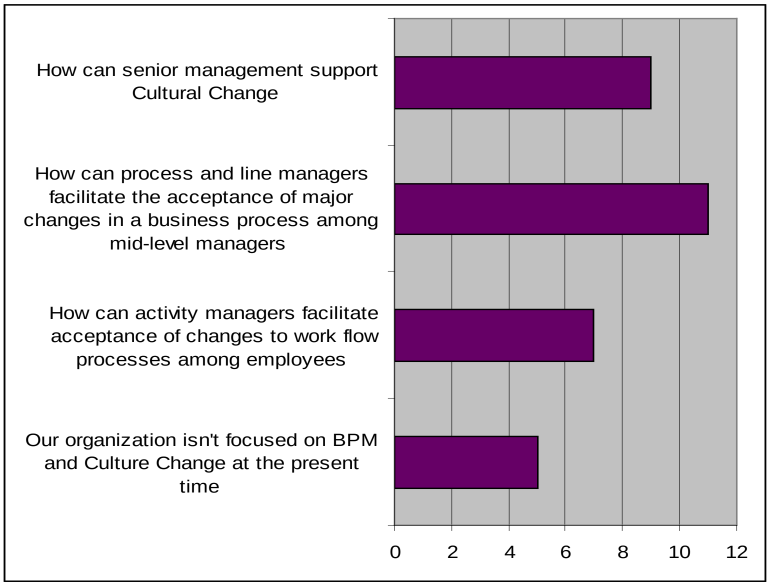

Figure 4. Responses to BPTrends Mini Survey

Clearly organizations are using the term "culture change" rather broadly to refer changes in the organizational culture and major process changes to the support of specific changes. Figure 5 provides a continuum and suggests where some of the current terms might be placed.

Changes in Employee Performance	**Changes in Major Processes**	**Organizational Culture Change**
Human Performance Change	Change Management	Organization Transformation
Focus is on assuring specific activities are maintained by the organization	Focus is on assuring that managers and employees accept a changes being made to a specific business process	Focus is on defining and initiating major changes in the assumptions and processes of the organization

Figure 5. Different Type of Efforts that Might be Called Culture Change

There are different activities going on that are variously called culture change, change management, organization transformation and human performance change. What you call any given activity isn't important. What is important that you understand the uses of the various techniques and that you apply them where they will do the most good to improve the overall success of your organizations.

Notes

Notes

Here are some books that provide more depth in these different approaches to culture change.

Organizational Culture Change – Organizational Transformation

Cameron, Kim S. and Robert E. Quinn. *Diagnosing and Changing Organizational Culture: Based on the Competing Values Framework*. Jossey-Bass, 2011.

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Change Management – Project Management

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