

Guiding Corporate Culture Change

A presentation by

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Synopsis by Rod Cox

Business competition is hardly a new game, and the question “How can I improve my organization’s performance?” has kept generations of CEOs awake at night. But today’s business competition is likely to be fiercer and more deadly than ever before. In this new winner-takes-all race, a sustainable edge is less often identified by market share and more often identified by other elements. For example, success in the late ‘90s was frequently based on eligibility of funds, but that criteria no longer applies. Note the plethora of dot.com startups that were abundantly funded yet failed almost before they started. At best, abundant funding and the latest technology produces a strategy that “brings you closer in line with your competition rather than differentiating you from it.”

Kitchin argues that transforming any organization into a vigorous, continuously sustainable entity requires a strong cultural foundation. Pulling from the experiences of some of the world’s leading international companies, he positions culture as the bedrock of profits and market share, as well as the primary source of employee and shareholder satisfaction. *“Any company that is not yet at the top of its respective industry must undergo a transformation to develop a strong organizational culture;”* i.e., to establish “the way we do things” to permeate everything the organization does and guide every action of every employee at all times.

In this presentation, Kitchin lays out a cultural roadmap that organizations can use to increase their success:

- The role of values, visions and missions; what makes some of them better than others
 - Five core elements of successful cultures
 - Suggested application methods
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Nick Kitchin is founder and CEO of Leading Your People To Success, a consultancy dedicated to guiding corporate culture changes so that companies become more profitable and more productive as well as better places to work. His MBA at London Business School was prompted by an initial career with Shell Chemicals where he participated in a radical and successful business culture change. As plant manager and general manager at Carpenter Ltd., Kitchin tackled the people aspects of managing a business and instituted a continuous improvement culture. His book *Leading Your People To Success*, upon which this Management Forum Series presentation is based, was published by McGraw-Hill UK in 2002. In it, Kitchin pulls from case histories of exemplary cultural change at such business powerhouses as British Airways, Mortgage Express, IBM Greenock, Simon Jersey, and Alcan Foil Europe – Glasgow. All quotes in this synopsis are from that publication.

Picture an organization, perhaps yours, where the employees are high-caliber professionals, skilled at executing their responsibilities, but not exactly interested in the success of the organization; nor, for that matter, clear about why, aside from profits, the organization exists. They want “success,” but would be hard pressed to explain just what that means. They know that somewhere in their lockers or files is a pristine copy of the organization’s mission and vision, authored by the executive team during an off-site meeting a couple of years ago; and which, as close as they can recall, has to do with “exemplary values, outrageous customer service, and some other stuff” but which contributes little or nothing to how they perform their jobs each day.

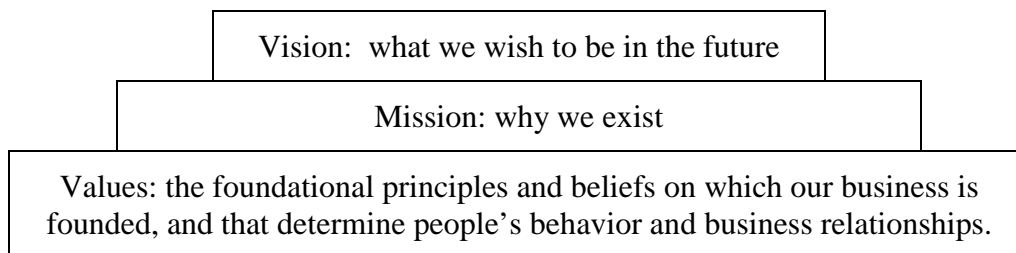
Sadly, this is not unusual. Lack of a clear, persuasive, implementable, commonly understood corporate culture is a major handicap, likely to be evidenced in the form of lackluster marketplace performance. “The key to becoming a market leader is to establish a strong culture throughout the organization, which means ‘the way we do things’ is known and practiced daily by everyone.”

Strong cultures are based on five core must-haves:

- Clear values, mission and vision
- Interdepartmental teamwork
- Communication
- Continuous improvement
- Measurements and benchmarks

1. Clear Values, Mission and Vision

Organizations with successful cultures have these key principles in place; not just written, but lived, eaten and breathed throughout the organization. Individually and collectively, they make organizations better places to work as well as more successful in the market place. In order of structural hierarchy, they look something like this:



“Each vision, mission and value statement should be one phrase that is succinct, accurate, unique, memorable, heartfelt and inspiring.” Individually and collectively, they should provide a constant source of direction for people at all levels and in all capacities in the organization.

The problem with most vision, mission and value statements is that they are none of these. The ubiquitous “To be the global leader by providing world class services that exceed the expectations of customers within and outside the organization; and to be seen as the preferred source for sustainable solutions that increase value for employees, shareholders, vendors and the community alike” is neither memorable, persuasive or directive. If this or something similar is your values/mission/vision statement, it’s time to take action by replacing it with three *short, memorable, distinctive statements* that will guide your actions.

Values are your principles and beliefs, the fundamental bedrock that should never change. They need to be easily understood and clearly evident in all that you do; their potency can be checked against the following:

- Is their meaning crystal clear so all employees can understand them?
- Are they broad enough to withstand the passage of time?
- Do you all truly believe in the values? Are you prepared to uphold them in your daily working life?
- Do you actively reject the opposite of each value?
- Are you willing to incur costs to maintain your values?
- Do you use the values to reduce the need for rules and bureaucracy?
- Are they expressed and rewarded in the daily operation?
- Do they involve a cross-section of employees?
- Can the values be honestly quoted?
- Is employee performance rated against organizational values?

How do you plan to remedy the “no” answers to the above questions in your own organization?

Mission is why you exist. To get to your organization’s mission statement, you need to ask ‘Why is what we do really important for our end customers?’ It is this question, when asked and answered several times that gets beyond making money as the reason for existing. You normally need to go beyond your direct business-to-business customer, and on to the end consumer of your product or service, to find something inspirational that your employees can relate to. The structure of the mission statement is usually a verb followed by the end result of what you do.

“If we know why we are doing something, and believe this is good, we will do almost anything with a greater sense of purpose. This is the underlying reason for preparing and communicating your organization’s one-sentence mission statement; so your people can understand the bigger picture and their role in achieving this.” Note these past and present mission statements, and consider how they contribute to each company’s success:

Wal-Mart “To give ordinary folk the chance to buy the same things as rich people.”

London Business School “Transforming futures”

3M “To solve unsolved problems innovatively”

Hewlett-Packard “To make technical contributions for the advancement and welfare of humanity”

Merck “To preserve and improve human life”

Walt Disney “To make people happy”

Nike “To experience the emotion of competition, winning, and crushing competitors”

Think of mission as the element that converts the work of the organization into something meaningful, not just a job. Mission is the common principle of understanding and bonding for all employees.

Vision is what we wish to be in the future. Said another way, visions are Big Hairy Audacious Goals (BHAGs) combined with vivid descriptors. Good visions are relatable, broad and rich: a passionate oil painting of the future. They require stretching to achieve, and they have an inspirational, emotional content:

- *Nike, (1970s)* - Crush Adidas
- *Watkins-Johnson (1996)* - Become as respected in 20 years as Hewlett-Packard is today
- *General Electric (1980s)* - Become number one or number two in every market we serve and revolutionize this company to have the strengths of a big company combined with the leanness and agility of a small company

Perhaps one of the richest visions was penned by Henry Ford in the early 1900s. His vision was simple: to democratize the automobile. But listen to how he said it. “I will build a motor car for the great multitude. It will be so low in price that no man making a good salary will be unable to own one and enjoy with his family the blessing hours of pleasure in God’s great open spaces. When I’m through, everybody will be able to afford one, and everyone will have one. The horse will have disappeared from our highways, the automobile will be taken for granted [and we will] give a large number of men employment at good wages.”

Passionate! Inspirational! Compelling!

Vision is a summary, a picture, an image of what will happen a long way off. It provides a goal that helps head everyone broadly in the right direction.

Application: Consider conducting a Values/Mission/Vision day. Make sure the head of the organization already has a vision in mind, and keep the group to no more than eight people. Choose a diagonal slice through the organization from CEO to individual contributor level. Be sure these are the people you’d take with you if you had to re-establish the organization. Learn from each other, and establish values/mission/vision that determine everything everyone in the organizations does.

2. Interdepartmental Teamwork

Relationships are the glue that holds together any organization’s culture. “It is very true to say that ‘motivating your people promotes performance’.” Thus, successful organizations need to find ways to:

- Break down barriers to communication
- Encourage and reward actions that reduce Us and Them categories
- Treat everyone (internal and external) as customers
- Reward people for their behaviors as well as their results

Typically, organizations are good at promoting teamwork within individual teams, but less successful at promoting it interdepartmentally. But only by working together as an entire organization can you succeed.

Application: Consider spending a morning or day with another department, in a ‘Day in the Life of’ visit. Find out what they do. Why do they do it that way? How does what you do affect them? What can you do to make them more successful? Ensure you spend time finding out about the people as individuals, perhaps over a cup of coffee, to build relationships with, as well as knowledge of, the other department.

3. Communication

The physical environment needs to promote opportunities for communication including top-down, horizontal, bottom-up and listening.. Lack of any of these will subvert the rest. The channels for communication need to be both formal and informal. Kitchin’s experience indicates culture change is particularly effective when the CEO is heading up the culture change program, listens to employees, and then acts on what he/she hears.

The perception of listening is just as important as the actual listening. This is not to say, “pretend to listen;” rather, make listening visible and be sure to display positive outcomes.

Application: For top-down communication try monthly ‘state of nation’ talks direct from the CEO to all employees. For horizontal communication initiate a series of ‘Day in the Life of’ visits. Encourage bottom-up communication through regular team meetings at the continuous improvement boards (see below) and through implementing continuous improvement suggestions on a timely basis. Use the culture change team and management by walking about (MBWA) as two effective channels for listening.

4. Continuous Improvement (CI)

Maslow’s Hierarchy of Needs moves in sequence from basic physiological needs through security, affiliation and esteem to self-actualization. Many organizations know about the Hierarchy, but few do anything about it. And those that do often ignore the first steps in favor of starting with esteem or self-actualization. They spend money on leadership training and group bonding exercises, yet ignore key employee issues such as dirty toilets and unsafe working conditions. You can’t engage people in team building when security and physiological needs are not in place.

The CI element most organizations don’t build in is *time*. To be successful, CI requires non-stop attention, so be prepared to put your money where your mouth is. Take time to manage CI. Every day (perhaps in a group setting) ask, “What can we do better today than we did yesterday?”

An essential part of CI is to make sure that the right people are in the right place. Every organization has someone who shouldn’t be in the organization. Managers at all levels are faced with a hard yet necessary decision because they can’t allow a non-fitting employee to disrupt the organization. “Change him or change him;” i.e., change the behavior or change the person. Be up front about the issues; offer specific training to overcome deficiencies; and if he can’t successfully conform, then remove him. And at the forefront, recruit for value match, not skills. Skills are immensely more easily taught.

Application: Consider establishing a very large CI board, perhaps something as easy as this:

Quality	Cost
Distribution	Training

Regularly post items, information, successes, etc. as a highly visible vehicle to help management and teams communicate.

Application: Rather than depending on a suggestion box (often viewed as a closed box to nowhere), consider posting a highly visible flip chart with two columns, *Suggestion* and *Action*. Assign an overseer with the responsibility and authority to take action, and commit to providing 24-hour response turnaround. The key elements: Rapid, Visible,

and Open responsiveness. Adapt the method to make it work for you. In small organizations, a visible location – perhaps in the break room or near the copier – might work well. In large organizations, internal web sites or email might work well. Email typically isn’t as effective, however, because it isn’t as immediately visible, and it requires employees to be by themselves at a computer to access it. But if your employees are geographically scattered, perhaps an internet application would work.

This system puts pressure on management to make things happen. But when things can’t happen, it’s okay to say “no” as long as it is clearly explained. Expect the initial

suggestions to be mainly gripes and moans, but stay with it. If you make it okay to moan, then the suggestions will quickly shift to more productive ideas. Eventually, the number of suggestions will die off as more issues are tackled and implemented. But that’s what you’re aiming for, right?

Application: Consider using a visible training matrix – an Excel spread sheet works great – to keep track of employee training and competencies. Kitchin recommends you use the traffic light system where red means training required; yellow means undergoing training; green means fully trained, and blue indicates that person is a trainer. Using this system enables easy identification of training needs.

	Fire Code	CO2	Forklift	Intranet	Systems	Diversity
Lee	5/5/03	1/2/04	8/19/02	2/10/04		3/20/04
Matthew	8/29/03	trainer			trainer	3/20/04
Elizabeth	5/5/03		10/20/02	1/19/04	2/10/03	3/20/04
Ann	trainer	1/8/04		2/11/04		3/20/04
Habib		1/2/04	8/20/02	trainer	11/22/03	3/20/04
Tyrone	8/29/03			3/18/04		trainer
Vladimir	8/29/03	1/8/04	trainer			3/20/04

Date each box as the training is accomplished. This will give you a quick, fundamental look at what has been done, and what still needs to be done. One final tip for training matrices is to include a column containing the number of people that the organization requires to be fully trained. This helps quantify the training demand, which is very helpful when preparing training plans showing when the training will take place.

5. Measure and Benchmark

To keep cultural change going, take time to regularly measure and benchmark the components. These might be elements of Employee Opinions, Employee Development, Customer Satisfaction Ratings, Competitive Performance, etc. Note progression over time. Track the impressions of the directors (which tend to be rosy) as well as the impressions of employees and customers. Look not only at gaining a common viewpoint or measure on each item, but also at improving them.

Application: Consider implementing a spreadsheet or graph to visibly track key item performance. Overlay the measurements to note improvements or regressions over time. And make the information easily accessible by everyone in the organization.

Kitchin has developed questionnaires and analysis tools to help you complete your benchmarking. Please contact John Cochran at Executive Forum for more details.

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It takes time to change cultures, because of the need to change attitudes as well as behaviors and systems, so hang in there. Resistance to change is likely to be significant unless you structure your culture change team and mission/vision/values day team to include people from different levels in the organization. **It is critical to have active support and involvement from the top; support that includes listening to employees and acting on their requests. Using Kitchin’s culture change techniques, measurable cultural change can often be established in a year or so, and it’s well worth the effort.** Annual benchmarking, using the above tools, helps quantify the improvements and provides great feedback for the culture change team and all employees. Whether you’re measuring more production, greater profits, or greater workplace satisfaction, you can expect growth and success when you’ve transformed your culture into a Success Culture that *enables* your people to perform and makes your organization a ‘better place to work’.